

HOME BANCSHARES INC

Form DEF 14A

March 10, 2011

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

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 the 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-12

Home BancShares, Inc.

(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 14a-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:

(5) Total fee paid:

Edgar Filing: HOME BANCSHARES INC - Form DEF 14A

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

**TABLE OF CONTENTS**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS To Be Held on April 21, 2011

PROXY STATEMENT

ABOUT THE ANNUAL MEETING

PROPOSAL ONE ELECTION OF DIRECTORS

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

NOMINEES FOR DIRECTOR

CORPORATE GOVERNANCE

BOARD MEETINGS AND COMMITTEES OF THE BOARD

REPORT OF THE AUDIT COMMITTEE

COMPENSATION DISCUSSION AND ANALYSIS

REPORT OF THE COMPENSATION COMMITTEE

EXECUTIVE COMPENSATION

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

PRINCIPAL SHAREHOLDERS OF THE COMPANY

PROPOSAL TWO RATIFICATION OF APPOINTMENT OF

AUDIT AND NON-AUDIT FEES

PROPOSAL THREE ADVISORY (NON-BINDING) VOTE

SUBMISSION OF SHAREHOLDER PROPOSALS

WHERE YOU CAN FIND MORE INFORMATION

---

**Table of Contents**

**HOME BANCSHARES, INC.**

719 Harkrider Street, Suite 100

Conway, Arkansas 72032

(501) 328-4770

Internet Site: *www.homebancshares.com*

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held on April 21, 2011**

The Annual Meeting of Shareholders of Home BancShares, Inc. (the Company) will be held on April 21, 2011, at 6:30 p.m. (CDT) at Agora Conference Center, located at 705 East Siebenmorgan Road, Conway, Arkansas, for the following purposes:

- (1) To elect eleven directors for a term of one year.
- (2) To ratify the appointment of BKD, LLP as the Company's independent registered public accounting firm for the next fiscal year.
- (3) To provide an advisory (non-binding) vote approving the Company's executive compensation.
- (4) To transact such other business as may properly come before the meeting or any adjournments thereof.

Only shareholders of record on March 4, 2011, will be entitled to vote at the meeting or any adjournments thereof. A list of shareholders will be available for inspection at the office of the Company at 719 Harkrider Street, Suite 100, Conway, Arkansas, 72032, beginning two business days after the date of this notice and continuing through the meeting. The stock transfer books will not be closed.

The 2010 Annual Report to Shareholders is included in this publication.

By Order of the Board of Directors  
C. RANDALL SIMS  
Chief Executive Officer

Conway, Arkansas  
March 14, 2011

**YOUR VOTE IS IMPORTANT**  
**PLEASE EXECUTE YOUR PROXY WITHOUT DELAY**

---

**Table of Contents**

**HOW TO VOTE IF YOU ARE A SHAREHOLDER OF RECORD**

*Your vote is important. You can save the Company the expense of a second mailing by voting promptly. Shareholders of record can vote by telephone, on the Internet, by mail or by attending the Meeting and voting by ballot as described below. (Please note: if you are a beneficial owner of shares held in the name of a bank, broker or other holder, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.)*

*The Internet and telephone voting procedures are designed to authenticate shareholders by use of a control number and to allow you to confirm that your instructions have been properly recorded. **If you vote by telephone or on the Internet, you do not need to return your proxy card.** Telephone and Internet voting facilities for shareholders of record will be available 24 hours a day and will close at 1:00 a.m. Central time on April 21, 2011.*

**VOTE BY TELEPHONE**

You can vote by calling the toll-free telephone number on your proxy card. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

**VOTE ON THE INTERNET**

You also can choose to vote on the Internet. The website for Internet voting is [www.envisionreports.com/HOMB](http://www.envisionreports.com/HOMB). Easy-to-follow prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote on the Internet, you can also request electronic delivery of future proxy materials.

**VOTE BY MAIL**

If you choose to vote by mail, simply mark your proxy, date and sign it, and return it to Computershare in the postage-paid envelope provided. If the envelope is missing, please mail your completed proxy card to Home BancShares, Inc., c/o Computershare, P. O. Box 43101, Providence, Rhode Island, 02940-5067.

**VOTING AT THE ANNUAL MEETING**

The method by which you vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a legal proxy, executed in your favor, from the holder of record to be able to vote at the Meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

---

**Table of Contents**

**HOME BANCSHARES, INC.**

719 Harkrider Street, Suite 100

Conway, Arkansas 72032

(501) 328-4770

Internet Site: *www.homebancshares.com*

**PROXY STATEMENT**

This Proxy Statement and the accompanying proxy card are being mailed in connection with the solicitation of proxies by the Board of Directors (the Board ) of Home BancShares, Inc. (the Company ) for use at the Annual Meeting of Shareholders. This Proxy Statement and the accompanying proxy card were first mailed to shareholders of the Company on or about March 14, 2011.

This introductory section is a summary of selected information from this Proxy Statement and may not contain all of the information that is important to you. To better understand the nominees being solicited for directors and the proposals that are submitted for a vote, you should carefully read this entire document and other documents to which we refer.

The proxies being solicited by this Proxy Statement are being solicited by the Company. The expense of soliciting proxies, including the cost of preparing, assembling and mailing the material submitted with this Proxy Statement, will be paid by the Company. The Company will also reimburse brokerage firms, banks, trustees, nominees and other persons for the expense of forwarding proxy material to beneficial owners of shares held by them of record. Solicitations of proxies may be made personally or by telephone, electronic communication or facsimile, by directors, officers and regular employees, who will not receive any additional compensation in respect of such solicitations.

**Important Notice Regarding the Availability of Proxy Materials  
for the Shareholder Meeting to be Held on April 21, 2011:  
The Notice and Proxy Statement and the Annual Report on Form 10-K  
are available at [www.edocumentview.com/homb](http://www.edocumentview.com/homb).**

---

**Table of Contents**

**ABOUT THE ANNUAL MEETING**

**When and Where Is the Annual Meeting?**

Date: Thursday, April 21, 2011

Time: 6:30 p.m., Central Daylight Time

Location: Agora Conference Center, 705 East Siebenmorgan Road, Conway, Arkansas

**What Matters Will Be Voted Upon at the Annual Meeting?**

At our Annual Meeting, shareholders will be asked to:  
elect eleven directors for a term of one year;

ratify the appointment of BKD, LLP as the Company's independent registered public accounting firm for the next fiscal year;

approve, on an advisory (non-binding) basis, the Company's executive compensation; and

transact such other business as may properly come before the meeting or any adjournments thereof.

**Who Is Entitled to Vote?**

Only shareholders of record at the close of business on the record date, March 4, 2011, are entitled to receive the Notice of Annual Meeting and to vote the shares of common stock that they held on that date at the Meeting or at any postponement or adjournment of the Meeting. Each outstanding share entitles its holder to cast one vote on each matter to be voted on. As of the close of business on March 4, 2011, there were 28,477,160 shares of the Company's common stock outstanding.

**Who Can Attend the Meeting?**

All shareholders as of the record date, or their duly appointed proxies, may attend the Meeting, and each may be accompanied by one guest. Seating is limited and will be on a first-come, first-served basis. Registration will begin at 5:30 p.m., and seating will be available at approximately 6:00 p.m.

**No cameras, electronic devices, large bags, briefcases or packages  
will be permitted at the Meeting.**

Please note that 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 registration desk at the Meeting.

**What Constitutes a Quorum?**

The presence at the 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, 28,477,160 shares of common stock of the Company were 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 Meeting.

**Can a Shareholder Nominate a Director?**

The Nominating and Corporate Governance Committee ( Nominating Committee ) of the Board of Directors will consider a candidate properly and timely recommended for directorship by a shareholder or group of shareholders of the Company. The recommendation must be submitted by one or more shareholders that have beneficially owned, individually or as a group, 2% or more of the outstanding common stock for at least one year as of the date the recommendation is submitted. Shareholder recommendations must be submitted to the Secretary of the Company in writing via certified U.S. mail not less than 120 days prior to the first anniversary of the date of the Proxy Statement relating to the Company's previous Annual Meeting. Shareholder recommendations for the Annual Meeting of Shareholders in 2012 must be received by the Company by November 12, 2011. Recommendations must be addressed as follows:



**Table of Contents**

Home BancShares, Inc.  
Attn: Corporate Secretary  
P.O. Box 966  
Conway, Arkansas 72033

**DIRECTOR CANDIDATE RECOMMENDATION**

Generally, candidates for a director position should possess:

relevant business and financial expertise and experience, including an understanding of fundamental financial statements;

the highest character and integrity and a reputation for working constructively with others;

sufficient time to devote to meetings and consultation on Board matters; and

freedom from conflicts of interest that would interfere with their performance as a director.

The full text of our Policy Regarding Director Recommendations by Stockholders and Nominating and Corporate Governance Committee Directorship Guidelines and Selection Policy are published on our website at [www.homebancshares.com](http://www.homebancshares.com) and can be found under the caption Investor Relations / Corporate Profile / Governance Documents.

**How Can I Communicate Directly with the Board?**

Shareholder communications to the Board of Directors, any committee of the Board of Directors, or any individual director must be sent in writing via certified U.S. mail to the Corporate Secretary at the following address:

Home BancShares, Inc.  
Attn: Corporate Secretary  
P.O. Box 966  
Conway, Arkansas 72033

Our Stockholder Communications Policy is published on the Company's website at [www.homebancshares.com](http://www.homebancshares.com) and can be found under the caption Investor Relations / Corporate Profile / Governance Documents.

**How Do I Vote?**

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

By Internet at [www.envisionreports.com/HOMB](http://www.envisionreports.com/HOMB); we encourage you to vote this way.

By toll-free telephone at the number shown on your proxy card.

By completing and mailing your proxy card.

By written ballot at the Meeting.

If you vote by Internet or telephone, your vote must be received by 1:00 a.m. Central time on April 21, 2011. Your shares will be voted as you indicate. *If you do not indicate your voting preferences, Randy E. Mayor and Brian S. Davis will vote your shares FOR all of the director nominees and FOR Proposals 2 and 3.*

**Table of Contents**

***If You Vote by Telephone or on the Internet, You Do NOT Need to Return Your Proxy Card.***

If you complete and properly sign the accompanying proxy card and return it to the Company, or tender your vote via telephone or the Internet, it will be voted as you direct. If you attend the Meeting, you may deliver your completed proxy card in person. A proxy duly executed and returned by a shareholder, and not revoked prior to or at the Meeting, will be voted in accordance with the shareholder's instructions on such proxy.

If your shares are held in street name, you will need to contact your broker or other nominee to determine whether you will be able to vote by telephone or Internet.

**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 recommendations of the Board of Directors. The Board's recommendation is set forth together with each proposal in this Proxy Statement. In summary, the Board recommends a vote:

***For*** the election of the nominated slate of directors (see pages 6-44).

***For*** the ratification of the appointment of BKD, LLP as the Company's independent registered public accounting firm (see pages 45-46).

***For*** the approval, on an advisory (non-binding) basis, of the Company's executive compensation (see page 47).

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 Annual Meeting. With respect to any other matter that properly comes before the Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, at their own discretion.

**What Vote Is Required to Approve Each Proposal?**

***Election of Directors.*** The affirmative vote of a plurality of the votes cast in person or by proxy at the Meeting is required for the election of directors. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more of the directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

***Other Proposals.*** For each other proposal, the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting, assuming a quorum is present, will be required for approval. A properly executed proxy marked **ABSTAIN** with respect to any 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.

The authorized common stock of the Company consists of 50,000,000 shares at \$0.01 par value. As of the close of business on March 4, 2011, there were 28,477,160 shares eligible to vote.

**Table of Contents**

**If My Shares Are Held By a Broker or Nominee, Do I Need to Instruct the Broker or Nominee How to Vote My Shares?**

Yes. 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. Under a 2009 amendment to the New York Stock Exchange ( NYSE ) rules, brokers no longer have the discretion to vote on the election of directors because director elections, even if uncontested, are no longer considered a routine matter. Even though the Company s stock is listed on the NASDAQ Global Select Market, it is expected that brokers who are members of the NYSE will follow the NYSE rules governing proxy voting with respect to all proxies for publicly traded companies. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted on July 21, 2010, directs national securities exchanges to prohibit broker discretionary voting of uninstructed shares for certain matters, including shareholder votes on executive compensation. The NYSE and NASDAQ have amended or are in the process of amending their rules accordingly. *Thus, if you do not give your broker or nominee specific instructions, including with respect to the election of directors and the advisory vote on the Company s executive compensation, 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.

**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 Meeting in person and so request, although attendance at the Meeting will not by itself revoke a previously granted proxy.

**How Many Directors Are There?**

Our Restated Articles of Incorporation provide that the number of directors shall not be less than two nor more than fifteen, with the exact number to be fixed by the shareholders or the Board. Currently, we have eleven directors.

**How Long Do Directors Serve?**

Our Bylaws provide that the directors shall serve a term of one year and until their successors are duly elected and qualified. The shareholders of the Company elect successors for directors whose terms have expired at the Annual Meeting. The Board elects members to fill new membership positions and vacancies in unexpired terms on the Board.

**Do the Shareholders Elect the Executive Officers?**

No. Executive officers are elected by the Board and hold office until their successors are elected and qualified or until the earlier of their death, retirement, resignation or removal.

**You Should Carefully Read this Proxy Statement in its Entirety.**

**Table of Contents**

**PROPOSAL ONE ELECTION OF DIRECTORS**

Our Restated Articles of Incorporation provide that the number of directors shall not be less than two nor more than fifteen, with the exact number to be fixed by the shareholders or the Board. The Board of Directors proposes that the nominees for directors described below be re-elected for a new term of one year and until their successors are duly elected and qualified. All nominees are currently serving as directors.

Each of the nominees has consented to serve the term for which he is nominated. If any nominee becomes unavailable for election, which is not anticipated, the directors' proxies will vote for the election of such other person as the Board may nominate, unless the Board resolves to reduce the number of directors to serve on the Board and thereby reduce the number of directors to be elected at the meeting.

**The Board of Directors Recommends that Shareholders Vote  
FOR**

**Each of the Nominees Listed Herein**

**DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY**

The names of the Company's directors and executive officers as of March 4, 2011, and their respective ages and positions are listed in the table below.

During 2008 and 2009, the Company combined the charters of the Company's former bank subsidiaries—First State Bank, Community Bank, Twin City Bank, Marine Bank, Bank of Mountain View and Centennial Bank (of Little Rock)—into a single charter and adopted Centennial Bank as the common name. As used hereinafter in this Proxy Statement, any reference to our former bank subsidiaries or to any of the six banks named in this paragraph refers to the Company's separately chartered bank subsidiary or subsidiaries as they existed prior to the merger of the banks into a single charter.

[Table follows on next page.]

**Table of Contents**

<b>Name</b>	<b>Age</b>	<b>Positions Held with Home BancShares, Inc.</b>	<b>Positions Held with Centennial Bank</b>
John W. Allison	64	Chairman of the Board	Chairman of the Board
C. Randall Sims	56	Chief Executive Officer and Director	Chief Executive Officer, President, and Director
Randy E. Mayor	46	Chief Financial Officer, Treasurer, and Director	Chief Financial Officer and Director
Brian S. Davis	45	Chief Accounting Officer and Investor Relations Officer	
Kevin D. Hester	47	Chief Lending Officer	Chief Lending Officer and Director
Robert H. Adcock, Jr.	62	Vice Chairman of the Board	Vice Chairman of the Board
Richard H. Ashley	55	Director	Director
Dale A. Bruns	68	Director	Director
Richard A. Buckheim	67	Director	
Jack E. Engelkes	61	Director	Director
James G. Hinkle	62	Director	
Alex R. Lieblong	60	Director	Advisory Director
William G. Thompson	63	Director	
Robert F. Birch, Jr.	61		Regional President
Tracy M. French	49		Regional President

**Table of Contents**

**NOMINEES FOR DIRECTOR**

The eleven director nominees consist of the current eleven members of the Board. The biography of each of the nominees below contains information regarding the person's service as director, business experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Nominating Committee and the Board to determine that the person should serve as a director.

**John W. Allison**

**Director Since 1998**

John W. Allison is the founder and has been Chairman of the Board of Home BancShares since 1998. He also serves on the Asset Quality Committee and Asset/Liability Committee of Home BancShares. From 1998 to July 2009, he served as Chief Executive Officer of Home BancShares. Mr. Allison has more than 27 years of banking experience, including service as Chairman of First National Bank of Conway from 1983 until 1998, and as a director of First Commercial Corporation from 1985 (when First Commercial acquired First National Bank of Conway) until 1998. At various times during his tenure on First Commercial's board, Mr. Allison served as the Chairman of that company's Executive Committee and as Chairman of its Asset Quality Committee. Prior to its sale to Regions Financial Corporation in 1998, First Commercial was a publicly traded company and the largest bank holding company headquartered in Arkansas, with approximately \$7.3 billion in assets. Mr. Allison is a successful business owner with extensive experience in the management of banks and bank holding companies. As the founder and former Chief Executive Officer of Home BancShares, he has intimate knowledge of the issues facing our management, and he has been a guiding figure in the development of Home BancShares and its growth strategy. He is also the largest individual shareholder of Home BancShares, which the Board of Directors believes aligns his interests with those of our shareholders.

**C. Randall Sims**

**Director Since 1998**

C. Randall Sims was named Chief Executive Officer of Home BancShares in 2009. Since 1998, Mr. Sims has been and continues to be Chief Executive Officer and President of Centennial Bank (formerly First State Bank) and a director of Home BancShares. He also serves as Chairman of the Asset Quality Committee and as a member of Asset/Liability Committee of Home BancShares. From 1998 to 2009, he served as Secretary of Home BancShares. Prior to joining First State Bank, Mr. Sims was an executive vice president with First National Bank of Conway. He holds a Juris Doctor degree from the University of Arkansas at Little Rock School of Law and a Bachelor of Arts degree in accounting and business administration from Ouachita Baptist University in Arkadelphia, Arkansas. He attended the Graduate School of Banking at the University of Wisconsin and is an honor graduate of the American Bankers Association National Commercial Lending School held at the University of Oklahoma. Mr. Sims currently serves as a Trustee at the University of Central Arkansas and was Chairman of the Conway Christian School Board for 17 years. Mr. Sims' educational background in accounting, business, law and banking provides him a wide-ranging set of skills for the management of a public company such as Home BancShares. He has served as Chief Executive Officer for our bank subsidiary for over 12 years and has extensive banking and executive experience. As Chief Executive Officer of the holding company and the bank and as a long-time director of both entities and other organizations, he brings knowledge of the day-to-day management of the Company as well as expertise in many areas, including financial, corporate governance, risk assessment, and operational matters.

**Randy E. Mayor**

**Director Since 2009**

Randy E. Mayor joined Home BancShares in 1998 as Executive Vice President and Finance Officer and became our first Chief Financial Officer in 2004. Mr. Mayor has been Chief Financial Officer and Treasurer of Home BancShares since 2004 and a director of Home BancShares since 2009. He currently serves as Chairman of the Asset/Liability Committee and as a member of the Asset Quality Committee. Since 1998, he has also served as Chief Financial Officer and as a director of Centennial Bank (formerly First State Bank). Mr. Mayor is a certified public accountant and has more than 24 years of banking experience. From 1988 to 1998, he held various positions at First National Bank of Conway, a subsidiary of First Commercial, including Senior Vice President and Finance Officer from 1992 to 1998. He holds a bachelor of business administration degree from the University of Central Arkansas

and is a graduate of the American Bankers Association National Commercial Lending School held at the University of Oklahoma. Mr. Mayor has extensive experience in financial and accounting matters relating to banks and bank holding companies. As our first and only Chief Financial Officer, he provides an in-depth understanding of the Company's financial condition on a current and historical basis, as well as experience with internal controls, risk assessment, and management of the financial affairs of a public company.

**Table of Contents**

**Robert H. Adcock, Jr.**

**Director From 1998 to 2003 and Since 2007**

Robert H. Adcock, Jr. has been a director and Vice Chairman of Home BancShares since July 2007. He also serves on the Asset Quality Committee, Audit Committee, Asset/Liability Committee and Nominating and Corporate Governance Committee of Home BancShares. Mr. Adcock is a co-founder of Home BancShares with Mr. Allison. He previously served as a director and Vice Chairman of Home BancShares from 1998 to 2003. In June 2003, Mr. Adcock stepped down from the Board of Directors of Home BancShares to become the Arkansas State Bank Commissioner. He was reappointed as Vice Chairman of Home BancShares in July 2007 upon completion of his four-year term as Arkansas State Bank Commissioner. Mr. Adcock retired from the First National Bank of Conway, Arkansas (now Regions Bank), in 1996 after more than 20 years of service. He presently operates a farming operation in Gould (Lincoln County), Arkansas, and has many real estate holdings in the Conway, Arkansas, area. Mr. Adcock has an extensive background in banking, and as a co-founder of Home BancShares, he has a vast knowledge of the Company and our markets. His experience as Arkansas State Bank Commissioner gives him particular insight into regulatory matters affecting the Company and the bank, as well as contacts in the banking industry throughout Arkansas.

**Richard H. Ashley**

**Director Since 2004**

Richard H. Ashley has been a director of Home BancShares since 2004 and served as Vice Chairman from 2006 to July 2007. He also serves on the Asset Quality Committee, Asset/Liability Committee and the Compensation Committee of Home BancShares. He has served as a director of Centennial Bank (formerly First State Bank) since February 2009. He served as a director of the former Twin City Bank from 2000 until its charter was merged into Centennial Bank in 2009, and as Chairman of Twin City Bank from 2002 to 2009. Since March 2007, he has been a director of Entergy Arkansas, Inc., an electric public utility company. Mr. Ashley is President and owner of the Ashley Company, a privately held company involved in land development and investment in seven states throughout the United States since 1978. Mr. Ashley has extensive experience and knowledge with respect to real estate and real estate financing, which is a significant part of our lending. He has substantial banking experience through his over 10 years of service on the boards of Centennial Bank and our former subsidiary bank, Twin City Bank. In addition, his service on the Compensation Committee of Home BancShares has enhanced his knowledge of public company executive compensation matters.

**Dale A. Bruns**

**Director Since 2004**

Dale A. Bruns has been a director of Home BancShares since 2004 and a director of Centennial Bank (formerly First State Bank) since 1998. Mr. Bruns also served as a director of the former Twin City Bank from 2000 to 2009. Mr. Bruns is the chairman of the Compensation Committees for Home BancShares and Centennial Bank (formerly First State Bank), and is a member of the Nominating and Corporate Governance Committee, the Asset Quality Committee and the Asset/Liability Committee of Home BancShares. Prior to his service with First State Bank, he served as a director of the First National Bank of Conway from 1985 to 1998. Mr. Bruns has owned and operated several McDonald's restaurants located in central Arkansas. He is also the owner of Central Arkansas Sign Company, Inc. He currently serves on the board of the Arkansas McDonald's Self Insurance Trust and on the impact committee for the McDonald's Great Southern Region. He is a past member of the McDonald's National Operator advisory board of directors. Mr. Bruns is an experienced business person, owning and operating multiple businesses. He has significant experience in the banking industry and knowledge of our local markets, having served as a bank director in central Arkansas for over 25 years. As Chairman of our Compensation Committee for the past five years, he has substantial knowledge of issues relating to public company oversight of executive compensation matters.

**Richard A. Buckheim**

**Director Since 2005**

Richard A. Buckheim has been a director of Home BancShares since 2005. He also serves on the Compensation Committee of Home BancShares. From 2000 until December 2008 when the Marine Bank charter was merged into Centennial Bank (formerly First State Bank), he served as Chairman of the Board of Marine Bank and served on the



bank's compensation committee. He currently serves as Regional Chairman of Centennial Bank (formerly First State Bank) for the bank's Florida region. Mr. Buckheim formerly owned two restaurants in Key West, Florida. Prior to moving to Key West, he founded and served as President of Buckheim and Rowland, Inc., a Michigan-based advertising and marketing company with offices in Ann Arbor, Detroit, New York, New York, and Melbourne, Florida. Mr. Buckheim has extensive experience in banking and a particular knowledge of our south Florida market area through his service as Chairman of our former bank subsidiary, Marine Bank. He also provides a valuable background in advertising and marketing, as well as executive experience, as former president of the multistate advertising and marketing company that he founded and as a former business owner.

**Table of Contents**

**Jack E. Engelkes**

**Director Since 2004**

Jack E. Engelkes has been a director of Home BancShares since 2004 and a director of Centennial Bank (formerly First State Bank) since 1998. He also serves as Chairman of the Audit Committee and a member of the Compensation Committee of Home BancShares. From 1995 to 1998, he served as a director of First National Bank of Conway. Since 1990, Mr. Engelkes has served as managing partner in the accounting firm of Engelkes and Felts, Ltd. He became President of the Board of Conway Regional Health Foundation in 2006. He has also been a director of the Conway Regional Medical Center since 2005 and the Conway Development Corporation since 2000. Mr. Engelkes holds a bachelor's degree in Business and Economics from Hendrix College in Conway. Mr. Engelkes is a certified public accountant and has extensive knowledge and experience in accounting, auditing and financial reporting. He has a strong understanding of the banking business, and particularly the Company, through his combined service over the past 15 years as a director of Home BancShares, our subsidiary bank and First National Bank of Conway. Based on that service and his other directorships, he offers valuable experience with respect to corporate governance and compensation matters.

**James G. Hinkle**

**Director Since 2005**

James G. Hinkle has been a director of Home BancShares since 2005. Mr. Hinkle currently serves as a member of the Audit Committee of Home BancShares and has previously served on our Asset/Liability Committee. He has over 29 years of banking experience. He served as Chairman of the former Bank of Mountain View from 2005 until its charter was merged into Centennial Bank in 2009. From 1995 to 2005, he served as President of Mountain View BancShares, Inc., until the company's merger into Home BancShares. He served as President of the Bank of Mountain View from 1981 to 2005. In 2003, Mr. Hinkle became a director of the National Wild Turkey Federation, a national nonprofit conservation and hunting organization. Mr. Hinkle has a lengthy background in banking and executive management through his long-time service as an officer and director of the former Bank of Mountain View and Mountain View Bancshares. In addition, he has particular knowledge of the Company's customer base in our north central Arkansas market.

**Alex R. Lieblong**

**Director Since 2003**

Alex R. Lieblong has been a director of Home BancShares since 2003. He has served as an advisory director of Centennial Bank (formerly First State Bank) since 2002, and he served as a director of First State Bank from 1998 to 2002. He also serves as Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee of Home BancShares. Mr. Lieblong became a director of Lodgian, Inc., a publicly traded owner and operator of hotels, in 2006. He also currently serves on the board of directors of Ballard Petroleum, a privately held energy company. Since 1997, Mr. Lieblong has been an owner and general principal in the brokerage firm of Lieblong & Associates, Inc. Prior to Lieblong & Associates, Inc., he held management positions with Paine Webber, Merrill Lynch, and E.F. Hutton. Mr. Lieblong was a founder and has been managing partner of Key Colony Fund, L.P., a hedge fund, since 1998. He served as a director of Deltic Timber from 1997 to February 2007. Mr. Lieblong has extensive experience in the financial services industry and over a decade of experience as a director of other publicly traded and privately held companies. He has substantial knowledge of financial, regulatory, corporate governance and other matters affecting public companies which the Board of Directors believes is valuable to the Company.

**William G. Thompson**

**Director Since 2004**

William G. Thompson has been a director of Home BancShares since 2004. He also serves on the Audit Committee and the Nominating and Corporate Governance Committee of Home BancShares. Mr. Thompson has over 29 years of banking experience. He served as a director of the former Community Bank from 1988 until its charter was merged into Centennial Bank in 2009. From 2002 to 2004, he served as Chairman of the Board of Community Bank. Mr. Thompson owns several privately held businesses located in Cabot, Arkansas, including Transloading Service Inc., Thompson Service Inc., and Thompson Sales Inc. Mr. Thompson is a business owner with many years of involvement in the banking industry. He has particular knowledge of the Company's customer base in our east central

Arkansas market and has extensive experience in dealing with financial, operational and governance matters of a community banking corporation.

## **Table of Contents**

### **CORPORATE GOVERNANCE**

#### **Duties of the Board**

The Board of Directors has the responsibility to serve as the trustee for the shareholders. It also has the responsibility for establishing broad corporate policies and for the overall performance of the Company. The Board, however, is not involved in day-to-day operating details. Members of the Board are kept informed of the Company's business through discussion with the Chief Executive Officer and other officers, by reviewing analyses and reports sent to them quarterly, and by participating in Board and Committee meetings.

#### **Corporate Governance Guidelines and Policies**

We believe that good corporate governance helps ensure that the Company is managed for the long-term benefit of its shareholders. We continue to review our corporate governance policies and practices, corporate governance rules and regulations of the Securities and Exchange Commission (the "SEC"), and the listing standards of the NASDAQ Global Select Market on which our common stock is traded. The Board has adopted various corporate governance guidelines and policies to assist the Board in the exercise of its responsibilities to the Company and its shareholders. The guidelines and policies address, among other items, director independence and director qualifications. You can access and print our corporate governance guidelines and policies, including the charters of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, our Corporate Code of Ethics for Directors, Executive Officers and Employees and other Company policies and procedures required by applicable law or regulation on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption "Investor Relations / Corporate Profile / Governance Documents."

#### **Director Independence**

NASDAQ rules require that a majority of the directors of NASDAQ-listed companies be independent. An independent director generally means a person other than an officer or employee of the listed company or its subsidiaries, or any other individual having a relationship, which, in the opinion of the listed company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Certain categories of persons are deemed not to be independent under the NASDAQ rules, such as persons employed by the listed company within the last three years, and persons who have received (or whose immediate family members have received) payments exceeding a specified amount from the listed company within the last three years, excluding payments that are not of a disqualifying nature (such as compensation for board service, payments arising solely from investments in the listed company's securities, and benefits under a tax-qualified retirement plan). NASDAQ rules impose somewhat more stringent independence requirements on persons who serve as members of the audit committee of a listed company.

Of the eleven persons who currently serve on our Board of Directors, we believe that eight are independent for purposes of NASDAQ rules. Messrs. Allison, Mayor and Sims are not considered independent because they are officers of Home BancShares. The Board has also determined that no member of the Audit Committee, Compensation Committee or Nominating and Corporate Governance Committee has any material relationship with the Company (either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company) and that all members of these committees meet the criteria for independence under the NASDAQ listing standards.

#### **Board Structure and Role in Risk Oversight**

In July 2009, the Board of Directors separated the positions of Chairman and Chief Executive Officer ("CEO") when the Board promoted Mr. Sims to CEO. Mr. Allison, formerly the Chairman and CEO of the Company, now serves as Chairman of the Board. Prior to that time, Mr. Allison had been the only CEO for the Company since its founding. The primary purpose of installing a separate CEO with Mr. Allison continuing to serve as Chairman was to facilitate and strengthen the succession of management of the Company. This separation of Chairman and CEO also allows for greater oversight of the Company by the Board. The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board, as disclosed in the description of each of the committees below and in the charters of each of the committees, but the full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from

officers responsible for oversight of particular risks within the Company.

**Table of Contents**

**Code of Ethics**

We have adopted a Code of Ethics that applies to all of our directors, officers, and employees. We believe our Code of Ethics is reasonably designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of conflicts of interest, full, fair and accurate disclosure in filings and other public communications made by us, compliance with applicable laws, prompt internal reporting of ethics violations, and accountability for adherence to the Code of Ethics. This Code of Ethics is published in its entirety on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption Investor Relations / Corporate Profile / Governance Documents. We will post on our website any amendment to this code and any waivers of any provision of this code made for the benefit of any of our senior executive officers or directors.

**BOARD MEETINGS AND COMMITTEES OF THE BOARD**

The business of the Company is managed under the direction of the Board of Directors, who meet on a regularly scheduled basis during the calendar year to review significant developments affecting the Company and to act on matters that require Board approval. Special meetings are also held when Board action is required on matters arising between regularly scheduled meetings. Written consents to action without a meeting may be obtained if the Company deems it more appropriate.

All members of the Board are strongly encouraged to attend each meeting of the Board and meetings of the Board Committees on which they serve, as well as the Annual Meeting. The Board of Directors held four regularly scheduled meetings and one special meeting during calendar year 2010. During this period all current members of the Board participated in over 75% of the Board and committee meetings, and all of the current Board members except one attended the Company's Annual Meeting in 2010. Our Director Attendance Policy is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption Investor Relations / Corporate Profile / Governance Documents.

Our Board of Directors has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Asset/Liability Committee and the Asset Quality Committee. Committee members are elected annually by the Board and serve until their successors are elected and qualified or until their earlier resignation or removal.

The following table discloses the Board members who serve on each of the Board's committees and the number of meetings held by each committee during calendar year 2010.

[Table follows on next page.]

**Table of Contents****Committees of the Board**

			<b>Nominating and Corporate</b>		
	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>	<b>Asset/Liability</b>	<b>Asset Quality</b>
Robert H. Adcock, Jr.	X		X	X	X
John W. Allison				X	X
Richard H. Ashley		X		X	X
Dale A. Bruns <sup>(1)</sup>		Chair	X	X	X
Richard A. Buckheim		X			
Jack E. Engelkes	Chair	X			
James G. Hinkle <sup>(2)</sup>	X				
Alex R. Lieblong	X		Chair		
Randy E. Mayor				Chair	X
C. Randall Sims				X	Chair
William G. Thompson	X		X		
<b>Number of Meetings</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>3</b>

(1) Mr. Bruns was appointed to the Asset/Liability and Asset Quality committees on January 21, 2011.

(2) Mr. Hinkle resigned from the Asset/Liability Committee and was appointed to the Audit Committee on January 21, 2011.

**Audit Committee**

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of our accounting and financial reporting processes and our financial statements, our compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of our internal audit function and our independent auditors. In fulfilling its duties, the Audit Committee, among other things:

prepares the Audit Committee report for inclusion in the annual proxy statement;

appoints, compensates, retains and oversees the independent auditors;

pre-approves all auditing and appropriate non-auditing services performed by the independent auditor;

discusses with the internal and independent auditors the scope and plans for their respective audits;

reviews the results of each quarterly review and annual audit by the independent auditors;

reviews the Company's financial statements and related disclosures in the Company's quarterly and annual reports prior to filing with the SEC;

reviews the Company's policies with respect to risk assessment and risk management;

reviews the Company's internal controls, the results of the internal audit program, and the Company's disclosure controls and procedures and quarterly assessment of such controls and procedures;

establishes procedures for handling complaints regarding accounting, internal accounting controls, and auditing matters, including procedures for confidential, anonymous submission of concerns by employees

regarding such matters; and

reviews the Company's legal and regulatory compliance programs.



## **Table of Contents**

The Board of Directors has adopted a written charter for the Audit Committee that meets the applicable standards of the SEC and NASDAQ. A copy of the Audit Committee Charter is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption Investor Relations / Corporate Profile / Governance Documents.

The Audit Committee is comprised of Jack E. Engelkes, Chairman, Robert H. Adcock, Jr., James G. Hinkle, Alex R. Lieblong and William G. Thompson. The Board has determined that each member of the Committee satisfies the independence requirements of the NASDAQ listing standards, that each member of the Committee is financially literate, knowledgeable and qualified to review financial statements, and that Mr. Engelkes has the attributes of an audit committee financial expert as defined by the regulations of the SEC.

## **Compensation Committee**

The Compensation Committee aids the Board in discharging its responsibility with respect to the compensation of our executive officers and directors. The Compensation Committee is responsible for evaluating and approving the Company's compensation plans and policies and for communicating the Company's compensation policies to shareholders in our annual proxy statement. In fulfilling its duties, the Compensation Committee, among other things:

- reviews and approves corporate goals and objectives relevant to the compensation of our CEO;

- evaluates the performance and determines the annual compensation of the CEO in accordance with these goals and objectives;

- reviews and approves the amounts and terms of the annual compensation for our other executive officers;

- reviews and approves employment agreements, severance agreements or arrangements, retirement arrangements, change in control agreements/provisions and special supplemental benefits for the executive officers;

- reviews and makes recommendations to the Board with respect to incentive based compensation plans and equity based plans, and establishes criteria for and grants awards to participants under such plans;

- reviews and recommends to the Board the compensation for our directors; and

- reviews and recommends to the Board that the Compensation Discussion and Analysis be included in the annual proxy statement and Form 10-K annual report.

The Board of Directors has adopted a written charter for the Compensation Committee that meets the applicable standards of the SEC and NASDAQ. The Compensation Committee Charter is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption Investor Relations / Corporate Profile / Governance Documents.

The Compensation Committee is comprised of Dale A. Bruns, Chairman, Richard H. Ashley, Richard A. Buckheim and Jack E. Engelkes. The Board has determined that each member of the Committee satisfies independence requirements of the NASDAQ listing standards and Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee charter authorizes the Committee to delegate to subcommittees of the Committee any responsibility the Committee deems necessary or appropriate. The Committee shall not, however, delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

## **Table of Contents**

The Chairman, after consulting with executive officers and others, makes recommendations to the Committee regarding the form and amount of compensation paid to each executive officer. Additionally, the Chairman, the CEO and our Chief Financial Officer ( CFO ) attend the Committee meetings and answer questions and provide information to the Committee as requested. This normally includes a history of the primary compensation components for each executive officer, including an internal pay equity analyses. The Committee then considers the recommendations of the Chairman, the information provided by the CEO and CFO, historical compensation of each executive, and other factors. Based on this information, the Committee sets the compensation for the executive officers, except for the CEO and CFO, which it recommends to the Board of Directors. The executive officers do not make any recommendations with regard to director compensation. Although the executive officers are involved in the process of evaluating compensation, including their own, the final decision is made by the Committee or the Board. The Committee understands the inherent conflict in obtaining information from the Chairman and executive officers, but believes that this information is valuable in determining the appropriate compensation.

Historically, the Committee meets subsequent to year end to finalize discussion regarding the Company's performance goals for the previous and current year with respect to performance-based compensation to be paid to executive officers and to approve its report for the annual proxy statement. These goals are approved within 90 days of the beginning of the year. Each year in December and/or January, the Committee generally discusses any new compensation issues, the compensation, bonus and incentive plan award analyses and the engagement of a compensation consultant for annual executive and director compensation. The Committee also meets in December and/or January to:

1. review and discuss the recommendations made by the Chairman;
2. review the performance of the Company and the individual officers;
3. review the level to which the Company's performance goals were attained and approve short-term cash bonus and long-term incentive awards;
4. determine the executive officers' base salaries for the following year.
5. discuss, evaluate and review with the Company's senior risk officer(s) the compensation plans of the Company's senior executive officers to ensure that such plans do not encourage the senior executives to take unnecessary and excessive risks that threaten the value of the Company;
6. discuss, evaluate and review with the Company's senior risk officer(s) the employee compensation plans of the Company in light of the risks posed to the Company by such plans and how to limit such risks; and
7. discuss, evaluate and review with the Company's senior risk officer(s) the employee compensation plans of the Company to ensure that such plans do not encourage manipulation of reported earnings of the Company to enhance the compensation of any of the Company's employees.

Management also advises the full Board, including the Committee members, throughout the year of new issues and developments regarding executive compensation.

### ***Compensation Committee Interlocks And Insider Participation***

During 2010, Messrs. Bruns, Ashley, Buckheim and Engelkes served as members of the Compensation Committee. None of these four directors during 2010 or at any previous time served as an officer or employee of Home BancShares or our bank subsidiary. During 2010, none of our executive officers served as a director or member of the compensation committee (or group performing equivalent functions) of any other entity for which any of our independent directors served as an executive officer. See CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS for information concerning transactions during 2010 involving Mr. Ashley.

**Table of Contents**

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee develops and maintains the corporate governance policies of the Company. The Committee's responsibilities include, among other things:

developing and maintaining the Company's corporate governance policies;

identifying, screening and recruiting qualified individuals to become Board members;

making recommendations regarding the composition of the Board and its committees;

assisting the Board in assessing the Board's effectiveness;

assisting management in preparing the disclosures regarding the Committee's operation to be included in the Company's annual proxy statement; and

reviewing and approving all related party transactions.

The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee that meets the applicable standards of the SEC and NASDAQ. The Nominating and Corporate Governance Committee Charter is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption "Investor Relations / Corporate Profile / Governance Documents."

The Nominating and Corporate Governance Committee is comprised of Alex R. Lieblong, Chairman, Robert H. Adcock, Jr., Dale A. Bruns and William G. Thompson. The Board has determined that all members of the Committee satisfy independence requirements of the NASDAQ listing standards. The Nominating and Corporate Governance Committee met on January 17, 2011, to select director nominees to be voted on at the Annual Meeting.

***Director Candidate Qualifications***

The Nominating and Corporate Governance Committee Directorship Guidelines and Selection Policy outlines the qualifications the Committee looks for in a director nominee. Generally, the candidate should possess:

relevant business and financial expertise and experience, including an understanding of fundamental financial statements;

the highest character and integrity and a reputation for working constructively with others;

sufficient time to devote to meetings and consultation on Board matters; and

freedom from conflicts of interest that would interfere with performance as a director.

More specifically, the Nominating Committee seeks candidates who possess various qualifications, skills, or other factors it deems appropriate. These factors may include leadership experience in business or other relevant fields, knowledge of the Company and the financial services industry, experience in serving as a director of another financial institution or public company generally, education, wisdom, integrity, analytical ability, familiarity with and participation in the communities served by the Company and its subsidiaries, commitment to and availability for services as a director, and any other factors the Committee deems relevant.

## **Table of Contents**

### ***Director Nominations Process***

After assessing and considering prevailing business conditions of the Company, legal and listing standard requirements for Board composition, the size and composition of the current Board, and the skills and experience of current Board members, any of the Chairman, the Nominating Committee or any Board member may identify the need to add a Board member or to fill a vacancy on the Board. The Committee identifies qualified director nominees from among persons known to the members of the Committee, by reputation or otherwise, and through referrals from trusted sources, including senior management, existing Board members, shareholders and independent consultants hired for such purpose. The Committee may request that senior officers of the Company assist the Committee in identifying and assessing prospective candidates who meet the criteria established by the Board. The Committee will consider director candidates recommended by shareholders in accordance with the procedures set forth in the Company's policy regarding director recommendations by shareholders. This policy is described above under the caption "Can a Shareholder Nominate a Director?" and is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption "Investor Relations / Corporate Profile / Governance Documents." The Committee intends to evaluate any candidate recommended by a shareholder in the same manner in which it evaluates candidates recommended by other sources, according to the criteria described below.

The Nominating Committee evaluates candidates based upon the candidate's qualifications, recommendations, or other relevant information, including a personal interview. The Nominating Committee has determined that the Board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the Board in its oversight of the Company. The Board believes it should be comprised of persons with skills in areas such as banking, finance, accounting, sales and marketing, law, strategic planning and leadership of large, complex organizations. The Nominating Committee prefers a mix of background and experience among the Board's members but does not follow any ratio or formula to determine the appropriate mix. Rather, it uses its judgment to identify nominees whose backgrounds, attributes and experiences, taken as a whole, will contribute to the high standards of Board service to the Company.

In addition to the targeted skill areas, the Nominating Committee looks for a strong record of achievement in key knowledge areas that it believes are critical for directors to add value to a Board including:

Strategy — knowledge of the Company business model, the formulation of corporate strategies, knowledge of key competitors and banking markets;

Leadership — skills in coaching senior executives and the ability to assist in their development;

Organizational issues — understanding of strategy implementation, management processes, group effectiveness and organizational design;

Relationships — understanding how to interact with investors, regulatory bodies, and communities in which the Company operates;

Functional — understanding of finance matters, financial statements and auditing procedures, technical expertise, legal issues, information technology and marketing; and

Ethics — the ability to identify and raise key ethical issues concerning the activities of the Company and senior management as they affect the business community and society.

The Committee meets to consider and approve the candidates to be presented to the Board. The Committee then presents its proposed nominees to the full Board. The Board considers the recommendations of the Committee and approves candidates for nomination.

The Nominating and Corporate Governance Committee Directorship Guidelines and Selection Policy is published on our website at [www.homebancshares.com](http://www.homebancshares.com) under the caption "Investor Relations / Corporate Profile / Governance Documents."



**Table of Contents**

**Asset/Liability Committee**

Our Asset/Liability Committee consists of Robert H. Adcock, Jr., John W. Allison, Richard H. Ashley, Dale A. Bruns, Randy E. Mayor, and C. Randall Sims. Mr. Mayor serves as Chairman of the Asset/Liability Committee. The Asset/Liability Committee meets quarterly and is primarily responsible for:

development and control over the implementation of liquidity, interest rate and market risk management policies;

review of interest rate movements, forecasts, and the development of the Company's strategy under specific market conditions; and

continued monitoring of the overall asset/liability structure of our bank subsidiary to minimize interest rate sensitivity and liquidity risk.

**Asset Quality Committee**

Our Asset Quality Committee consists of Robert H. Adcock, Jr., John W. Allison, Richard H. Ashley, Dale A. Bruns, Randy E. Mayor, and C. Randall Sims. Mr. Sims serves as Chairman of the Asset Quality Committee. The Asset Quality Committee meets quarterly and is primarily responsible for:

development and control over the implementation of credit risk policies;

evaluation of the impact of changing market conditions as it relates to the corresponding changes to the value of real estate used as collateral;

review of problem loans such as: past due loans, special mention loans and classified loans (accruing and non-accruing); and

monitoring of the overall asset quality of our bank subsidiary to minimize exposure to losses in the loan portfolio.

**REPORT OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

In accordance with its written charter, which was re-approved in its current form by the Board of Directors on January 21, 2011, the Audit Committee assists the Board in, among other things, oversight of our accounting and financial reporting processes, our compliance with legal regulatory requirements, the qualifications and independence of the independent auditors and the performance of the internal and independent auditors. A copy of the Audit Committee charter is published on the Company's website at [www.homebancshares.com](http://www.homebancshares.com) under the caption "Investor Relations / Corporate Profile / Governance Documents."

Our Board of Directors has determined that all five members of the Committee are independent based upon the independence requirements of the SEC and NASDAQ, and that our Chairman, Mr. Engelkes, satisfies the criteria of an audit committee financial expert as defined by the regulations of the SEC.

Management is responsible for the preparation, presentation, and integrity of our financial statements, for the appropriateness of our accounting principles and reporting policies and for implementing and maintaining internal control over financial reporting. Our independent auditors are responsible for auditing the financial statements and internal controls over financial reporting and for reviewing our unaudited interim financial statements. The Audit Committee's responsibility is to monitor and review these processes and procedures. Except for our Chairman, Mr. Engelkes, the members of the Audit Committee are not engaged in the practice of accounting or auditing and are not professionals in those fields. The Audit Committee relies, without independent verification, on the information provided to us and on the representations made by management that the financial statements have been prepared with integrity and objectivity and on the representations of management and the opinion of the independent auditors that such financial statements have been prepared in conformity with accounting principles generally accepted in the United States.



## **Table of Contents**

During 2010, the Audit Committee had four regularly scheduled meetings and one special meeting. The Audit Committee's regular meetings were conducted in order to encourage communication among the members of the Audit Committee, management, the internal auditors, and our independent auditors, BKD, LLP. Among other things, the Audit Committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee separately met with each of the internal and independent auditors, with and without management, to discuss the results of their examinations and their observations and recommendations regarding our internal controls. The Audit Committee also discussed with our independent auditors all matters required by auditing standards generally accepted in the United States of America, including those described in Auditing Standards AU Section 380, Communication with Audit Committees.

The Audit Committee reviewed and discussed our audited consolidated financial statements as of and for the year ended December 31, 2010, with management, the internal auditors, and our independent auditors. Management's discussions with the Audit Committee included a review of critical accounting policies.

The Audit Committee obtained from the independent auditors a formal written statement describing all relationships between us and our auditors that might bear on the auditors' independence consistent with Public Company Accounting Oversight Board Rule 3526, Communication with Audit Committees Concerning Independence. The Audit Committee discussed with the auditors any relationships that may have an impact on their objectivity and independence and satisfied itself as to the auditors' independence. The Audit Committee has reviewed and approved the amount of fees paid to BKD, LLP for audit and non-audit services. The Audit Committee concluded that the provision of services by BKD, LLP is compatible with the maintenance of BKD's independence.

Based on the above-mentioned review and discussions with management, the internal auditors, and the independent auditors, and subject to the limitations on our role and responsibilities described above and in the Audit Committee Charter, the Audit Committee recommended to the Board of Directors that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the calendar year ended December 31, 2010, for filing with the SEC.

### **Home BancShares, Inc. Audit Committee Members**

Jack E. Engelkes, Chairman

Robert H. Adcock, Jr.

James G. Hinkle

Alex R. Lieblong

William G. Thompson

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Executive Summary**

The following Compensation Discussion and Analysis provides information regarding the Company's compensation program for our named executive officers. Our named executive officers are our CEO, our CFO and our three other most highly-compensated executive officers, which during 2010 consisted of our Chairman and two regional presidents of our bank subsidiary. Specific information regarding the compensation paid to each named executive officer during each of the past three years is disclosed in the Summary Compensation Table provided below. The following information includes an overview of our compensation philosophy and guiding principles, certain regulatory limitations on our executive compensation program, the components of our executive compensation, and a more detailed discussion of the compensation of our Chairman and our CEO. Our compensation program is designed to attract and retain key management for the Company and our bank subsidiary, motivate high performance with a view toward long-term growth and success of the Company, and align management with the interests of our shareholders.



## Table of Contents

During 2010, the Company's executive compensation was subject to the limitations imposed on participants in the Capital Purchase Program of the Troubled Asset Relief Program ( TARP ) of the U.S. Department of the Treasury (the Treasury ). These limitations prohibit us from paying bonuses to our senior executive officers (or named executive officers) while we are a participant in the TARP program. As a result, we did not award any cash bonuses or stock options during 2010 to our named executive officers. In 2009, we paid cash bonuses to each of the senior executive officers ranging from 12% to 16% of their total compensation for the period before the TARP bonus limitations became effective. In 2010, we provided an increase of 1% to 2% in base pay for each of our named executive officers. Salary payments to our named executive officers during 2010 ranged from \$213,150 to \$279,125.

The Treasury's rules under TARP do allow us, on a limited basis, to grant awards of restricted stock. We granted a total of 13,200 shares (as adjusted for the 10% stock dividend paid to our shareholders in June 2010) of restricted stock in 2010 to our named executive officers in compliance with the TARP rules. These shares vest over a three-year period and can only be transferred by the officer as our TARP funds are repaid to the Treasury. During 2010, our senior management oversaw the acquisition and integration of six banks through Federal Deposit Insurance Corporation ( FDIC ) assisted transactions. Our 2010 results included an increase in total assets of the Company from \$2.7 billion to \$3.8 billion; an increase in total loans from \$2.0 billion to \$2.5 billion, including \$575.8 million in loans covered by FDIC loss-sharing; and earnings per share of \$0.53 at December 31, 2010, after making a \$53.0 million charge-off in the fourth quarter due to loans involving several borrowers in our Florida market and primarily one borrowing relationship in our Arkansas market. Despite the one-time fourth quarter charge to earnings and the continued challenging market and economic conditions we faced during 2010, particularly in our Florida market, we believe the Company had a successful year and that we are well-positioned for continued growth into the future. In February 2011, we awarded a total of 19,906 additional shares of restricted stock to our named executive officers. We believe these restricted stock grants appropriately reward our executives for their performance and the performance of the Company during 2010 and, along with the restricted stock grants made in 2010, provide an incentive for long-term employment and continued growth and success of the Company.

### **Overview of Compensation Philosophy and Program**

The Compensation Committee, composed entirely of independent directors, administers the Company's executive compensation program. The role of the Committee is to oversee the Company's compensation and benefit plans and policies, administer its stock plans, and review and approve annually all compensation decisions related to the named executive officers and our Board members. The Committee submits its decision with regard to the CEO and CFO to the independent directors for their ratification.

The Committee recognizes the importance of compensation and performance and seeks to reward performance with cost-effective compensation that aligns employee efforts with the business strategy of the Company and with the interest of the shareholders. The Committee also recognizes that the compensation should assist the Company in attracting and retaining key executives critical to its long-term success.

The following principles guide the Committee:

**Compensation levels should be sufficiently competitive to attract and retain key management for the bank and holding company.** The Company hires experienced bank executives that have a track record in the market. Competition is strong for these talented and experienced people. The compensation package must be strong and competitive in that market.

**Compensation should relate directly to performance and responsibility.** Compensation should vary with the performance and responsibility of the individual. It should always be proportional to the contribution to the Company's success.

**Short-term incentive compensation should motivate high performance.** The Company uses the cash bonus plan to motivate individuals with roles and responsibilities that give them the ability to directly impact the Company's performance and strategic direction. The incentive compensation should not cause the individual to take excessive and unnecessary risks that would threaten the institution.



## Table of Contents

**The Company's Stock Option and Performance Incentive Plan should align management with shareholders' interests.** Awards of stock options, restricted stock or other forms of long-term compensation should encourage management to focus on the long-term growth and success of the Company. It should provide management with a meaningful stake in the Company and the prospects of a long-term career.

The Committee receives regular updates on our business results from management and reviews the quarterly financial statements and projections to assess whether executive compensation continues to be properly balanced with and supportive of our business objectives. The Committee also regularly reviews information, including reported revenue, profit levels, market capitalization and disclosed governance practices, regarding comparably-sized bank holding companies in a peer group to assess our comparative performance and organizational structure. The Committee uses management updates and peer information as tools to evaluate the connection between executive compensation and our performance as a business. This information is reviewed in a subjective manner. There is no implied direct or formulaic linkage between peer information and our compensation decisions. The Committee takes the view that a close connection between compensation and performance objectives encourages our executives to make decisions that will result in significant positive short-term and long-term returns for our business and our shareholders without providing an incentive either to take unnecessary risks or to avoid opportunities to achieve long-term benefits even though they may reduce short-term benefits for the named executive officers, the business or our shareholders.

Based on these reports and assessments, the Committee regularly evaluates both the short-term and long-term performance compensation for the named executive officers to ensure alignment with our business objectives. The Committee also works closely with management regarding long-term equity incentives, including performance based equity awards, which emphasize shareholder returns while providing enhanced retention value for key executives.

### Benchmarking Against A Peer Group

The Committee in the past has compared total compensation levels for the executive officers to the compensation paid to executives in a peer group. The Committee annually considers the need for a peer analysis and reviews peer compensation as the Committee deems necessary. The Committee did not perform a peer compensation review prior to determining the 2010 executive compensation. For 2010, the Committee evaluated and considered the overall performance of the Company and, for our regional bank presidents, the performance of the bank in each designated region, as well as the individual's performance and recommendations by the Chairman.

During 2010, the Committee engaged a compensation consultant, Longnecker & Associates ( Longnecker ), to conduct an independent executive compensation review and competitive market assessment of base salary, annual incentives, long-term incentives, executive benefits, perquisites and deferred compensation for our top six executives. Longnecker and its affiliates did not provide any non-compensation related services to the Company. The assessment selected a peer group of 15 public bank holding companies with asset and market capitalization size similar to the Company. These companies represent, in some cases, both business competition and a relevant labor market for our executives. The Committee considered the results of the consultant's review and the peer assessment in determining the compensation of our executives for 2011 but did not use a particular target or benchmark for our executive compensation based on the peer group. On January 31, 2011, the Committee approved base salary increases of 8% to 11% for each of our named executive officers for 2011.

## **Table of Contents**

### **Regulatory Limitations on Executive Compensation**

#### **Capital Purchase Program**

On January 16, 2009, the Company sold \$50 million of senior preferred shares to the Treasury under the Capital Purchase Program ( CPP ) of the Treasury's TARP program. The Board of Directors viewed the CPP as a voluntary opportunity to raise additional low cost capital to bolster the Company's already adequate sources of liquidity and well-capitalized position to support existing operations as well as anticipated future growth. As a result of the Company's participation in the CPP, the Company became subject to certain executive compensation requirements under Section 111(b) of the Emergency Economic Stabilization Act of 2008 ( EESA ), the rules and guidelines promulgated by the Treasury thereunder, and the contract pursuant to which we sold the senior preferred shares.

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 ( ARRA ). The ARRA amended in its entirety Section 111 of the EESA. In doing so, the ARRA continues all the same compensation and governance restrictions and adds substantially to the restrictions in several areas. The ARRA implements many, but not all, of the restrictions in the guidelines issued by the Treasury on February 4, 2009, on executive pay for financial institutions receiving TARP assistance and in several instances goes beyond the Treasury guidelines. These restrictions apply to all participants that have received or will receive financial assistance under the TARP, and therefore, these additional restrictions apply to us.

On June 15, 2009, the Treasury issued an interim final rule clarifying the executive compensation requirements imposed by the EESA and the ARRA. The compensation requirements imposed by the EESA and the ARRA and our contractual agreement with the Treasury apply to what the Treasury refers to as our senior executive officers ( SEOs ) and, in certain instances, additional officers or employees of the Company. Presently, our SEOs are the same five officers who are our named executive officers. These requirements are:

*Prohibition on Incentive Compensation that Provides an Incentive to Take Unnecessary and Excessive Risks.* The EESA prohibits us from providing incentive compensation arrangements that encourage our SEOs to take unnecessary and excessive risks that threaten the value of the financial institution.

*Risk Review.* The Compensation Committee was required within 90 days after the sale of the senior preferred shares by the Company to the Treasury to review the incentive compensation of the SEOs with the Company's senior risk officer(s), or other personnel acting in a similar capacity, to ensure that the SEO incentive compensation arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the Company. The Committee must meet at least semiannually with the senior risk officer(s), or individual(s) acting in a similar capacity, to discuss, evaluate and review the relationship between the Company's risk management policies and practices and the SEO and employee compensation arrangements. The Committee most recently met with the Company's senior management in January 2011 to review, evaluate and discuss the SEO and employee compensation arrangements and determined that such arrangements do not encourage the SEOs to take unnecessary and excessive risks that could threaten the value of the Company. *See* REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS.

*Clawback.* In order to comply with the EESA and the ARRA, the Company must require that any bonus, retention award, and incentive compensation paid to an SEO or the next 20 most highly compensated employees during the period that the Treasury holds an equity or debt position in the Company acquired under the CPP are subject to recovery or clawback by the Company if it is determined that the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

*Golden Parachutes.* Under the EESA and the ARRA, the Company must prohibit any golden parachute payment to an SEO or the next five most highly compensated employees during the period that the Treasury holds an equity or debt position in the Company acquired pursuant to the CPP. The Company is also prohibited from deferring any such payment beyond the expiration of this TARP period. For purposes of this requirement, golden parachute payment means any payment to an SEO for departure for any reason and amounts received upon a change in control of the Company, excluding certain payments from qualified retirement plans, foreign retirement plans and severance or similar payments required under state or foreign law.

## Table of Contents

*Prohibition on Bonuses and Similar Payments.* The Company is prohibited by the ARRA and the Treasury interim final rule from paying or accruing any bonus, retention award, or incentive compensation during the period beginning June 15, 2009, in which any obligation to the Treasury remains outstanding. There are exceptions for long-term restricted stock meeting certain criteria and payments under legally binding employment contracts entered into on or before February 11, 2009. The prohibition applies only to the SEOs.

*Limit on Tax Deduction.* In connection with its sale of the senior preferred shares, the Company agreed not to claim, during any taxable year in which the Treasury holds an equity or debt position with the Company, any deduction for federal income tax purposes for compensation that would not be deductible if section 162(m)(5) of the Internal Revenue Code were to apply to the Company. Section 162(m)(5) limits the aggregate amount of compensation, including performance-based compensation, that may be deducted annually by an applicable institution for each of its five most highly compensated executive officers to \$500,000 during any applicable taxable year. Section 162(m)(5) applies to any financial institution that has sold an aggregate of \$300 million of troubled assets to the Treasury under a program established pursuant to the EESA. The Company was subject to this \$500,000 deduction limitation for the 2010 taxable year and will continue to be subject to this limitation during any future taxable year in which the Treasury holds an equity or debt position with the Company under the CPP.

*Binding SEO Agreements.* Prior to the Company's sale of senior preferred shares to the Treasury, each of the Company's SEOs entered into a letter agreement with the Company through which the SEO agreed to certain actions as described below in connection with the Company's compliance with the executive compensation restrictions under the CPP. Specifically, each SEO agreed to the following:

Prohibition by the Company of any golden parachute payment to the SEO during any period during which he is a senior executive officer and the Treasury holds an equity or debt position acquired from the Company in the CPP (the "CPP Covered Period");

Any bonus and incentive compensation paid to the CEO during a CPP Covered Period being subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

Amendment by the Company to the extent necessary to give effect to the agreed upon limitations described above of each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "Benefit Plans") with respect to the SEO; and

Review by the Company of its Benefit Plans to ensure that they do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the Company and, to the extent any such review requires revisions to any Benefit Plan with respect to the SEO, the SEO and the Company agree to negotiate such changes promptly and in good faith.

*Shareholder "Say-on-Pay" Vote Required.* Under the ARRA and SEC regulations adopted pursuant to the ARRA, we are required to permit a non-binding shareholder vote to approve the compensation of executives as disclosed in the Company's proxy statement. The Company has included in this Proxy Statement a proposal providing for an advisory vote to approve the compensation of our executives. See "PROPOSAL THREE - ADVISORY (NON-BINDING) VOTE APPROVING EXECUTIVE COMPENSATION." At our Annual Meeting in 2010, our shareholders approved the compensation of our executives for 2009 as disclosed in last year's proxy statement. We value this endorsement by our shareholders of our executive compensation policies, and we have followed the same philosophy in determining our current executive compensation of maintaining competitive executive pay that rewards performance and encourages management to focus on the long-term growth and success of the Company by providing them an equity stake in the Company that aligns their interests with our shareholders.

*Prohibition on Compensation Plans that Encourage Earnings Manipulation.* The Company is prohibited from implementing any compensation plan that would encourage manipulation of the reported earnings of the Company in order to enhance the compensation of any of its employees. The Company does not believe it has any compensation

plan that would encourage manipulation of the reported earnings of the Company.

*Semiannual Compensation Plan Evaluation Required.* The ARRA requires the Company's Compensation Committee to meet at least semiannually to discuss and evaluate employee compensation plans in light of an assessment of any risk to the Company posed by such plans.

## **Table of Contents**

*CEO, CFO and Compensation Committee Certification Requirements.* The ARRA and the Treasury interim final rule require our CEO and CFO to provide a written certification of compliance with the executive compensation restrictions in the ARRA as an exhibit to our annual report on Form 10-K filed with the SEC. Additionally, the Company's Compensation Committee must annually certify that it has completed its review of the CEO and employee compensation plans and provide a narrative description of how it limited features in the CEO and employee compensation plans that could encourage the undesirable behaviors restricted by these requirements. The Company has included this certification and narrative in this Proxy Statement. See **REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**.

*Policy Regarding Excessive or Luxury Expenditures.* The ARRA requires us to implement a company-wide policy regarding excessive or luxury expenditures, including excessive expenditures on entertainment or events, office and facility renovations, aviation or other transportation services. A copy of the Company's Policy Regarding Excessive or Luxury Expenditures is published on the Company's website at [www.homebancshares.com](http://www.homebancshares.com) under the caption **Investor Relations / Corporate Profile / Governance Documents**.

*Perquisite Disclosure Requirements.* The ARRA and the Treasury interim final rule require us to disclose any perquisite provided to any employee subject to the ARRA's bonus limitations with a total value exceeding \$25,000 during the fiscal year. We are also required to provide a narrative description of the amount and nature of any such perquisites, the recipient of these perquisites, and a justification for offering these perquisites (including a justification for offering the perquisite, and not only for offering the perquisite with a value that exceeds \$25,000). This disclosure applies only to our CEOs. During 2010, the Company did not provide any perquisite with a total value exceeding \$25,000.

*Prohibition on Tax Gross-Up Payments.* The Company is prohibited from making any tax gross-up payment, or a payment to cover taxes due on compensation such as golden parachutes and perquisites, to any of the CEOs and the 20 next most highly compensated employees. This prohibition includes providing a right to a payment of such a gross-up at a future date, such as a date after the Treasury no longer holds an equity or debt position in the Company acquired pursuant to the CPP.

*Disclosure of Compensation Consultants.* We are required to disclose whether the Company or the Committee engaged a compensation consultant and to provide a narrative description of the services provided by any such consultant, including any non-compensation related services provided by the consultant or any of its affiliates, as well as a description of the use of any benchmarking procedures in the consultant's analysis.

*Treasury Review of Prior Payments.* The ARRA directs the Treasury to review bonuses, retention awards, and other compensation paid to our CEOs and the next 20 most highly-compensated employees of the Company and to seek to negotiate with the Company and affected employees for reimbursement if it finds any such payments were inconsistent with CPP or otherwise in conflict with the public interest. The Treasury has established a Special Master for TARP who is responsible for administering these reviews and negotiating any such reimbursements, and who may render advisory opinions on whether any particular payments are inconsistent with the CPP or otherwise in conflict with the public interest.

### **Small Business Lending Fund**

On February 14, 2011, the Company applied to participate in the Treasury's Small Business Lending Fund (SBLF) program, enacted as part of the Small Business Jobs Act of 2010, through which the Treasury provides Tier 1 capital to qualified community banks with assets of less than \$10 billion for the purpose of encouraging lending to small businesses. The SBLF is similar to the CPP in that the Treasury provides capital to the qualified institutions through the purchase by the Treasury of senior preferred shares issued by the institution. Unlike the CPP, however, participants in the SBLF are not subject to the executive compensation limitations imposed by the EESA and the ARRA.

## Table of Contents

If our application is approved and we choose to participate in the SBLF program, some or all of our senior preferred shares issued to the Treasury under the CPP will be refinanced to the SBLF and we will be required to redeem any remaining senior preferred shares issued under the CPP. Upon redemption of these shares and commencement of our participation in the SBLF, our participation in the CPP will terminate and we will no longer be subject to the executive compensation requirements of the EESA and ARRA applicable to TARP recipients. Even if our application is approved by the Treasury, we are not required to participate in the SBLF. If our application is not approved or we determine not to participate in the SBLF program, we will remain subject to the executive compensation limitations described above so long as the Company has outstanding obligations under the CPP program.

### Dodd-Frank Act

Section 951 of the Dodd-Frank Act amends the Securities Exchange Act of 1934 to add a new section 14A which makes applicable to all public companies certain executive compensation and corporate governance requirements similar to those already imposed on participants in the TARP CPP. On January 25, 2011, the SEC adopted a final rule implementing the Dodd-Frank requirements. These requirements are:

*Shareholder Say-on-Pay Vote.* Under the new section 14A of the Securities Exchange Act of 1934 and SEC rule adopted pursuant to section 14A, all public companies are required to permit, at least once every three years, a non-binding shareholder vote to approve the compensation of executives as disclosed in the proxy statement for any shareholder meeting at which directors will be elected. The SEC rule clarifies that the annual say-on-pay vote required for TARP participants under the ARRA satisfies this requirement. As previously stated, the Company has included in this Proxy Statement a proposal providing for an advisory vote to approve the compensation of our executives. *See PROPOSAL THREE ADVISORY (NON-BINDING) VOTE APPROVING EXECUTIVE COMPENSATION.*

*Shareholder Say-on-Frequency Vote.* All public companies that are not TARP participants subject to the ARRA are required to permit, at least once every six years, a separate non-binding shareholder vote on whether the say-on-pay vote should be held every one, two or three years. TARP companies, such as the Company, which are required to hold annual say-on-pay votes under the ARRA, are not required to hold the say-on-frequency vote until the first shareholder meeting after the Company has repaid all of its obligations under the TARP.

*Shareholder Say-on-Golden Parachute Vote.* The Dodd-Frank Act provisions and the SEC rule thereunder require public companies to permit a separate, non-binding advisory shareholder vote to approve golden parachute compensation arrangements for named executive officers when shareholders are asked to approve a merger, acquisition, consolidation, or proposed sale or disposition of substantially all assets of the company that would trigger such parachute payments. However, if such compensation arrangements have been approved by the shareholders in a say-on-pay vote, then a separate say-on-golden parachute vote is not required. The rule also requires certain detailed disclosures with respect to the named executive officers' golden parachute arrangements in a proxy statement for the approval of a merger, acquisition, sale of the company's assets or similar transaction or in an annual meeting proxy statement if such arrangements are being included in the say-on-pay vote.

The provisions of the Dodd-Frank Act also included other executive compensation requirements, subject to rulemaking by the SEC, which are applicable to public companies. The SEC is expected to issue rules later this year to implement these additional requirements. Such requirements include:

*Hedging Policy.* The SEC is required to issue rules requiring public companies to disclose in their proxy statements whether directors and employees are permitted to hedge the value of equity securities held directly or indirectly by the director or employee. We do not currently have a policy prohibiting our directors, officers or employees from hedging the value of shares of our common stock held by the director, officer or employee. As soon as these rules are issued by the SEC, we intend to take any appropriate steps to comply with the requirements.



## **Table of Contents**

*Clawback Policy.* The Dodd-Frank Act requires the SEC to issue rules that prohibit a national securities exchange, such as NASDAQ, from listing any company that has not adopted a clawback policy to require recovery or clawback by the Company from any current or former executive officer any incentive compensation paid during the three years preceding any accounting restatement due to material noncompliance with reporting requirements if such payments exceed what would have been paid based on the restated results. The Company will be required to disclose this policy in its annual proxy statement. We are currently subject to certain clawback requirements under the EESA and ARRA in connection with our participation in the TARP Capital Purchase Program and under the Sarbanes-Oxley Act of 2002. We intend to take any appropriate steps to comply with the new clawback requirements once the final rules are issued by the SEC.

### **Components of Compensation**

The key elements of the Company's executive compensation program are:

Base salary

Short-term incentives (bonuses)

Long-term incentives compensation (options/restricted stock)

Retirement and insurance benefit plans

Certain defined perquisites

The Company tries to determine the proper mix of base, short-term and long-term incentive compensation. In our markets there are a number of national, regional and community banks. The competition for experienced executives in banking is strong. The Committee understands that being a public company that can offer equity incentives and a community banking philosophy puts the Company in a competitive position for strong management. The public market for the stock and its easily accessible value is a positive factor in aligning management's interest with that of the shareholders and making them meaningful stakeholders.

#### ***Base Salary***

Base salaries have been targeted at comparable levels for the peer group of companies and adjusted to recognize varying levels of responsibility, individual performance, individual banking region performance if appropriate and internal equity issues. The Committee reviews the base salaries of the executive officers annually. This base salary provides the foundation for a total compensation package that is required to attract, retain and motivate the officers. Generally, base salaries are not directly related to specific measures of performance, but are determined by experience, the scope and complexity of the position, current job responsibilities, and salaries of competing banks.

The Company historically has not used benchmarking. During 2010, the Committee engaged an independent compensation consultant, who performed an executive compensation review and assessment of 15 peer public bank holding companies that included benchmarking. In January 2011, the Committee approved base salary increases of 8% to 11% for each of our named executives for 2011. The Committee considered the results of the consultant's review and peer assessment in determining the base salary increases for 2011 but did not target the salary increases to a particular benchmark based on the peer group.

#### ***Short-term Incentives***

An annual cash bonus plan is intended to reward individual performance for that year. The Compensation Committee reviews the individual performance of the officer, and if he or she is in charge of a banking region, the performance of that region. In evaluating a regional bank president, the Committee reviews the goals for that banking region, including return on assets, growth in assets, asset quality, return on equity, gross margin, net income, operating income, net cash flow and regulatory examination results. In evaluating an executive officer of the parent, the Committee reviews the goals of the parent company including shareholder return, earnings per share, and the other criteria noted above. The final consideration is the overall profitability of the Company. The Committee then determines the amount of the awards. As previously described, the Company is prohibited from paying or accruing any cash bonus to our CEOs so long as the Treasury holds a position in our securities pursuant to the CPP. In

accordance with these limitations, the Company did not provide cash bonuses to our SEOs for 2010.

## **Table of Contents**

### ***Long-term Incentives***

Consistent with the Company's philosophy that favors compensation based upon performance, long-term incentives comprise a significant component of total compensation. In 2006, the Board of Directors adopted and the shareholders approved the 2006 Stock Option and Performance Incentive Plan (the "Plan"). The purpose of the Plan is to attract and retain highly qualified officers, directors, and key employees, and to encourage those employees to improve our business results. The Plan is administered by our Compensation Committee. Subject to the terms of the Plan, the Committee may select participants to receive awards, determine the types, terms and conditions of awards and interpret provisions of the Plan.

It is the policy of the Committee to award grants with an exercise price set at the fair market value on the date of the grant. The Company does not have a practice of timing option or restricted stock grants to coordinate with the release of material non-public information. The Committee evaluates opportunities under the Plan along with the annual setting of salaries and awarding bonuses. The Committee will also consider awards under the Plan if appropriate in recruiting a new employee.

The Committee uses one or more of the following business criteria, on a consolidated basis and/or with respect to specified banking regions (except with respect to the total shareholder return and earnings per share criteria), in establishing performance goals for awards intended to comply with Section 162(m) of the Internal Revenue Code granted to covered employees:

shareholder return;

return on assets;

growth in assets;

asset quality;

return on equity;

earnings per share;

net income; and

operating income.

Section 162(m) of the Internal Revenue Code places a limit of \$1,000,000 on the compensation that publicly held corporations may deduct in any one year with respect to each of its five most highly paid executive officers. There is an exception to the \$1,000,000 limitation for performance-based compensation meeting certain requirements. Annual cash incentive compensation and stock option and restricted stock awards are generally performance-based meeting those requirements and, as such, are deductible. We did not have any executive officer with deductible compensation of \$1,000,000 during 2010, and the Compensation Committee has not adopted a policy with regard to this issue.

However, as described above, financial institutions such as the Company that have sold securities to the Treasury under the CPP are subject to Section 162(m)(5), enacted as part of the EESA, which limits the aggregate amount of compensation, including performance-based compensation, that may be deducted annually by an applicable institution for each of its five most highly compensated executive officers to \$500,000 during the period that the Treasury holds an equity or debt position in the institution. We were subject to this \$500,000 deduction limitation for the 2010 taxable year and will continue to be subject to this limitation during any future taxable year in which the Treasury holds an equity or debt position with the Company under the CPP. *See* "Regulatory Limitations on Executive Compensation Capital Purchase Program.

The Company has both regular and performance-based nonqualified stock options. The Committee issued performance-based options in 2006 with a cliff-vesting date of January 1, 2010, and with eligibility for the options tied to annual or cumulative performance goals for the Company and for our then individual banks. Although the

Committee determined that the cumulative performance goals for these options were not met due to the difficult market conditions during 2008 and 2009, particularly in our Florida market, the Committee believes that these performance-based options achieved their objectives with respect to retaining our officers and improving the results of our subsidiary bank in consideration of the difficult market conditions.

## **Table of Contents**

The Committee is currently considering terms for new long-term incentive awards subject to the limitation imposed on the Company in connection with the Company's sale of senior preferred shares to the Treasury pursuant to the CPP. As described above, the ARRA prohibits the Company from awarding incentive compensation, including stock options, to our senior executive officers during the period in which any obligation to the Treasury remains outstanding. However, the Company is allowed to issue long-term restricted stock provided that any such restricted stock does not fully vest during the period in which any obligation to the Treasury remains outstanding and the value of the award is not greater than one-third of the total amount of the employee's annual compensation. Under the Plan, the Company may grant restricted stock based on the criteria described above. The restricted period for such shares may be subject to the satisfaction of Company or individual performance objectives but may not be less than one year. If the restricted shares are not subject to any such performance objectives, the restricted period may not be less than three years.

During 2009, the Company granted individual restricted stock awards representing shares of our common stock to two employees, including our then Chief Operating Officer, Ron W. Strother. On July 17, 2009, the Company awarded 7,040 restricted shares (adjusted for the 10% stock dividend paid to our shareholders in June 2010) with a fair market value of \$18.82 per share (10% stock dividend adjusted) to Mr. Strother. These shares were to vest in four equal annual installments beginning on July 17, 2010, subject to the limitations imposed by the ARRA and the Treasury interim final rule (as described in the following paragraph). Mr. Strother passed away on January 31, 2010. Therefore, all of these restricted shares vested to Mr. Strother's estate upon his death. However, the shares may be transferred to Mr. Strother's estate only in accordance with the transfer limitations described in the following paragraph. The restricted shares granted to an employee were issued upon the commencement of his employment and are subject to a five-year vesting period with one-third of the shares vesting in each of last three years of the vesting period.

On January 22, 2010, the Committee granted restricted stock awards representing, on a stock dividend adjusted basis, a total of 18,260 shares of our common stock with a fair market value on the date of grant of \$22.74 per share to our senior executive officers and four additional employees of the Company. The awards were made pursuant to the requirements of the ARRA and the Treasury interim final rule. The restricted shares vest in three equal annual installments beginning on January 22, 2011. However, as long as the Treasury holds a position in our securities pursuant to the CPP, any such restricted shares granted to any of our senior executive officers will only be transferable by the senior executive officer as follows: (i) 25% of the vested shares will be transferable at the time of the Company's repayment of 25% of the aggregate financial assistance received from the Treasury pursuant to the CPP; (ii) an additional 25% of the vested shares (for a total of 50% of the vested shares) will be transferable at the time of the Company's repayment of 50% of the aggregate financial assistance received from the Treasury; (iii) an additional 25% of the vested shares (for a total of 75% of the vested shares) will be transferable at the time of the Company's repayment of 75% of the aggregate financial assistance received from the Treasury; and (iv) the remainder of the vested shares will be transferable at the time of the Company's repayment of 100% of the aggregate financial assistance received from the Treasury. In addition, under the ARRA and Treasury restrictions, the senior executive officer is required to provide services to the Company for at least two years after the grant date of the restricted stock, except in the case of the senior executive officer's death or disability. These awards were to reward individual performance during 2009 while more closely aligning the officer's interests with the interests our shareholders and emphasizing the long-term performance of the Company.

On February 2, 2011, the Committee granted restricted stock awards representing a total of 24,156 shares of our common stock with a fair market value on the date of grant of \$21.30 per share to our senior executive officers and two additional employees of the Company. The awards were made pursuant to the requirements and transfer restrictions of the ARRA and the Treasury interim final rule described above. These restricted shares will vest in three equal annual installments beginning on February 2, 2012. The restricted stock awards were based on individual performance during 2010 while further aligning the officer's interests with the interests our shareholders and emphasizing long-term performance.

### ***Retirement and Insurance Benefits***

Post-Termination Benefits. We do not have any employment, salary continuation, or severance agreements currently in effect for any of our executive officers.

Chairman's Retirement Plan. In 2007, our Board of Directors, based on a recommendation by the Compensation Committee, approved a Chairman's Retirement Plan for our Chairman, John W. Allison. The Chairman's Retirement Plan provides a supplemental retirement benefit to Mr. Allison of \$250,000 per year for 10 consecutive years or until Mr. Allison's death, whichever occurs later.

**Table of Contents**

The benefits under the plan vest based on Mr. Allison's age according to the following schedule: age 61 7.5%, age 62 35.0%, age 63 60.0%, age 64 82.0% and age 65 100.0%. These benefits will become 100% vested if any of the following events occur before Mr. Allison reaches the age of 65: his death, disability or involuntary termination from the Company without cause, or a change in control of the Company. The vested benefits are payable over 10 years or Mr. Allison's life, whichever is greater, and commence on the earlier of Mr. Allison reaching age 65 or termination of his employment with the Company for any reason other than death.

If Mr. Allison dies before the benefits commence, his beneficiary is entitled to receive the benefits for 10 years. If he dies during the 10 year guaranteed benefit period, his beneficiary will receive the remaining payments due during the guaranteed period. If he dies after the guaranteed benefit period, no further benefits will be paid. The annual benefit will be paid in monthly installments.

**Supplemental Executive Retirement Plan.** Prior to our acquisition of Community Bank, the bank purchased life insurance policies on its President and Chief Executive Officer, Tracy M. French. The policies offset benefit expenses associated with a supplemental annual retirement benefit that grows on a tax-deferred basis. A portion of the benefit is determined by an indexed formula. The balance of the benefit is determined by crediting interest on the accrued balances. The calculation for the benefit expense accrual is: insurance policy income minus opportunity cost plus interest. The opportunity cost is determined by the bank and is equal to the five year average of the one year Treasury Bill rate. The bank (now Centennial Bank) retains the opportunity cost. Prior to Mr. French's retirement, any earnings in excess of the opportunity costs are accrued to a liability reserve account for his benefit. At retirement, this liability reserve account is amortized with interest and paid out over a period of 15 years. If Mr. French dies while there is a balance in his account, this balance will be paid in a lump sum to Mr. French's beneficiaries.

The life insurance benefit for Mr. French is being provided by an endorsement split dollar life plan. Upon the death of the executive, the death benefit payable is equal to 70% of the net at risk life insurance portion (total benefit less cash value) of the policies insuring the life of Mr. French. The bank has all ownership rights in the death benefits and surrender values of the insurance policy on Mr. French. Its obligations under the retirement benefit portion of this policy are unfunded; however, the bank has purchased life insurance policies on Mr. French that are actuarially designed to offset the annual expenses associated with the benefit portion of the policy and will, given reasonable actuarial assumptions, offset all of the cost during Mr. French's lifetime and provide a complete recovery of costs at death.

**401(k) Plan.** All our full- and part-time employees over the age of 21 are eligible to participate in our 401(k) Plan immediately. We contribute a matching contribution equal to 50% of the participants' first 6% of deferred compensation contribution. In addition, we may make a discretionary contribution. No discretionary contributions were made during 2010.

**Health and Insurance Benefits.** Our full-time officers and employees are provided hospitalization and major medical insurance. We pay a substantial part of the premiums for these coverages. All insurance coverage under these plans is provided under group plans on generally the same basis to all of our full-time employees. Also, we provide other basic insurance coverage including dental, life, and long-term disability insurance.

In 2004, First State Bank (now Centennial Bank) adopted an endorsement split dollar life insurance plan which provides for the purchase of life insurance policies insuring the life of Mr. Allison. Both the bank and Mr. Allison have an interest in each of the policies, and therefore, this is classified as an endorsement split-dollar plan. Mr. Allison's beneficiaries will be entitled to an amount equal to 50% of the net-at-risk insurance portion of the total proceeds. The net-at-risk portion is the total proceeds less the cash value of the policy. Mr. Allison recognizes the economic value of this death benefit each year on his individual income tax return. The beneficiaries of the policies are named by Mr. Allison and the bank will receive the remainder of the death benefit. The bank has all ownership rights in the death benefits and surrender values of the policies. The premium paid on June 4, 2004, for the policies was \$4.8 million. Effective December 22, 2006, the death benefits payable under these policies split between the bank and Mr. Allison's beneficiaries. If the death benefit were paid in 2011, approximately \$8.2 million would be paid to the bank and approximately \$2.2 million would be paid to Mr. Allison's beneficiaries.

## **Table of Contents**

### ***Perquisites***

The Company provided certain perquisites to executive management in 2010. These perquisites included:

401(k) contributions

Country club dues

Gasoline for personal car

Car allowance

Use of company owned car

The Company does not own its own airplane, but does use an airplane owned by Mr. Allison's company, Capital Buyers. An employee of the Company is a pilot and flies the airplane. Mr. Allison also uses the pilot for personal travel which may or may not occur during working hours. When the Company uses the plane, Capital Buyers charges the Company for out of pocket expenses only.

### **Compensation of the Chairman**

On October 17, 2008, based on a recommendation by the Compensation Committee, the Board of Directors granted Mr. Allison, who was then our Chairman and Chief Executive Officer, an annual base salary of \$275,000 beginning on November 1, 2008, and made him eligible for an annual discretionary cash bonus. Any cash bonus will be based upon the goals of the Company including shareholder return, earnings per share and other criteria. However, as long as the Company has an obligation outstanding under the CPP, Mr. Allison will not be eligible for a cash bonus. Mr. Allison had not previously received any salary from the Company for his services. The Committee based its decision to provide a salary to Mr. Allison on the Company's performance under his leadership over the previous 10 years.

On July 17, 2009, the Board of Directors promoted C. Randall Sims to Chief Executive Officer, with Mr. Allison remaining as Chairman of the Board. In connection with this change, the Board determined that Mr. Allison should continue to receive an annual salary of \$225,000 for his services to the Company and to be eligible for an annual discretionary cash bonus based on the previously described criteria, provided that as long as the Company has an obligation outstanding under the CPP, Mr. Allison will not be eligible for a cash bonus. This determination was based on Mr. Allison's historical role as founder of the Company, his instrumental leadership in the Company's achievements during his tenure as Chairman and Chief Executive Officer, and his continued active role in overseeing the management of the Company as Chairman.

During 2010, Mr. Allison received \$228,375 as salary from the Company. In accordance with the bonus limitations imposed by the ARRA, Mr. Allison did not receive a cash bonus for 2010. On January 22, 2010, he received a restricted stock grant representing, on a stock dividend adjusted basis, 4,400 shares of our common stock with a fair market value on the date of grant of \$22.74 per share. The restricted shares vest in three equal annual installments beginning on January 22, 2011, subject to the transfer limitations imposed by the Treasury in connection with the CPP. As of January 22, 2011, 1,467 of these shares have vested. On February 2, 2011, Mr. Allison was granted an additional 3,644 restricted shares of our common stock with a fair market value on the date of grant of \$21.30 per share. These restricted shares will also vest in three equal annual installments beginning on February 2, 2011, subject to the transfer limitations imposed in connection with the CPP. On January 31, 2011, the Compensation Committee also approved an increase in Mr. Allison's salary for 2011, consistent with increases to each of our named executives, to \$250,000.

In March 2006, Mr. Allison received performance based stock options that represent, on a stock dividend adjusted basis, 74,131 shares of common stock with an exercise price of \$11.09 per share. The stock options would vest on January 1, 2010, subject to the Company meeting certain performance goals from 2005 through 2009. Twenty percent of the options would become eligible for exercise every year if the Company met the annual performance goals. If the annual performance goals were not met, that 20% of the options would only become eligible if before January 1, 2010, the Company had met the cumulative goals. The Company met its goals in 2006 and 2007 but did not meet its



goals in 2005 and 2008. The Compensation Committee determined that the Company met its annual performance goals for 2009 but did not meet its cumulative goals as of December 31, 2009. Therefore, on a stock dividend adjusted basis, a total of 44,478 options became eligible for exercise by Mr. Allison on January 1, 2010. Because the cumulative goals were not met, the remaining 29,653 options were forfeited.

## **Table of Contents**

On January 10, 2008, in connection with the grant of stock options to all non-employee directors of the Company, Mr. Allison received stock options that represent, on a stock dividend adjusted basis, 2,376 shares of common stock with an exercise price of \$17.21 per share. These stock options vest in five equal annual installments beginning on January 10, 2009. As of January 10, 2011, a total of 1,425 of these options have vested.

On January 18, 2008, the Compensation Committee awarded Mr. Allison additional stock options that represent, on a stock dividend adjusted basis, 17,820 shares of common stock with an exercise price of \$17.07 per share. These stock options vest in five equal annual installments beginning on January 18, 2009. The Committee based the award on its conclusion that, through Mr. Allison's leadership, the Company completed a very successful year in 2007, which included record earnings for the Company and the acquisition of an additional bank subsidiary in the Central Arkansas market area. As of January 18, 2011, a total of 10,692 of these options have vested.

In April 2007, our Board of Directors, based on a recommendation by the Compensation Committee, approved a Chairman's Retirement Plan for Mr. Allison, which provides him a supplemental retirement benefit of \$250,000 per year for 10 consecutive years or until Mr. Allison's death, whichever occurs later. The benefits under the plan vest based on Mr. Allison's age beginning at age 61 and fully vest when Mr. Allison reaches age 65. The benefits will also become 100% vested if, before Mr. Allison reaches the age of 65, he dies, becomes disabled, is involuntarily terminated from the Company without cause, or there is a change in control of the Company. The vested benefits will be paid in monthly installments. The benefit payments will begin on the earlier of Mr. Allison reaching age 65 or the termination of his employment with the Company for any reason other than death. If Mr. Allison dies before the benefits commence or during the 10 year guaranteed benefit period, his beneficiary will receive any remaining payments due. If he dies after the guaranteed benefit period, no further benefits will be paid. *See* COMPENSATION DISCUSSION AND ANALYSIS Components of Compensation for more information on the Chairman's Retirement Plan.

Mr. Allison receives an additional fee for his service as Chairman of the Board of Directors of the Company. The fee for his service as Chairman of the Board is set by the Board of Directors. In addition, Mr. Allison is Chairman of the board of directors of the Company's subsidiary bank and serves on each regional board of directors of the bank. He receives a fee for his service on the board of directors and each regional board of the bank. The fees for his service on each board are set by the respective boards of the bank.

### **Compensation of the Chief Executive Officer**

In connection with C. Randall Sims' promotion to Chief Executive Officer on July 17, 2009, the Board of Directors granted Mr. Sims an increase in his annual salary to \$275,000 for his services as Chief Executive Officer. This increase was to make his salary consistent with the salary of his predecessor as Chief Executive Officer at the time of Mr. Sims' promotion. An additional increase in salary was made during 2010 consistent with salary increases to other officers and employees of the Company. During 2010, Mr. Sims received \$279,125 as salary from the Company. Mr. Sims continues to be eligible for an annual discretionary cash bonus based on the previously described criteria, provided that as long as the Company has an obligation outstanding under the CPP, he will not be eligible for a cash bonus. In accordance with the bonus limitations imposed by the ARRA, Mr. Sims did not receive a cash bonus for 2010. On January 31, 2011, the Compensation Committee approved an increase in Mr. Sims' salary for 2011, consistent with increases to each of our named executives, to \$310,000.

On January 22, 2010, Mr. Sims received a restricted stock grant representing, on a stock dividend adjusted basis, 3,300 shares of our common stock with a fair market value on the date of grant of \$22.74 per share. The restricted shares vest in three equal annual installments beginning on January 22, 2011, subject to the transfer limitations imposed by the Treasury in connection with the CPP. As of January 22, 2011, 1,100 of these shares have vested. On February 2, 2011, Mr. Sims was granted an additional 4,519 restricted shares of our common stock with a fair market value on the date of grant of \$21.30 per share. These restricted shares will also vest in three equal annual installments beginning on February 2, 2012, subject to the transfer limitations imposed in connection with the CPP.

## **Table of Contents**

In March 2006, Mr. Sims received performance based stock options that represent, on a stock dividend adjusted basis, 44,478 shares of common stock with an exercise price of \$11.09 per share. The stock options would vest on January 1, 2010, subject to the Company and First State Bank (now Centennial Bank) meeting certain performance goals from 2005 through 2009. Ten percent of the options would become eligible for exercise every year if the Company met its annual performance goals, and ten percent would become eligible for exercise every year if the bank met its annual performance goals. If the annual performance goals were not met, that 10% of the options would only become eligible if before January 1, 2010, the Company or the bank had met its respective cumulative goals. The bank met its goals in each year as well as its cumulative goals. The Company met its goals in 2006 and 2007 but did not meet its goals in 2005 and 2008. The Compensation Committee determined that the Company met its annual performance goals for 2009 but did not meet its cumulative goals as of December 31, 2009. Therefore, on a stock dividend adjusted basis, a total of 35,582 options became eligible for exercise by Mr. Sims on January 1, 2010. Because the Company's cumulative goals were not met, the remaining 8,896 options were forfeited.

### **REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

*The following Compensation Committee Report should not be deemed filed or incorporated by reference into any other document, including the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report into any such filing by reference.*

In accordance with its written charter, which was re-adopted in its current form by the Board of Directors on January 21, 2011, the Compensation Committee evaluates and approves the plans and policies related to the compensation of the Company's executive officers and directors. A copy of the Compensation Committee charter is published on the Company's website at [www.homebancshares.com](http://www.homebancshares.com) under the caption Investor Relations / Corporate Profile / Governance Documents.

The Committee met two times in 2010 to discuss, among other items, the salaries, bonuses and other compensation of the senior executive officers and other key employees of the Company, including the Chief Executive Officer. The Committee did not act by unanimous written consent at any time in 2010.

In determining the compensation of the executive officers for 2011, the Committee, among other things, considered the peer compensation assessment performed by the Company's independent compensation consultant, evaluated the performance of the Chief Executive Officer and the other executive officers in light of corporate goals and objectives and reviewed the Chairman's compensation recommendations. The Committee did not award any cash bonuses to the executive officers for 2010 pursuant to the limitations imposed by the ARRA and the Treasury interim final rule.

The Compensation Committee reviewed and discussed with management the information provided in the preceding Compensation Discussion and Analysis section of this Proxy Statement. Based on its review and discussions with management, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and our Annual Report on Form 10-K for the calendar year ended December 31, 2010, for filing with the SEC.

Additionally, the Compensation Committee certifies that:

- (1) It has reviewed with the Company's senior risk officer(s) the compensation plans of its senior executive officers and has made all reasonable efforts to ensure that such plans do not encourage the senior executive officers to take unnecessary and excessive risks that threaten the value of the Company;
- (2) It has reviewed with the Company's senior risk officer(s) the compensation plans of its employees and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and
- (3) It has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

## **Table of Contents**

This certification above and the narrative below are being provided in accordance with the requirement of the Interim Final Rule of the Treasury, TARP Standards for Compensation and Corporate Governance, issued on June 15, 2009.

**SEO Compensation Plans.** The Company's compensation plans for its SEOs are currently operating within the constraints of the Treasury's limitations. The Compensation Committee believes, however, that the Company's compensation programs for executives do not encourage unnecessary and excessive risks, even before application of these limitations. As discussed above in the Compensation Discussion and Analysis, the Company's incentive compensation programs for SEOs, before the impact of the Treasury requirements, consisted of short-term incentives in the form of annual cash bonus awards and long-term incentives in the form of equity awards under the Company's 2006 Stock Option and Performance Incentive Plan. These short-term and long-term incentive awards are closely linked to the Company's or our bank subsidiary's financial performance compared with the Company's or the bank's strategic goals for each year. The opportunity to earn annual cash bonus awards and long-term equity awards provides a mix of variable compensation that integrates the Company's short-term and long-term goals, as well as helps to attract and retain executive officers.

Annual cash bonuses are awarded based on the individual SEO's performance together with the performance of the Company or our bank subsidiary, as applicable, in light of specific performance goals of the Company or the bank. As described in the Compensation Discussion and Analysis, the Compensation Committee evaluates a number of performance criteria for the Company or the bank and considers the overall profitability of the Company before determining the awards. In each case, the Compensation Committee makes the determination at their discretion as to the issuance and amount of any award. This process allows the Compensation Committee to take into consideration a variety of factors as well as any activities that might have risk to the Company before making any cash bonus awards.

Stock options, restricted stock and other equity awards are an important component of the Company's SEO compensation program as they encourage the alignment of senior management's goals with those of our shareholders, with the ultimate goal of increasing overall shareholder value. Historically, the Compensation Committee has granted stock options on both a fixed basis and a long-term incentive basis. Awards granted on a fixed basis carry a set vesting schedule based on a certain time period of at least two years with no performance-based requirements. Long-term incentive awards are payable in recognition of achievement of certain annual and/or cumulative performance goals of the Company or our bank subsidiary over a period of time longer than one year. The Compensation Committee approves all incentive compensation paid to the executive officers, including the SEOs. The incentive awards are typically based on a number of various performance goals as described in the Compensation Discussion and Analysis. The Compensation Committee may confer with the Audit Committee as necessary when confirming achievement of performance goals. The equity awards (both fixed and incentive) typically have been based on a five-year vesting period.

The requirements imposed by Congress and the Treasury in connection the TARP program have significantly limited or prohibited the payment of annual cash bonus awards and have restricted equity awards for our SEOs while the Treasury holds a position in our securities. During 2010, the Company did not grant any stock option awards. Pursuant to the TARP requirements, the only equity awards granted to any of our SEOs during 2010 were in the form of long-term restricted stock. The shares granted will vest in three equal installments on the first, second and third anniversaries of the date of grant but may not be transferred by the SEO until the Company has repaid at least 25% of the financial assistance it received under TARP and then only in 25% increments based on the percentage of financial assistance repaid to the Treasury.

Based on the various criteria for determining the short-term and long-term incentive awards and the Compensation Committee's discretion in making short-term awards, the Compensation Committee believes that the Company's current compensation practices for SEOs do not encourage short-term results over long-term value creation and do not encourage unnecessary or excessive risks that could threaten the value of the Company.

**Table of Contents**

*Employee Compensation Plans.* In addition to the SEOs, certain employees may be participants under the 2006 Stock Option and Incentive Plan. Awards granted to employees are determined by the Compensation Committee in the same manner as for the SEOs. In 2006, the Compensation Committee granted incentive stock options to employees of our former separately chartered bank subsidiaries based on long-term annual and cumulative performance goals of each respective bank. These stock options vested on January 1, 2010. During 2010, the only equity awards made to employees who were not SEOs were in shares of restricted stock, which included a three-year vesting period with one-third of the shares vesting on the first, second and third anniversaries of the date of grant. For the reasons described above with respect to the SEOs, the Compensation Committee believes that the features of this plan do not encourage unnecessary or excessive risks and do not encourage the manipulation of reported earnings to enhance the compensation of any employee or SEO.

The Company's business model does not generally include areas that are engaged in activities regarded as having significant inherent risk, such as mortgage-backed securities and proprietary trading. However, the Compensation Committee reviewed and evaluated the Company's employee compensation plans with the Company's senior risk officer(s) for possible credit, market, compliance and operational risks. Based on its review, the Compensation Committee believes effective controls are in place providing for management review of compensation arrangements of employees of the Company or our bank subsidiary having compliance, risk, credit quality, quality assurance and finance roles. In light of the oversight and controls surrounding the employee compensation plans, and the significant amounts that would be required to impact the Company's reported earnings, the Compensation Committee believes that the compensation plans for employees do not contain any features that would encourage the manipulation of reported earnings to enhance the compensation of any employee.

**Home BancShares, Inc.  
Compensation Committee Members**

Dale A. Bruns, Chairman  
Richard H. Ashley  
Richard A. Buckheim  
Jack E. Engelkes

**EXECUTIVE COMPENSATION**

The following table sets forth various elements of compensation awarded to or paid by us for services rendered in all capacities by our CEO, our CFO and our three other most highly-compensated executive officers, our named executive officers, during the fiscal year ended December 31, 2010.

[Table follows on next page.]

**Table of Contents****Summary Compensation Table**

Name and principal position	Year	Salary	Bonus	Stock awards	Option awards	Change in pension value and non-qualified Non-equity deferred incentive	All other compensation	Total
						plan compensation		
C. Randall Sims, Chief Executive Officer	2010	\$ 279,125		\$ 75,030			\$ 551,634 <sup>(1)</sup>	\$ 905,789
	2009	238,750	\$ 43,750				85,561	368,061
	2008	206,000	87,550				201,712	495,262
Randy E. Mayor, Chief Financial Officer and Treasurer	2010	203,000		25,010			277,137 <sup>(2)</sup>	505,147
	2009	200,000	41,657				10,863	252,520
	2008	196,266	45,000				291,247	532,513
John W. Allison, Chairman	2010	228,375		100,040		\$ 565,706	111,466 <sup>(3)</sup>	1,005,587
	2009	252,885	57,292			560,838	154,599	1,025,614
	2008	31,731			\$ 110,376	535,044	144,748	821,899
Robert F. Birch, Jr., Regional President of Centennial Bank	2010	213,150		50,020			169,119 <sup>(4)</sup>	432,289
	2009	210,000	43,750				10,245	263,995
	2008	206,000	59,595				19,910	285,505
Tracy M. French, Regional President of Centennial Bank	2010	213,150		50,020		18,012	10,716 <sup>(5)</sup>	291,898
	2009	210,000	43,750			11,491	9,829	275,070
	2008	206,000	82,550			13,585	17,766	319,901

(1) Includes gasoline for personal car, \$194; personal use of Company car, \$3,408; country club dues, \$4,015; 401(k) contribution, \$5,286; executive gifts, \$750; income realized from restricted stock dividends, \$716; and income realized from the exercise of stock options, \$537,265. The incremental cost of the car was determined by multiplying the percentage of personal miles times the annual lease value of the car.

(2) Includes country club dues, \$2,445; 401(k) contribution, \$5,075; executive gifts, \$750; income realized from restricted stock dividends, \$239; and income realized from the exercise of stock options, \$268,628.

(3) Mr. Allison used a pilot employed by the Company for personal trips in an airplane owned by Capital Buyers, a company owned by Mr. Allison. The incremental cost of those services was determined to be \$12,000, using \$500 per trip, current rate for a commercial pilot, times 19 trips of personal travel and five maintenance trips. Other Compensation also includes Company Board of Directors fees, \$15,000; subsidiary bank director and advisory board fees, \$24,600; committee fees, \$5,564; auto allowance, \$18,000; gasoline for personal car, \$1,226; country club dues, \$6,145; Company-owned life insurance ownership, \$6,088; income realized from restricted stock dividends, \$955; income realized from the exercise of stock options, \$21,138; and executive gifts,

\$750.

- (4) Includes excess payment for auto expense reimbursement, \$1,646; 401(k) contribution, \$6,771; country club dues, \$3,432; income realized from restricted stock dividends, \$478; and income realized from the exercise of stock options, \$156,792.
- (5) Includes gasoline for personal car, \$244; personal use of Company car, \$3,075; 401(k) contribution, \$6,169; income realized from restricted stock dividends, \$478; and executive gifts, \$750. The personal use of the car was determined the same as disclosed in Note 3 above.

**Employment Agreements**

We currently do not have any employment, salary continuation or severance agreements in effect with any of our executive officers.





Table of Contents**Outstanding Equity Awards at Fiscal Year-End Table No. 1**

Name	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Option Awards Equity incentive plan awards: Number of securities underlying unexercised unearned options	Option exercise price	Option expiration date
C. Randall Sims	14,580			\$ 6.17	12/31/2012
	14,579			6.17	12/31/2013
	35,582			11.09	3/13/2016
Randy E. Mayor	14,580			6.17	12/31/2011
	14,580			6.17	12/31/2012
	14,579			6.17	12/31/2013
	26,687			11.09	3/13/2016
John W. Allison	1,425			6.17	12/31/2011
	1,425			6.17	12/31/2012
	1,425			6.17	12/31/2013
	1,425			6.17	12/31/2014
	356			7.01	12/31/2011
	356			7.01	12/31/2012
	356			7.01	12/31/2013
	356			7.01	12/31/2014
	356			7.01	12/31/2015
	356			7.85	12/31/2012
	356			7.85	12/31/2013
	356			7.85	12/31/2014
	356			7.85	12/31/2015
	356			7.85	12/31/2016
	356			8.42	12/31/2013
	356			8.42	12/31/2014
	356			8.42	12/31/2015
	356			8.42	12/31/2016
	356			8.42	12/31/2017
	356			9.83	12/31/2014
	356			9.83	12/31/2015
	356			9.83	12/31/2016
	356			9.83	12/31/2017
	356			9.83	12/31/2018
	356			10.66	12/31/2015
	356			10.66	12/31/2016
	356			10.66	12/31/2017

356	10.66	12/31/2018
356	10.66	12/31/2019
89,100	10.66	7/27/2015

**Table of Contents**

Name	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Option Awards Equity incentive plan awards: Number of securities underlying unexercised unearned options	Option exercise price	Option expiration date
John W. Allison (cont d.)	44,478			\$ 11.09	3/13/2016
	160			5.17	3/20/2012
	1,439			9.55	12/31/2013
	1,439			9.55	12/31/2014
	4318			9.55	1/1/2015
	288			9.55	12/31/2014
	1,151			9.55	1/1/2015
	1,439			9.55	1/1/2015
	23,760			20.33	1/18/2017
	1,425	950(1)		17.21	1/9/2018
	10,692	7,128(2)		17.07	1/17/2018
	14,825			11.09	3/13/2016
Robert F. Birch, Jr.	12,096			8.68	11/30/2011
	12,096			8.68	11/30/2012
	12,095			8.68	11/30/2013
	12,095			8.68	11/30/2014
	29,652			11.09	3/13/2016
Tracy M. French					

(1) One-third of the unexercisable shares vested on January 10, 2011. The remaining two-thirds of the unexercisable shares will vest on each of January 10, 2012 and 2013.

(2) One-third of the unexercisable shares vested on January 18, 2011. The remaining two-thirds of the unexercisable shares will vest on each of January 18, 2012 and 2013.

The following table contains information about the restricted stock awards previously granted to each of our named executive officers that are outstanding as of December 31, 2010:

[Table follows on next page.]

Table of Contents**Outstanding Equity Awards at Fiscal Year-End Table No. 2**

Name	Stock Awards			Equity incentive plan awards: Market or payout value of unearned shares,
	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested
C. Randall Sims	3,300 <sup>(1)</sup>	\$ 75,030		
Randy E. Mayor	1,100 <sup>(1)</sup>	25,010		
John W. Allison	4,400 <sup>(1)</sup>	100,040		
Robert F. Birch, Jr.	2,200 <sup>(1)</sup>	50,020		
Tracy M. French	2,200 <sup>(1)</sup>	50,020		

(1) One-third of these shares vested on January 22, 2011. The remaining two-thirds of the unvested shares will vest on each of January 10, 2012 and 2013. However, the shares may be transferred by the grantee only in accordance with the previously described limitations. *See* COMPENSATION DISCUSSION AND ANALYSIS Components of Compensation Long-term Incentives.

**Option Exercises and Stock Awards Vested in 2010**

The following table contains information about stock options exercised by each of our named executive officers during 2010. Our named executive officers did not acquire any common shares on vesting of stock awards during 2010.

**Option Exercises and Stock Awards Vested Table**

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise	Value realized on exercise	Number of shares acquired on vesting	Value realized on vesting
C. Randall Sims	29,161	\$ 537,265		
Randy E. Mayor	14,580	268,628		
John W. Allison	1,425	21,138		

Robert F. Birch, Jr.

12,096

156,792

Tracy M. French

**Pension and Other Benefits**

The following table contains information about the actuarial present value of the accumulated benefit to each of our named executive officers under each plan in which the named executive officer participates that provides for the payment of specified retirement benefits or benefits that will be paid primarily following retirement:

[Table follows on next page.]

39

---

**Table of Contents****Pension and Other Benefits Table**

<b>Name</b>	<b>Plan Name</b>	<b>Number of years credited service</b>	<b>Present value of accumulated benefit</b>	<b>Payments during last fiscal year</b>
C. Randall Sims	N/A			
Randy E. Mayor	N/A			
John W. Allison	Chairman's Retirement Plan	(1)	\$2,049,487	
Robert F. Birch, Jr.	N/A			
Tracy M. French	Supplemental Executive Retirement Plan	(1)	112,908	

(1) The benefits under the Chairman's Retirement Plan and the Supplemental Executive Retirement Plan are not dependent on credited years of service. The benefits under the Chairman's Retirement Plan vest based on Mr. Allison's age beginning at age 61 and fully vest when Mr. Allison reaches age 65. The benefits will also become 100% vested if, before Mr. Allison reaches the age of 65, he dies, becomes disabled, is involuntarily terminated from the Company without cause, or there is a change in control of the Company. Currently, Mr. Allison is 82% vested in the benefits under the plan. Mr. French is fully vested in the balance accrued to the liability reserve account for his benefit in connection with the Supplemental Executive Retirement Plan.

See COMPENSATION DISCUSSION AND ANALYSIS Components of Compensation and COMPENSATION DISCUSSION AND ANALYSIS Compensation of the Chairman for more information regarding the Supplemental Executive Retirement Plan and the Chairman's Retirement Plan.

**Nonqualified Deferred Compensation**

We do not currently have in effect any defined contribution or other plan that provides for the deferral of compensation to any of our executive officers on a basis that is not tax-qualified.

**Payments Upon Termination or Change-In-Control**

We do not currently have in effect any compensatory plan or other arrangement that provides for payments or the provision of benefits to any of our executive officers, other than as provided in the Chairman's Retirement Plan, upon their termination of employment with the Company or upon a change in control of the Company or a change in the officer's responsibilities. See COMPENSATION DISCUSSION AND ANALYSIS Components of Compensation for more information on the Chairman's Retirement Plan.

**Director Compensation**

The following table sets forth various elements of compensation awarded to or paid by us to our directors, other than our named executive officers, during the fiscal year ended December 31, 2010:

[Table follows on next page.]

**Table of Contents****Director Compensation Table**

Name	Fees earned  or paid in cash <sup>(1)</sup>	Stock awards	Option awards	Non-equity incentive plan compensation	Change in pension value and nonqualified	All other compensation	Total
					compensation earnings		
Robert H. Adcock, Jr.	\$ 28,726						\$ 28,726
Richard H. Ashley	49,412						49,412
Dale A. Bruns	49,756						49,756
Richard A. Buckheim	41,386						41,386
Jack E. Engelkes	28,014						28,014
James G. Hinkle	18,250						18,250
Alex R. Lieblong	7,350						7,350
William G. Thompson	17,517						17,517

(1) Includes Company Board of Directors and committee fees, subsidiary bank director fees, subsidiary bank advisory board fees and subsidiary bank committee fees.

During 2010, our non-employee directors received \$2,000 (\$4,000 for the chairman) for each meeting of the holding company Board attended. Directors serving on the holding company Audit or Compensation Committees received \$400 (\$800 for the chairman) for each meeting attended of those committees, and directors serving on other holding company Board committees received \$250 (\$500 for the chairman) for each meeting attended of those other committees.

**Compensation Risk Assessment**

The Compensation Committee and management conducted an assessment of the risks associated with our compensation policies and practices during 2010, including our compensation arrangements for both executives and non-executive employees. That assessment included a review of policies and procedures relating to the components of our compensation program, a review of incentive-based equity and cash compensation features, identification of any compensation design features that could potentially encourage excessive or imprudent risk taking, and consideration of the presence or absence of controls, oversight or other factors that mitigate potential risk.

During the review, the Committee and management concluded that several factors and controls relating to our compensation policies and practices mitigate against the potential for risks that could materially and adversely affect the Company. These factors and controls include:

the Company's lack of involvement in activities regarded as having significant inherent risk, such as mortgage-backed securities and proprietary trading;

management's review of compensation arrangements of employees of the Company or our bank subsidiary having compliance, risk, credit quality, quality assurance and finance roles;

oversight of incentive compensation by the Compensation Committee, which is made up of independent directors;

strong internal controls over financial reporting for the Company;

appropriate segregation of duties; and

restrictions on awards that align the interests of the employee with the interests of the shareholders.

Based upon this assessment, we do not believe that our employee compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.



**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

*Banking Transactions.* Most of our directors and officers, as well as the firms and businesses with which they or members of their immediate families are associated, are customers of our bank subsidiary. Our bank subsidiary and former bank subsidiaries have engaged in a variety of loan transactions in the ordinary course of business with individuals and their families and businesses, and it is anticipated that such transactions will occur in the future. In the case of all such related party transactions in 2010, each transaction was approved by either the Audit Committee, the Nominating and Corporate Governance Committee, the Board of Directors or the bank subsidiary's board of directors. These loans were made in the ordinary course of business on substantially the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable loans with persons not related to us. In the opinion of our management, those loan transactions do not involve more than a normal risk of collectability or present other unfavorable features.

We believe that all extensions of credit by our bank subsidiary to its directors and officers and to directors and officers of the Company, either directly or as guarantors, were made in conformity with the requirements of Federal Reserve Board Regulation O. As of December 31, 2010, the aggregate amount outstanding on these loans, including available borrowings, was approximately \$42.7 million, of which approximately \$20.3 million was attributable to the largest borrowing relationship. None of these loans are nonaccrual, past due, restructured or potential problems.

*Real Estate Transactions.* We lease certain of our properties from persons who are affiliated with us. The property used by our Marketing and Sales Department in Conway, Arkansas, is leased from First Real Estate LTD Partnership LLLP, which includes one of our directors, Robert H. Adcock, Jr. Additionally, we lease the land for a banking office in Lakewood Village Shopping Center in North Little Rock, Arkansas, from Conservative Development Company, a corporation controlled, through common ownership, by Richard H. Ashley, who is one of our directors. During 2010, the aggregate payments we made, directly or indirectly, to each of the named persons for the various leases described above were less than \$120,000.

We believe the terms of each of the agreements are no less favorable to us than we could have obtained from an unaffiliated third party. We expect we will continue to engage in similar banking and business transactions in the ordinary course of business with our directors, executive officers, principal shareholders and their associates. All proposed related party transactions are presented to the Nominating and Corporate Governance Committee of our Board of Directors for consideration and approval. The Committee approved each of the transactions described above. The Committee does not currently have any formal policies or procedures with respect to its review, approval, or ratification of related party transactions, but considers each related party transaction or proposed related party transaction on a case-by-case basis. According to its charter, the Committee follows the definition of "related party transaction" provided in the SEC's regulations under the Securities Act of 1933.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16 of the Securities and Exchange Act of 1934, as amended, requires each director, officer, and any individual beneficially owning more than 10 percent of the Company's common stock to file reports on Forms 3, 4, and 5 disclosing beneficial ownership and changes in beneficial ownership of the common stock of the Company with the SEC within specified time frames. These specified time frames require the Form 3's to be filed on or before the effective date of the issuer's registration statement or within 10 days after the person becomes a reporting person. Changes in ownership must be filed on Form 4 within two business days of the transaction. Based solely on information provided to the Company by individual directors and officers, we believe that all our Section 16 filers complied with the filing requirements during the fiscal year, except as follows: Robert H. Adcock failed to timely file two Form 4 reports disclosing three dispositions of shares of the Company's common stock. John W. Allison failed to timely file one Form 4 report disclosing one disposition of shares of the Company's common stock. William G. Thompson failed to timely file one Form 4 report disclosing two dispositions of shares of the Company's common stock.

**Table of Contents****PRINCIPAL SHAREHOLDERS OF THE COMPANY**

The following table sets forth certain information as of February 2, 2011, concerning the number and percentage of shares of our common stock beneficially owned by our directors, our named executive officers, and all of our directors and executive officers as a group, and by each person known to us who beneficially owned more than 5% of the outstanding shares of our common stock.

Information in this table is based upon beneficial ownership concepts described in the rules issued under the Securities Exchange Act of 1934. Under these rules, a person is deemed to be a beneficial owner of any shares of our common stock if that person has or shares voting power, which includes the power to vote or direct the voting of the shares, or investment power, which includes the right to dispose or direct the disposition of the shares. Thus, under the rules, more than one person may be deemed to be a beneficial owner of the same shares. A person is also deemed to be a beneficial owner of any shares as to which that person has the right to acquire beneficial ownership within 60 days from February 2, 2011.

Except as otherwise indicated, all shares are owned directly, and the named person possesses sole voting and investment power with respect to his shares. The address for each of our directors and named executive officers is c/o Home BancShares, Inc., 719 Harkrider Street, Suite 100, Conway, Arkansas 72032.

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Shares Outstanding (1)</b>
<b>5% or greater holders:</b>		
T. Rowe Price Associates, Inc. (2)	2,291,372	8.1%
BlackRock, Inc. (3)	1,753,548	6.2%
<b>Directors and executive officers:</b>		
Robert H. Adcock, Jr. (5)	773,309	2.7%
John W. Allison (4)(6)	2,770,511	9.7%
Richard H. Ashley (4)(7)	1,303,855	4.6%
Robert F. Birch (4)	133,338	*
Dale A. Bruns (4)	163,506	*
Richard A. Buckheim (4)	50,566	*
Jack E. Engelkes (4)(8)	90,106	*
Tracy M. French (4)(9)	62,136	*
James G. Hinkle (4)(10)	202,140	*
Alex R. Lieblong (4)(11)	611,612	2.1%
Randy E. Mayor (4)(12)	155,985	*
C. Randall Sims (4)(13)	163,338	*
William G. Thompson (4)(14)	19,853	*
<b>All directors and executive officers as a group (15 persons) (4)</b>	<b>6,547,832</b>	<b>22.6%</b>

\* Less than 1%.

(1) The percentage of our common stock beneficially owned was calculated based on 28,452,411 shares of our common stock outstanding as of February 2, 2011. The percentage assumes that the person in each row has exercised all options that are exercisable by that person or group within 60 days of February 2, 2011.

**Table of Contents**

- (2) Based on information as of December 31, 2010, obtained from a Schedule 13G filed with the SEC on or about February 12, 2011, by T. Rowe Price Associates, Inc., located at 100 E. Pratt Street, Baltimore, Maryland 21202 ( Price Associates ). The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in Price Associates' Schedule 13G. These securities are owned by various individual and institutional investors for which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (3) Based on information as of December 31, 2010, obtained from a Schedule 13G filed with the SEC on or about February 4, 2011, by BlackRock, Inc., located at 40 East 52nd Street, New York, New York 10022 ( BlackRock ). The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in BlackRock's Schedule 13G.
- (4) Includes shares that may be issued upon the exercise of vested common stock options, as follows: Mr. Adcock, 237 shares; Mr. Allison, 194,307 shares; Mr. Ashley, 712 shares; Mr. Birch, 63,210 shares; Mr. Bruns, 4,276 shares; Mr. Buckheim, 712 shares; Mr. Engelkes, 4,633 shares; Mr. French, 29,652 shares; Mr. Hinkle, 712 shares; Mr. Lieblong, 11,761 shares; Mr. Mayor, 70,427 shares; Mr. Sims, 64,742 shares; Mr. Thompson, 712 shares; and all directors and executive officers as a group, 473,686 shares.
- (5) Includes 18,142 shares held in Mr. Adcock's IRA accounts, 14,455 shares owned by the Robert H. Adcock Trust, 192,500 shares owned by the Bun 210 Trust, 190,000 shares owned by the Bun 310 Trust, 26,914 shares owned by the Hillary Adcock GST Trust, 105,889 shares owned by the Hillary Adcock Nonexempt Trust, 2,168 shares owned by the Carol Adcock Trust, 43,500 shares owned by the Carol 210 Trust, 45,500 shares owned by the Carol 310 Trust, 26,914 shares owned by the Ashton Adcock Trust, and 107,091 shares owned by the Ashton Adcock Nonexempt Trust.
- (6) Includes 367,671 shares owned by Mr. Allison's spouse, either individually or as custodian for their son, 4,068 shares held in Mr. Allison's IRA, 8,044 shares of restricted stock and 16,832 shares owned by Capital Buyers, a company that is owned by Mr. Allison.
- (7) Includes 3,544 shares held in Mr. Ashley's IRA, 4,665 shares owned by Mr. Ashley's spouse, 1,834 shares owned by the IRA of Mr. Ashley's spouse, 411,034 shares owned by Conservative Development Company, a corporation of which Mr. Ashley is president, 235,585 shares owned by RHA Investments, a company of which Mr. Ashley is a partner, and 272 shares for which Mr. Ashley is custodian for his children.
- (8) Includes 45,094 shares owned by Mr. Engelkes' spouse, 11,089 shares for which Mr. Engelkes is custodian for his children, and 989 shares held in Mr. Engelkes' Simple IRA.
- (9) Includes 7,116 shares owned by Mr. French's 401(k) plan, 6,790 shares held in Mr. French's IRA and 7,203 shares of restricted stock.
- (10) Includes 199,302 shares owned by the James G. Hinkle Revocable Trust.
- (11) Includes 407,365 shares that are owned by Key Colony Fund L.P., a hedge fund of which Mr. Lieblong is the managing partner.
- (12)

## Edgar Filing: HOME BANCSHARES INC - Form DEF 14A

Includes 6,915 shares owned by Mr. Mayor's 401(k) plan, 4,388 shares of restricted stock and 15,095 shares held in Mr. Mayor's IRA.

- (13) Includes two shares owned by Mr. Sims son, 28,829 shares held in Mr. Sims IRA, 7,819 shares of restricted stock and 5,517 shares owned by Mr. Sims 401(k) plan.
- (14) Includes 3,144 shares owned by Mr. Thompson's IRA, 3,674 shares owned by the IRA of Mr. Thompson's spouse, 5,317 shares owned by Thompson Brothers LLC, a company of which Mr. Thompson is a partner, and 360 shares owned by B and L Thompson Investments LLC, a company owned by Mr. Thompson.

44

---

**Table of Contents****PROPOSAL TWO RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our consolidated financial statements as of and for the fiscal year ended December 31, 2010, were audited by BKD, LLP, an independent registered public accounting firm. In 2010, the Audit Committee of the Board of Directors and our shareholders approved the engagement of BKD, LLP to be our independent registered accounting firm for fiscal year 2010. The Audit Committee intends to approve the re-engagement of BKD, LLP to be our independent registered public accounting firm for the fiscal year ending December 31, 2011, subject to the ratification of the appointment by our shareholders at the Annual Meeting and our formal acceptance of an engagement letter from BKD, LLP after the Annual Meeting.

Shareholders' ratification of the selection of BKD, LLP to be our independent registered public accounting firm for fiscal year 2011 is not required by our Bylaws or otherwise. However, the Board is submitting the selection of the independent registered public accounting firm to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection of BKD, LLP, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee may, at its discretion, direct the appointment of a different independent registered accounting firm at any time during the year if it determines that such change is in the best interests of the Company and our shareholders.

Representatives of BKD, LLP are expected to attend the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

**The Board of Directors Recommends that Shareholders Vote****FOR****the Ratification of the Appointment of BKD, LLP  
as the Company's Independent Registered Public Accounting Firm  
for the 2011 Calendar Year****AUDIT AND NON-AUDIT FEES**

The following table represents aggregate fees billed for professional audit services rendered by BKD, LLP to provide the audit of our annual consolidated financial statements for the years ended December 31, 2010, and December 31, 2009, respectively.

	2010	2009
Audit fees:		
Audits of statements in connection with FDIC-assisted transactions <sup>(1)</sup>	\$ 177,000	
Annual audit and quarterly review services and other audit fees <sup>(2)</sup>	389,958	\$ 438,959
Total audit fees	566,958	438,959
Audit-related fees <sup>(3)</sup>	24,611	13,022
Tax fees <sup>(4)</sup>	44,870	50,909
All other fees <sup>(5)</sup>	24,975	29,855

(1) These fees included audits on the statements of assets acquired and liabilities assumed, as required under the significant subsidiary test of Regulation S-X, in connection with the Company's FDIC-assisted acquisitions during 2010 of Old Southern Bank, Coastal Community Bank, Bayside Savings Bank and Wakulla Bank. These fees also included additional audit procedures required under FASB ASC Topic 805 to test the fair values of the assets acquired and liabilities assumed presented in the acquisition date balance sheet for each of the Company's six FDIC-assisted acquisitions during 2010, including Key West Bank and Gulf State Community Bank.

(2) These audit fees consisted of audit work performed in the preparation of our consolidated financial statements, as well as work generally only the independent auditor can reasonably be expected to provide, such as statutory audits.



## **Table of Contents**

(3) Audit related fees included research and consultations regarding various matters, primarily related to our FDIC-assisted acquisitions and other accounting-related disclosures.

(4) Tax fees primarily related to preparation of the Company's income tax returns.

(5) Other fees related to fees paid by the Company on behalf of the Company's retirement plan for third-party administration of the Company's defined contribution plan.

### **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor**

The Audit Committee has the responsibility of appointing, setting compensation for and overseeing the work of the independent auditor, and has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

(1) **Audit** services include audit work performed in the preparation of our consolidated financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and attest services, and consultation regarding financial accounting and/or reporting standards.

(2) **Audit-related** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

(3) **Tax** services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the consolidated financial statements, and includes fees in the areas of tax compliance, tax planning and tax advice.

(4) **Other fees** are those associated with services not captured in the other categories. Other than the services for the third-party administration of the Company's defined contribution plan, we generally do not request such services from the independent auditor.

Prior to the engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

The Audit Committee may delegate pre-approval authority to one or more of its members. The members to whom such authority is delegated must report, for informational purposes only, the pre-approval decisions to the Audit Committee at its next scheduled meeting.

**Table of Contents**

**PROPOSAL THREE ADVISORY (NON-BINDING) VOTE  
APPROVING EXECUTIVE COMPENSATION**

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the ARRA ) was enacted. The ARRA imposes a number of requirements on financial institutions that received an investment under the Capital Purchase Program of the United States Department of the Treasury's Troubled Asset Relief Program ( TARP ). One of the requirements is that at each annual meeting of shareholders during the period in which any obligation arising from TARP financial assistance remains outstanding TARP recipients shall permit a separate non-binding say-on-pay shareholder vote to approve the compensation of executives. A similar requirement was made applicable to all public companies by the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act and the SEC rule issued thereunder on January 25, 2011. Accordingly, the Company presents the resolution set forth below for approval by the shareholders.

We believe that our compensation policies and procedures are competitive, are focused on pay for performance principles and are strongly aligned with the long-term interests of our shareholders. The Compensation Committee, which is comprised entirely of independent directors, oversees our executive compensation program and monitors our policies to ensure they continue to emphasize programs that reward executives for results that are consistent with shareholder interests.

We encourage you to closely review our Compensation Discussion and Analysis and the tabular disclosure which follows it, including the footnotes and narratives which accompany each table, as they describe our compensation policies and procedures and the components and amounts comprising the compensation paid to our named executive officers.

The following resolution gives you as a shareholder the opportunity to endorse or not endorse the compensation we pay to our named executive officers by voting to approve or not approve such compensation as described in this Proxy Statement:

**RESOLVED, that the shareholders of Home BancShares, Inc. (the Company ) approve the compensation of the Company's executives named in the Summary Compensation Table of the Company's Proxy Statement for the 2011 Annual Meeting of Shareholders, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Executive Compensation tables and the related disclosure contained in the Proxy Statement.**

Because your vote is advisory, it will not be binding upon the Board of Directors and may not be construed as overruling any decision by the Board. However, the Compensation Committee may, in its sole discretion, take into account the outcome of the vote when considering future executive compensation arrangements.

Our Board of Directors and our Compensation Committee believe that our commitment to responsible compensation practices as described in this Proxy Statement justifies a vote by shareholders FOR the resolution approving the compensation of our executives as disclosed in this Proxy Statement.

**The Board of Directors Recommends that Shareholders Vote**

**FOR**

**the Advisory (Non-binding) Resolution Approving  
the Company's Executive Compensation**



**Table of Contents**

**SUBMISSION OF SHAREHOLDER PROPOSALS**

In order for a proposal by a shareholder to be presented at an annual meeting of our shareholders, the proposal must be included in the related proxy statement and proxy form. Proposals by shareholders intended to be presented at the Annual Meeting of Shareholders in 2012 must be received by the Company no later than November 12, 2011, for possible inclusion in the proxy statement relating to that meeting.

For a shareholder proposal to be included in the proxy statement and proxy form for an annual meeting of the Company's shareholders, the proposal must: (1) concern a matter that may be properly considered and acted upon at the annual meeting in accordance with applicable laws, including our Bylaws and Rule 14a-8 of the Securities Exchange Act of 1934; and (2) be received by the Company at its home office, 719 Harkrider Street, Suite 100, Conway, Arkansas 72032, Attention: Holly A. McKenna, Secretary, not less than 120 calendar days before the anniversary of the date of the previous year's proxy statement, or November 12, 2011, in the case of the Annual Meeting of Shareholders in 2012. If no annual meeting was held the previous year and in any year in which the date of the annual meeting is moved by more than 30 days from the date of the previous year's annual meeting, the proposal will be considered timely if received within a reasonable time before the Company begins to print and mail its proxy materials.

**WHERE YOU CAN FIND MORE INFORMATION**

We file reports, proxy statements, and other information with the SEC. You can read and copy these reports, proxy statements, and other information concerning the Company at the SEC's public reference room at 100 F Street N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also view and print reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company, from the SEC website at [www.sec.gov](http://www.sec.gov).

***SHAREHOLDERS WHO DO NOT EXPECT TO ATTEND THE  
MEETING ARE URGED TO VOTE BY TELEPHONE,  
MAIL OR INTERNET.  
IF YOU VOTE BY TELEPHONE OR THE INTERNET,  
DO NOT RETURN YOUR PROXY CARD***

By Order of the Board of Directors  
C. RANDALL SIMS  
Chief Executive Officer

**Table of Contents**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by**

**1:00 AM, Central Daylight Time, on April 21, 2011.**

**Vote by Internet**

Log on to the Internet and go to

**[www.envisionreports.com/HOMB](http://www.envisionreports.com/HOMB)**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone

telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark ☐ x your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

1. Election of Directors:		For	Withhold			For	Withhold			For	Withhold	+
01	John W. Allison	<input type="radio"/>	<input type="radio"/>	02	C. Randall Sims	<input type="radio"/>	<input type="radio"/>	03	Randy E. Mayor	<input type="radio"/>	<input type="radio"/>	

**For Against Abstain**

2. Ratification of appointment of BKD, LLP as the Company's independent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	4. Transact such other business as may properly come before the meeting or any adjournments
---	-----------------------	-----------------------	-----------------------	---

registered public accounting  
firm for the next fiscal year.

thereof.

3. Advisory (non-binding) vote      o      o      o  
approving the Company's  
executive compensation.

**Non-Voting Items**

**Change of Address** Please print new address  
below.

**Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor,  
administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep  
signature within the box.

Signature 2 Please keep  
signature within the box.

/      /

**Table of Contents**

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION,  
DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**Proxy HOME BANCSHARES, INC.**

**719 Harkrider Street, Suite 100**

**Conway, Arkansas 72032**

**(501) 328-4770**

***www.homebancshares.com***

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS To Be Held on April 21, 2011**

The undersigned constitutes and appoints Randy E. Mayor and Brian S. Davis or either of them, proxies for the undersigned, with full power of substitution, to represent the undersigned and to vote all of the shares of common stock of Home BancShares, Inc. which the undersigned is entitled to vote at the Annual Meeting of shareholders of the Company to be held on April 21, 2011, at 6:30 p.m. (CDT) at the Agora Conference Center, located at 705 East Siebenmorgan Road, Conway, Arkansas, for the purposes stated on the reverse side.

Only shareholders of record on March 4, 2011, will be entitled to vote at the meeting or any adjournments thereof. A list of shareholders will be available for inspection at the office of the Company at 719 Harkrider Street, Suite 100, Conway, Arkansas, 72032, beginning two business days after the date of this notice and continuing through the meeting.

**YOUR VOTE IS IMPORTANT  
PLEASE EXECUTE YOUR PROXY WITHOUT DELAY**