

SIMMONS FIRST NATIONAL CORP
Form DEF 14A
February 06, 2009
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

SIMMONS FIRST NATIONAL CORPORATION
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14- 6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount previously paid:

2) Form, Schedule or Registration No.:

3) Filing Party:

4) Date Filed:

SIMMONS FIRST NATIONAL CORPORATION

February 6, 2009

Dear Shareholder:

In October 2008, Simmons First applied for participation under the U.S. Treasury Capital Purchase Program and has been approved for approximately \$60 million. We believe it is important to note that the Capital Purchase Program was established by the U.S. Treasury to infuse capital into strong banks, not problem banks. While we have very strong capital, liquidity and asset quality, we believe the additional capital will better position us to take advantage of opportunities that we believe will arise over the next three year period. Historically, our capital or funding needs could be handled through the equity or debt markets. However, as you know, because of the national economic problems, access to these markets is somewhat limited and very expensive. As such, we have simply made a strategic decision to strengthen our capital now in anticipation of opportunities in the future.

On December 19th we mailed a notice for a special meeting of the shareholders to be held on February 27, 2009 at 10:00 a.m. at our Corporate Offices, 501 Main Street, Pine Bluff, Arkansas. In accordance with Arkansas law and our By-laws, the required notice period is sixty days, thus the notice was mailed without detailed information. Today, we are forwarding a proxy statement that will provide the details of the Capital Purchase Program and the amendment to our Articles of Incorporation required to participate in that program. We apologize if the initial notice, without detailed information, created any confusion. We are hopeful that the proxy statement will answer most questions. Thank you for your continued support, and we hope that you will take time to vote in favor of these issues.

Sincerely,

/s/ J. Thomas May

J. Thomas May
Chairman and Chief Executive Officer

JTM/re

P.O. BOX 7009 501 MAIN STREET PINE BLUFF, AR (870) 541-1000 www.simmonsfirst.com
71611-7009

SPECIAL MEETING OF SHAREHOLDERS

SIMMONS FIRST NATIONAL CORPORATION

P. O. Box 7009

Pine Bluff, Arkansas 71611

PROXY STATEMENT

Meeting to be held on February 27, 2009

Proxy and Proxy Statement furnished on or about February 6, 2009

The enclosed proxy is solicited on behalf of the Board of Directors of Simmons First National Corporation (the "Company") for use at a special meeting of the shareholders of the Company to be held on Friday, February 27, 2009, at 10:00 a.m., at the Company's office located at 501 Main Street, Pine Bluff, Arkansas, or at any adjournment or adjournments thereof. When such proxy is properly executed and returned, the shares represented by it will be voted at the meeting in accordance with any directions noted thereon, or if no direction is indicated, will be voted in favor of the proposals set forth in the notice.

ABOUT THE SPECIAL MEETING

When and Where Is the Special Meeting?

Date: Friday, February 27, 2009

Time: 10:00 a. m., Central Standard Time

Location: Corporate Offices, located at 501 Main Street, Pine Bluff , Arkansas 71601

What Is the Purpose of the Special Meeting?

The Board of Directors has called the Special Meeting of Shareholders to vote on (i) an amendment to our Restated Articles of Incorporation to grant the authority for the Company to issue preferred stock and (ii) the authorization to issue common stock warrants.

Why Is the Amendment to Article FOURTH of the Restated Articles of Incorporation Necessary?

The Board of Directors has applied for and has received preliminary approval to participate in the recently announced TARP Capital Purchase Program (the "CPP" or the "Program") by the United States Department of the Treasury (the "Treasury") instituted under the Emergency Economic Stabilization Act of 2008. Under the Program, eligible healthy financial institutions, such as the Company, will be able to sell senior preferred shares (the "Preferred Shares") on standardized terms to the Treasury in amounts equal to between 1% and 3% of an institution's risk-weighted assets. The Program is completely voluntary, and although we anticipate being profitable in the current year, have adequate sources of liquidity, and are well-capitalized under regulatory guidelines, the Board of Directors believes it is advisable to take advantage of the Program to raise additional low cost capital to ensure that during these uncertain times, we are well-positioned to support existing operations as well as anticipated future growth. Because our Restated Articles of Incorporation do not authorize preferred stock, as required for participation in the Program, it is necessary for us to amend the Restated Articles of Incorporation to authorize the issuance of Preferred Shares in order to participate in the Program. Even if the proposed amendment to the Restated Articles of Incorporation is adopted, we have not yet determined whether we will participate in the Program or if we do participate, how many Preferred Shares will be sold. On October 29, 2008, the Treasury gave us preliminary approval to participate in the Program. On January 6, 2009, the Treasury amended its approval to allow us to issue up to \$59.7 million in Preferred Shares.

Who Is Entitled to Vote?

Only shareholders of record at the close of business on the record date, December 17, 2008, are entitled to vote the shares of common stock that they held on that date at the Special Meeting or at any postponement or adjournment of the Special Meeting. Each outstanding share entitles its holder to cast one vote on each matter to be voted on.

Who Can Attend the Special Meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the Special Meeting. Seating is limited and will be on a first-come, first-served basis. If you hold your shares in "street name" (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the Special Meeting.

What Constitutes a Quorum?

The presence at the Special Meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the Company to conduct its business. As of the record date, 13,857,661 shares of Common Stock of the Company are considered to be outstanding. Proxies received, but marked as abstentions and broker non-votes, will be included in the calculation of the number of shares considered to be present at the Special Meeting.

How Can I Communicate Directly with the Board?

Shareholders may communicate directly with the Board of Directors of the Company by sending correspondence to the address shown below. If a shareholder desires to communicate with a specific director, the correspondence should be addressed to such director. Any correspondence addressed to the Board of Directors (and not a specific director) will be forwarded to the Chairman of the Board for review.

Simmons First National Corporation
Board of Directors
Attention: (Chairman or Specific Director)
P. O. Box 7009
Pine Bluff, Arkansas 71611

How Do I Vote?

The enclosed proxy card indicates the number of shares you own. There are two ways to vote:

- By completing and mailing your proxy card.
- By written ballot at the Special Meeting.

If you return the proxy card duly executed but do not indicate your voting preferences, William C. Bridgforth, Robert A. Fehlman, and Rita A. Gronwald will vote your shares "FOR" the proposed amendment to the Articles of Incorporation and "FOR" the approval of the issuance of the Warrants.

What Are the Board's Recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendation of the Board of Directors. The Board's recommendation is set forth with the proposal in this Proxy Statement. In summary, the Board recommends a vote:

- For the approval of the amendment to the Restated Articles of Incorporation (see pages 3 - 13).
 - For the approval of the issuance of common stock warrants (see pages 13 - 14).

As of the date of this Proxy Statement, the Board knows of no other business that may properly be, or is likely to be, brought before the Special Meeting. With respect to any other matter that properly comes before the Meeting, the proxy holders will vote at their own discretion.

What Vote Is Required to Approve the Proposals?

The affirmative vote of a majority of the votes cast in person or by proxy at the Special Meeting, assuming a quorum is present, will be required for approval. A properly executed proxy marked "ABSTAIN" with respect to such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an

abstention will have no effect on the outcome of the vote.

If you hold shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such "broker non-votes" will, however, be counted in determining whether there is a quorum.

The authorized common stock of the Company consists of 60,000,000 shares at \$0.01 par value. As of the close of business on December 17, 2008, there were outstanding 13,959,286 shares of the Common Stock; 1,722,881 of such shares were held by Simmons First Trust Company ("SFTC"), in a fiduciary capacity, of which 101,625 shares will not be voted at the meeting. Hence, 13,857,661 shares will be deemed outstanding and entitled to vote at the meeting.

Would the issuance of warrants to the Treasury adversely affect the rights of holders of common stock?

If we participate in the Program, we also must issue warrants to the Treasury to purchase a number of shares of our common stock having a market value equal to 15% of the aggregate liquidation amount of the Preferred Shares purchased by the Treasury. The exercise price of the warrants and the market value for determining the number of shares of common stock subject to the warrants is determined by reference to the trading price of the Company's common stock on the day prior to the date of the preliminary approval of the Company's application by the Treasury (calculated on a 20-day trailing average closing price) which was \$29.34. If the warrants issued to the Treasury are exercised at any time when the exercise price is less than the tangible book value of the shares of common stock received, the exercise will be dilutive to the tangible book value of the then existing common stockholders. The amount of the dilution will depend on the number of shares of common stock issued on exercise of the warrants and the amount of the difference between the exercise price and the book value of the common shares. See "PROPOSAL TO AUTHORIZE THE ISSUANCE OF WARRANTS TO THE U. S. TREASURY IF THE COMPANY PARTICIPATES IN THE TARP CAPITAL PURCHASE PROGRAM- Description of the Proposal."

Can I Change My Vote After I Return the Proxy Card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the Special Meeting in person and so request, although attendance at the Special Meeting will not by itself revoke a previously granted proxy.

Do I have a Right to Dissent from the Approval of the Proposed Amendment?

No. Pursuant to the Arkansas Business Corporation Act of 1987, as amended, the Company's shareholders are not entitled to dissenters' rights of appraisal with respect to the proposed amendment.

You Should Carefully Read this Proxy Statement in its Entirety.

REVOCABILITY OF PROXY

Any shareholder giving a proxy has the power to revoke it at any time before it is voted at the Special Meeting.

COSTS AND METHOD OF SOLICITATION

The costs of soliciting proxies will be borne by the Company. In addition to the use of the mails, solicitation may be made by employees of the Company by telephone, telegraph and personal interview. These persons will receive no compensation other than their regular salaries, but they will be reimbursed by the Company for their actual expenses incurred in such solicitations.

OUTSTANDING SECURITIES AND VOTING RIGHTS

At the Special Meeting, holders of the \$0.01 par value Class A common stock (the "Common Stock") of the Company, the only class of stock of the Company outstanding, will be entitled to one vote, in person or by proxy, for each share of the Common Stock owned of record, as of the close of business on December 17, 2008. On that date,

the Company had outstanding 13,959,286 shares of the Common Stock; 1,722,881 of such shares were held by Simmons First Trust Company ("SFTC"), in a fiduciary capacity, of which 101,625 shares will not be voted at the Special Meeting. Hence, 13,857,661 shares will be deemed outstanding and entitled to vote at the Special Meeting.

All actions requiring a vote of the shareholders must be taken at a meeting in which a quorum is present in person or by proxy. A quorum consists of a majority of the outstanding shares entitled to vote upon a matter. With respect to each proposal subject to a shareholder vote approval requires that the votes cast for the proposal exceed the votes cast against it. All proxies submitted will be tabulated by SFTC.

The enclosed proxy provides a method for shareholders to abstain from voting on each matter presented. By abstaining, shares will not be voted either for or against the subject proposals, but will be counted for quorum purposes. While there may be instances in which a shareholder may wish to abstain from voting on any particular matter, the Board of Directors encourages all shareholders to vote their shares in their best judgment and to participate in the voting process to the fullest extent possible.

An abstention or a broker non-vote (i.e., when a shareholder does not grant his or her broker authority to vote his or her shares on non-routine matters) will have no effect on any item to be voted upon by the shareholders.

In the event a shareholder executes the proxy but does not mark the ballot to vote (or abstain) on any one or more of the proposals, the named proxies will vote the shares "FOR" the proposals. Further, if any matter, other than the matters shown on the proxy, is properly presented at the Special Meeting which may be acted upon without special notice under Arkansas law, discretionary authority is conferred upon the named proxies to vote in their sole discretion with respect to such matters, as well as other matters incident to the conduct of the Special Meeting. On the date of the mailing of this Proxy Statement, the Board of Directors has no knowledge of any such other matter which will come before the Special Meeting.

PROPOSAL TO APPROVE AN AMENDMENT OF THE COMPANY'S ARTICLES OF INCORPORATION TO AUTHORIZE 40,040,000 SHARES OF PREFERRED STOCK, WHICH MAY BE ISSUED IN ONE OR MORE SERIES, WITH SUCH RIGHTS, PREFERENCES, PRIVILEGES, AND RESTRICTIONS AS SHALL BE FIXED BY THE BOARD OF DIRECTORS

Description of the Proposal

You are being asked to approve a proposal to amend the Company's Articles of Incorporation to authorize 40,040,000 shares of preferred stock, par value \$0.01 per share, having such rights, preferences, privileges and restrictions as may be determined by the Board of Directors. The maximum aggregate liquidation preference for all shares of the preferred stock is \$80,000,000.00. On November 24, 2008, the Board of Directors approved this amendment, and believes this action to be in the best interests of the Company and its shareholders for the reasons set forth below. The complete text of the form of the Amendment to the Articles of Incorporation for the authorization of preferred stock is set forth as Exhibit A to this proxy statement. Such text is however subject to revision for such changes as may be required by the Arkansas Secretary of State or other changes consistent with this proposal that may be deemed necessary or appropriate.

The authorization of preferred stock by shareholders in advance would permit the Board of Directors to issue preferred stock from time to time in one or more series without further shareholder approval. Subject to the Company's Articles of Incorporation, as amended from time to time, and the limitations prescribed by law or by any stock exchange or national securities association trading system on which the Company's securities may be listed, the Board of Directors would be expressly authorized, at its discretion, to adopt resolutions to issue preferred shares, to fix the number of shares and to change designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights, dividend rates, terms of redemption, redemption prices, voting rights, conversion rights, and liquidation preferences of the shares constituting any series of preferred stock, in each case without any further action or vote by the shareholders. Provisions in a company's articles of incorporation authorizing preferred stock in this manner are often referred to as "blank check" provisions, as they give a board of directors flexibility, at any time or from time to time, without further shareholder approval (except as may be required by applicable laws, regulatory authorities or the rules of any stock exchange on which the Company's securities are then listed), to create one or more series of preferred stock and to determine by resolution the terms of such series. However, the Board of Directors would only be able to designate and issue preferred shares, if the Board of Directors determined, based on its judgment, that doing so would be in the best interests of the Company and its

shareholders.

Rationale for Authorizing Preferred Stock

Recent economic developments have adversely affected the capital markets and the availability of capital for all financial institutions. In light of these trends, the Board of Directors has concluded that the Company should have a more complete range of capital financing alternatives available in its Articles of Incorporation. The Company is currently "well capitalized" by all regulatory standards, and has sufficient capital to conduct its business based on current operations and projected future operations. Nonetheless, the proposed amendment to the Articles of Incorporation will provide the Company with increased flexibility in meeting any future capital requirements by providing for the issuance of another type of security in addition to its Common Stock. The proposed amendment will allow the Company to issue preferred stock from time to time with such features as may be determined by the Board of Directors for any proper corporate purpose. Such uses may include, without limitation, issuance for cash as a means of obtaining capital for use by the Company, or issuance as all or part of the consideration to be paid by the Company for acquisitions of other businesses or their assets. In addition, the Board of Directors is considering participating in the TARP Capital Purchase Program (the "CPP" or the "Program") established by the United States Department of Treasury (the "Treasury") pursuant to the terms of the Emergency Economic Stabilization Act of 2008. Even though the Company has been approved for such participation, the Company has not determined whether to participate in the Program by proceeding with a preferred stock issuance under the Program. Although the Company is well-capitalized, the Company believes that the Program may be a source of capital available on favorable terms. The Board of Directors and management of the Company are continuing to assess the merits of the Program as additional information is made available. If issued, capital raised through participation in the Program would be available to support future growth as well as a source of capital to address the challenges and opportunities in the current market.

Description of the Preferred Stock

The preferred stock would have such voting rights, designations, preferences, and relative, participating, option and conversion or other special rights, and such qualifications, limitations or restrictions, as the Board of Directors may designate for each class or series issued from time to time. The Board of Directors would also be authorized to increase or decrease the number of shares of any series prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series is so decreased, the shares constituting such decrease will resume the status of authorized but unissued shares of preferred stock.

Capital Purchase Program

The following is a brief description of the terms of the shares of preferred stock ("Preferred Shares") that the Company may issue to the Treasury through the Program, the only shares of preferred stock that the Company contemplates issuing in the proximate future. This description is based upon information currently available to the Company concerning the terms of the Program and does not purport to be complete in all respects. See Exhibit B for the Summary of Senior Preferred Terms and Summary of Warrant Terms as published by the Treasury. The definitive terms and conditions of the Company's participation in the Program is subject to the terms of the definitive program documents in the form agreed to by the Company and the Treasury. The final terms of the Preferred Shares will be approved by the Company's Board of Directors and will be reflected in a subsequent amendment to the Company's Articles of Incorporation that will be adopted without shareholder approval. However, the final terms of the Preferred Shares and Treasury's investment in the Company are subject to unilateral amendment by the Treasury to the extent required to comply with any changes in applicable federal statutes. Although the Company has been approved, there can be no assurance that the terms and conditions of the Program as currently described will be applicable when the sale of the Preferred Shares to the Treasury occurs or that the terms and conditions of the Program will not be materially changed, on a retroactive basis, after the sale of the Preferred Shares.

Estimated Proceeds

Pending approval of the amendment to the Articles of Incorporation described in this Proxy Statement, the Company may issue up to 59,699 Preferred Shares for an aggregate purchase price of up to \$59,699,000 pursuant to the Program based on the Company's risk-weighted assets as of September 30, 2008.

Use of Proceeds

The Company plans to use the proceeds from the sale of the Preferred Shares for general corporate purposes, which may include but is not limited to, increased lending activities and corporate acquisitions.

General

Prior to the issuance of the Preferred Shares, the Company will have filed Articles of Amendment to the Company's Articles of Incorporation with respect to the Preferred Shares with the Secretary of State of Arkansas. When issued, the Preferred Shares will have a fixed liquidation preference of \$1,000 per share. If the Company liquidates, dissolves or winds up its affairs, holders of the Preferred Shares will be entitled to receive, out of the Company's assets that are available for distribution to shareholders, an amount per share equal to the liquidation preference per Preferred Share plus any accrued but unpaid dividends to the date of payment of the liquidation preference. The Preferred Shares will not be convertible into the Company's Common Stock or any other class or series of the Company's securities and will not be subject to any sinking fund or any other obligation of the Company for their repurchase or retirement.

Ranking

As to the payment of dividends and the amounts to be paid upon liquidation, the Preferred Shares will rank:

- senior to the Company's Common Stock and all other equity securities designated as ranking junior to the Shares; and
- at least equally with all other equity securities designated as ranking on parity with the Preferred Shares as to payment of dividends or the amounts to be paid upon liquidation, as applicable.

For as long as any Preferred Shares remain outstanding, unless all accrued and unpaid dividends for all past Dividend Periods (as defined below) are fully paid:

- no dividend whatsoever may be paid or declared on the Company's Common Stock or other junior stock or other equity securities designated with an equal preference ranking with the Preferred Shares as to payment of dividends, other than, in the case of shares with an equal preference ranking with the Preferred Shares, dividends paid on a pro rata basis with the Preferred Shares and in the case of Common Stock and shares with an equal preference ranking with the Preferred Shares, dividends payable solely in shares of Common Stock.
- no Common Stock or other junior stock or shares with an equal preference ranking with the Preferred Shares may be purchased, redeemed or otherwise acquired for consideration by the Company.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by the Company's Board of Directors may be declared and paid from time to time on the Company's Common Stock and any other stock with an equal or junior preference ranking to the Preferred Shares out of any funds legally available for such payment, and the Preferred Shares shall not be entitled to participate in any such dividend; provided, however, that the consent of the Treasury will be required for any increase in the dividends paid to the Common Stock until the earlier of (i) the third anniversary of the date of issue of the Preferred Shares and (ii) the date on which the Preferred Shares have been redeemed in whole or the Treasury has transferred all Preferred Shares to third parties.

Dividends

Holders of Preferred Shares, in preference to the holders of the Company's Common Stock and of any other shares of the Company's stock ranking junior to the Shares as to payment of dividends, will be entitled to receive, only when, as and if declared by the Company's Board of Directors, out of assets legally available for payment, cash dividends. These dividends will be payable at a rate of 5.00% per annum until the fifth anniversary of the date of issuance, and thereafter at a rate of 9.00% per annum (the "Dividend Rate"), computed on the \$1,000 liquidation preference per share and will be paid quarterly in arrears on the 15th day of February, May, August and November of each year with an anticipated commencement on May 15, 2009 (each, a "Dividend Payment Date"), with respect to the Dividend Period, or portion thereof, ending on the day preceding the respective Dividend Payment Date. A "Dividend Period" means each period commencing on (and including) a Dividend Payment Date and continuing to (but not including) the next succeeding Dividend Payment Date, except that the first Dividend Period for the initial issuance of Preferred Shares will commence upon the date of original issuance of the Preferred Shares. Dividends will be paid to holders of record on the respective date fixed for that purpose by the Company's Board of Directors or a committee thereof in advance of payment of each particular dividend.

The amount of dividends payable per Preferred Share on each Dividend Payment Date will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Company is subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve is authorized to determine, under certain circumstances relating to the financial condition of a bank holding company, such as the Company, that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. In addition, the Company is subject to Arkansas state laws relating to the payment of dividends.

6

Conversion Rights

The Preferred Shares will not be convertible into shares of any other class or series of the Company's stock.

Redemption

The Preferred Shares may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the date of issuance, except with the proceeds of a Qualified Equity Offering (as defined below) that results in proceeds to the Company of not less than 25% of the issue price of the Preferred Shares. A "Qualified Equity Offering" is the sale by the Company for cash, following the date of issuance of the Preferred Shares, of Common Stock or perpetual preferred stock that qualifies as Tier 1 capital under the risk-based capital guidelines of the Federal Reserve. On any date after the first Dividend Payment Date falling on or after the third anniversary of the date of issuance, the Preferred Shares may be redeemed, in whole or in part, at the Company's option, and subject to approval by the appropriate Federal Banking Agency as defined in Section 3(q) of the Federal Deposit Insurance Act, from any source of funds. Any such redemption will be at a cash redemption price of \$1,000 per Preferred Share, plus any accrued and unpaid dividends for all prior Dividend Periods. Holders of Preferred Shares will have no right to require the redemption or repurchase of the Preferred Shares.

Any redemption of the Shares is subject to prior approval of the Federal Reserve. Subject to this limitation or of any outstanding debt instruments, the Company or its affiliates may from time to time purchase any outstanding Preferred Shares by tender, in the open market or by private agreement.

Liquidation Rights

In the event that the Company voluntarily or involuntarily liquidates, dissolves or winds up its affairs, holders of Preferred Shares will be entitled to receive an amount per Preferred Share (the "Total Liquidation Amount") equal to the fixed liquidation preference of \$1,000 per Preferred Share, plus any accrued and unpaid dividends to the date of payment of the Total Liquidation Amount. Holders of the Preferred Shares will be entitled to receive the Total Liquidation Amount out of the Company's assets that are available for distribution to shareholders, after payment or provision for payment of the Company's debts and other liabilities but before any distribution of assets is made to holders of the Company's Common Stock or any other shares ranking, as to that distribution, junior to the Preferred Shares.

If the Company's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Preferred Shares and all holders of any shares of the Company's stock with a preference ranking equal to the Preferred Shares, the amounts paid to the holders of Preferred Shares and to such other shares will be paid pro rata in accordance with the respective Total Liquidation Amount for those holders. If the Total Liquidation Amount per Preferred Share has been paid in full to all holders of Preferred Shares and the liquidation preference of any other shares ranking on parity with the Preferred Shares has been paid in full, the holders of the Company's Common Stock or any other shares ranking, as to such distribution, junior to the Preferred Shares will be entitled to receive all of the Company's remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of the Company's property and assets, nor the consolidation or merger by the Company with or into any other corporation or by another corporation with or into the Company will constitute a liquidation, dissolution or winding up of the Company's affairs.

Voting Rights

Except as indicated below or otherwise required by law, holders of the Preferred Shares will not have any voting rights.

If, and whenever, the dividends on the Preferred Shares have not been declared and paid for an aggregate of at least six Dividend Periods (whether or not consecutive), the number of directors then constituting the Company's Board of Directors will automatically be increased by two. At such time, holders of the Preferred Shares will be entitled to elect the two additional members of the Company's Board of Directors (the "Preferred Shares Directors") at any annual meeting of shareholders or any special meeting of the holders of the Preferred Shares.

Whenever all dividends on the Preferred Shares have been paid in full then the right of the holders of the Preferred Shares to elect the Preferred Shares Directors will cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods), the terms of office of all Preferred Shares Directors will immediately terminate and the number of directors constituting the Company's Board of Directors will be reduced accordingly.

The Preferred Shares shall have the right to vote separately as a class (with approval requiring the affirmative vote of holders owning at least 66 2/3% of the Preferred Shares) on (1) any authorization or issuance of shares ranking senior to the Preferred Shares; (2) any amendment to the rights of the Preferred Shares; or (3) consummation of any merger, share exchange or similar transaction unless the Preferred Shares remain outstanding, or if the Company is not the surviving entity in such transaction, are converted into or exchanged for preference securities of the surviving entity and the Preferred Shares remaining outstanding or such preference securities have such rights, preferences, privileges and voting power as are not materially less favorable to the holders than the rights, preferences, privileges and voting power of the Preferred Shares. Under Arkansas law, holders of the Preferred Shares will be entitled to vote as a separate voting group on certain amendments to the Company's articles of incorporation and in connection with certain mergers. When voting as a separate class on these matters Arkansas law generally provides that the vote of holders of a majority of the Preferred Shares outstanding is required.

Regulatory Capital Treatment

The Company expects the Preferred Shares to qualify as Tier I capital under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies.

Transferability

The Preferred Shares will not be subject to any contractual restrictions on transferability, and the Company will be obligated to file a registration statement under the Securities Act of 1933, as amended, as promptly as practicable after issuing the Preferred Shares to the Treasury. The Treasury may transfer the Preferred Shares to third parties at any time.

Executive Compensation and Corporate Governance

The Company will be subject to certain executive compensation and corporate governance limitations. The Company will need to modify or terminate all benefit plans or compensation arrangements to eliminate any provisions that would not be in compliance with Section 111 of the Emergency Economic Stabilization Act of 2008. In general, the Company would need to (i) ensure that the compensation programs covering senior executive officers do not encourage unnecessary and excessive risks, (ii) add "clawback" provisions into the incentive compensation programs for senior executive officers whose awards are based on criteria, such as net income, that are later proven to be materially inaccurate, and (iii) terminate or modify certain golden parachute arrangements with its senior executive officers. In addition, any federal income tax deductions for compensation paid to each senior executive officer in excess of \$500,000 would be disallowed. For purposes of the Program, the Company's "senior executive officers," include our CEO, CFO and the three next most highly-compensated policy-making executives. A preliminary review of the compensation program of the Company has not identified any programs or benefits that violate Section 111. However, the Company has retained its compensation consultants, Amalfi Consulting, LLC to evaluate its compensation and benefit programs and advise the Company of any necessary changes to its compensation plans to comply with Section 111 of the Emergency Economic Stabilization Act of 2008. If the Company, chooses to participate in the Program, the senior executive officers of the Company will enter into agreements with the Company waiving or forfeiting any compensation which is not permitted under Section 111 and providing for "clawback" provisions to reimburse incentive compensation paid based on financial data which is later proven to be materially inaccurate .

Financial Statement Impact of the Program

The unaudited pro forma consolidated condensed financial data set forth below has been derived by the application of pro forma adjustments to the Company's historical financial statements for the year ended December 31, 2007, and the nine months ended September 30, 2008. The unaudited pro forma consolidated financial data gives effect to the

events discussed below as if they had occurred on January 1, 2007, in the case of the statement of income data and September 30, 2008, in the case of the balance sheet and regulatory capital ratio data. The key assumptions in the following pro forma statements include the following:

- The issuance of Preferred Shares under the CPP for \$19.9 million and \$59.7 million for the minimum and maximum investment, respectively, as defined by the Program,

- The issuances of Warrants to purchase approximately 102,000 and 305,000 shares of the Company's Common Stock, respectively, for the minimum and maximum investment under the CPP, and
- The investment of the proceeds in earning assets.

The Company presents unaudited pro forma consolidated condensed balance sheet data, including selected line items from our balance sheet and selected capital ratios, as of September 30, 2008. We also present unaudited pro forma consolidated condensed income statements for the year ended December 31, 2007, and the nine months ended September 30, 2008. The pro forma financial data may change materially based on the timing and utilization of the proceeds as well as certain other factors including the strike price of the Warrants, any subsequent changes in the Company's Common Stock price, and the discount rate used to determine the fair value of the Preferred Shares.

The information should be read in conjunction with the Company's audited financial statements and the related notes as filed as part of our Annual Report on Form 10-K for the year ended December 31, 2007, and our unaudited consolidated financial statements and the related notes filed as part of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

The following unaudited pro forma consolidated condensed financial data is not necessarily indicative of our financial position or results of operations that actually would have been attained had proceeds from the Program been received, or the issuance of the Warrants pursuant to the Program been made, at the dates indicated, and is not necessarily indicative of our financial position or results of operations that will be achieved in the future. In addition, as noted above, our participation in the Program is subject to our shareholders approving the proposed amendment to our Articles of Incorporation described in this Proxy Statement.

We have included the following unaudited pro forma consolidated condensed financial data solely for the purpose of providing shareholders with information that may be useful for purposes of considering and evaluating the proposal to amend our Articles of Incorporation. Our future results are subject to prevailing economic and industry specific conditions and financial, business and other known and unknown risks and uncertainties, certain of which are beyond our control. These factors include, without limitation, those described in this Proxy Statement and those described under the cautionary note regarding Forward-Looking Statements which is included in Part II, Item 5 of our Annual Report on Form 10-K for the year ended December 31, 2007, in the cautionary note regarding Forward-Looking Statements which is included in Part I, Item 2 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, and in our other reports filed with the SEC.

Simmons First National Corporation
Pro Forma Consolidated Condensed Balance Sheet

(in thousands)	Historical September 30, 2008	Pro Forma Adjustments		Pro Forma	
		Minimum	Maximum	Minimum	Maximum
* ISSUED TO REAVES UTILITY INCOME FUND					

ADD EXCLUSIONS (N) & (O)

It is agreed that:

1. Section 2, Exclusions, under General Agreements, is amended to include the following sub-sections:

(n)

loss from the use of credit, debit, charge, access, convenience, identification, cash management or other cards, whether such cards were issued or purport to have been issued by the Insured or by anyone else, unless such loss is otherwise covered under Insuring Agreement A.

(o)

the underwriter shall not be liable under the attached bond for loss due to liability imposed upon the Insured as a result of the unlawful disclosure of non-public material information by the Insured or any Employee, or as a result of any Employee acting upon such information, whether authorized or unauthorized.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

By

Authorized Representative

INSURED

ENDORSEMENT OR RIDER NO. THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

The following spaces preceded by an () need not be completed if this endorsement or rider and the Bond or Policy have the same inception date.*

The hard copy of the bond issued by the Underwriter will be referenced in the event of a loss.

ATTACHED TO AND FORMING PART OF	DATE ENDORSEMENT OR RIDER EXECUTED	* EFFECTIVE DATE OF ENDORSEMENT OR RIDER 12:01 A.M. STANDARD TIME AS SPECIFIED IN THE BOND OR POLICY
BOND OR POLICY NO.		
ZBN-14P58920-12-N2	02/23/12	02/24/12

*** ISSUED TO
REAVES UTILITY INCOME FUND**

WORLDWIDE COVERAGE - COUNTERFEIT CURRENCY

It is agreed that:

1. Insuring Agreement (G) Counterfeit Currency, is hereby amended by deleting the words: of the United States of America or Canada , and substituting of any country in the world.

Nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Bond or Policy, other than as above stated.

By

Authorized Representative

INSURED

ACTION ITEM

PROPOSED RESOLUTIONS

RATIFICATION OF THE FIDELITY BOND AND

E&O/D&O COVERAGE RENEWAL

RESOLVED, that the form and amount of the Trust's fidelity bond, as discussed at this meeting and previously approved by the Executive Committee of the Board of Trustees (Board), be, and the same hereby is, ratified after consideration of all factors deemed relevant by the Board;

FURTHER RESOLVED, that the Secretary of the Trust be, and is hereby designated as the officer responsible for making the necessary filings and giving the notices with respect to such fidelity bond required by paragraph (g) of Rule 17g-1 under the Investment Company Act of 1940, as amended;

FURTHER RESOLVED, that the form and amount of the Trust's Mutual Fund Professional and Directors and Officers Liability policy, as discussed at this meeting and approved by the Executive Committee of the Board, be, and the same hereby is, ratified after consideration of all factors deemed relevant by the Board; and

FINALLY RESOLVED, that the proper officers of the Trust be, and each of them hereby is, authorized to make any and all payments, and to do any and all other acts, in the name of the Trust and on their behalf, as they, or any of them, may determine to be necessary or desirable and proper with the advice of counsel in connection with or in furtherance of the foregoing resolutions.