

ALABAMA NATIONAL BANCORPORATION  
Form PRE 14A  
March 17, 2005  
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**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

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**ALABAMA NATIONAL BANCORPORATION**

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**(Name of Registrant as Specified in Its Charter)**

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**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

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March 28, 2005

To the Stockholders of Alabama National BanCorporation:

You are invited to attend the 2005 Annual Meeting of Stockholders of Alabama National BanCorporation ( ANB or the Company ), which will be held at the principal office of the Company, 1927 First Avenue North, Birmingham, Alabama 35203, on Wednesday, May 4, 2005, at 10:00 a.m., local time. Formal notice of the annual meeting, a proxy statement and a proxy card accompany this letter.

Also enclosed is the Company s 2004 Annual Report to Stockholders.

Information about the annual meeting and the various matters on which the stockholders will act is included in the enclosed notice of annual meeting of stockholders and proxy statement. Please carefully consider the enclosed proxy statement and execute and return your proxy card so that the Company may be assured of the presence of a quorum at the annual meeting. A postage-prepaid envelope is enclosed for your convenience in replying. The prompt return of your proxy card will be of great assistance in reducing the expense of subsequent mailings. If you attend the annual meeting, and so elect, you may withdraw your proxy and vote in person.

Sincerely,  
John H. Holcomb, III  
*Chairman of the Board and  
Chief Executive Officer*

1927 FIRST AVENUE NORTH      BIRMINGHAM, ALABAMA 35203

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**ALABAMA NATIONAL BANCORPORATION**

**1927 First Avenue North**

**Birmingham, Alabama 35203**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD WEDNESDAY, MAY 4, 2005**

**To our Stockholders:**

NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Stockholders of Alabama National BanCorporation ( ANB or, the Company ) will be held at 10:00 a.m., local time, on Wednesday, May 4, 2005, at First American Bank, 1927 First Avenue North, Birmingham, Alabama 35203, for the following purposes:

1. To elect 16 directors to serve on the Board of Directors of the Company for a one-year term expiring at the 2006 Annual Meeting;
2. To amend the Company s Restated Certificate of Incorporation to increase the total number of authorized shares of common stock of the Company from 27,500,000 to 50,000,000;
3. To consider and vote upon the Third Amendment and Restatement of the Alabama National BanCorporation Performance Share Plan;
4. To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for 2005; and
5. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has set March 18, 2005 as the record date for the annual meeting. Only holders of record of ANB s common stock at the close of business on the record date will be entitled to notice of, and to vote at, the annual meeting.

This proxy statement provides you with detailed information about the proposals to be voted on at the meeting. With this proxy statement we are also including a copy of our 2004 Annual Report to Stockholders in order to provide you with additional information about us. We encourage you to read the proxy statement and the 2004 Annual Report carefully.

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The annual meeting may be adjourned from time to time without notice other than announcement at the meeting or at adjournments thereof, and any business for which notice is hereby given may be transacted at any such adjournment.

By order of the Board of Directors,  
Kimberly Moore  
*Corporate Secretary*

March 28, 2005

**Whether or not you plan to attend the annual meeting, please take the time to vote by completing, signing, dating and returning the enclosed proxy card in the self-addressed, stamped envelope provided. Returning your proxy card does not deprive you of your right to attend the annual meeting and to vote your shares in person.**

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**ALABAMA NATIONAL BANCORPORATION**

**1927 First Avenue North**

**Birmingham, Alabama 35203**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD MAY 4, 2005**

**INFORMATION ABOUT THE ANNUAL MEETING**

Our annual meeting will be held at First American Bank, 1927 First Avenue North, Birmingham, Alabama on Wednesday, May 4, 2005 at 10:00 a.m. local time.

**Solicitation Of Proxies**

Our Board of Directors has sent you this proxy statement to solicit your vote at the annual meeting (including any adjournment or postponement of the annual meeting). In this proxy statement we summarize information that we are required to provide you under the rules of the Securities and Exchange Commission. This proxy statement is designed to assist you in voting your shares. On or about March 28, 2005, we began mailing this proxy statement and the 2004 Annual Report to all stockholders of record at the close of business on March 18, 2005.

ANB will bear the cost of the solicitation of proxies. ANB will request brokers or nominees to forward this proxy statement to their customers and principals and will reimburse them for expenses so incurred. If deemed necessary, ANB may also use its officers and regular employees, without additional compensation, to solicit proxies personally or by telephone.

**Stockholders Entitled To Vote**

The Board of Directors has set March 18, 2005 as the record date for the annual meeting. Only stockholders of record at the close of business on the record date will be entitled to notice of and to vote at the annual meeting. At the close of business on March 15, 2005, there were 17,013,628 shares of the common stock of ANB, par value \$1.00 per share, outstanding. Each stockholder is entitled to one vote in person or by proxy for each share of common stock held on all matters properly to come before the annual meeting.



**Proposals To Be Considered By You At The Annual Meeting**

At the annual meeting, we will ask you to:

- Proposal 1: Elect 16 directors to serve on the Board of Directors of the Company for a one-year term expiring at the 2006 Annual Meeting;
- Proposal 2: Consider and vote upon a proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock of the Company;
- Proposal 3: Consider and vote upon the Third Amendment and Restatement of the Alabama National Bancorporation Performance Share Plan; and
- Proposal 4: Ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for 2005.

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### **Information About A Quorum**

At the annual meeting, the presence of a majority of the shares of common stock entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business. If a quorum is not present or if we decide that more time is necessary for the solicitation of proxies, we may adjourn the annual meeting. We may do this with or without a stockholder vote. If there is a stockholder vote to adjourn, the named proxies will vote all shares of common stock for which they have voting authority in favor of adjournment.

### **Votes Necessary For Each Proposal To Be Approved**

Assuming the presence of a quorum, directors of the Company shall be elected at the annual meeting (Proposal 1) by a plurality of the votes cast, whether in person or by proxy. Proposal 2, amendment to the Company's Restated Certificate of Incorporation, requires for adoption the affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting. Both Proposal 3, approving the Third Amendment and Restatement to the Performance Share Plan, and Proposal 4, ratification of the appointment of auditors, require for adoption the affirmative vote of the holders of a majority of shares of common stock present in person or represented by proxy and entitled to vote on the proposal at the annual meeting.

A stockholder may abstain or withhold his or her vote (collectively, "abstentions") with respect to each item submitted for stockholder approval. Abstentions will be counted as present for purposes of determining the existence of a quorum but will be counted as not voting on any proposal brought before the Annual Meeting. Since the election of directors (Proposal 1) is determined by the votes cast at the annual meeting, abstentions will not affect the outcome of this matter. An abstention as to the approval of the increase in the number of shares of authorized common stock (Proposal 2), the approval of the Third Amendment and Restatement to the Performance Share Plan (Proposal 3), and the ratification of the appointment of the auditors (Proposal 4) will have the same effect as voting against these proposals.

Generally, a broker is entitled to vote shares held in "street name" on routine matters without instructions from the beneficial owner of such shares. On the other hand, a broker may not be entitled to vote shares held in "street name" on certain non-routine items absent instructions from the beneficial owner of such shares (a "broker non-vote"). Broker non-votes, if any, while counted for general quorum purposes, are not deemed to be present with respect to any matter for which a broker does not have authority to vote. Broker non-votes will not be counted for purposes of the election of directors and will have no effect on the outcome of the vote for Proposal 3 or Proposal 4, but will count as votes against Proposal 2, amendment to the Company's Restated Certificate of Incorporation.

### **Submission Of Proxies**

Please complete, sign, date and return the proxy card in the enclosed envelope so the common stock you own will be voted in accordance with your wishes. If you desire to revoke your proxy, you may do so either by attending the annual meeting in person or by delivering written notice of revocation so that it is received by ANB or its transfer agent, SunTrust Bank, on or before May 3, 2005. The address for SunTrust Bank is Stock Transfer Department, P.O. Box 4625, Atlanta, Georgia 30302, Attention: Sue Hampton. "Street name" stockholders must contact your broker or other nominee and follow its instructions if you wish to change your vote.

## **PROPOSAL 1**

**ELECTION OF DIRECTORS**

**General**

Based on the nomination by the Nominating and Corporate Governance Committee, the Board of Directors recommends the 16 persons described below for election as directors to serve until the next annual meeting of stockholders or until their successors are elected and qualified.

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The persons named in the enclosed proxy card, unless a contrary direction is indicated on the enclosed proxy card, intend to vote the shares appointing them as proxies in favor of the nominees named herein. If any of the nominees should be unable to serve, which the Board of Directors does not anticipate will occur, the proxies will be voted for a substitute selected by the Board of Directors, or the Board of Directors may decide not to select an additional person as a director.

Although the Company's Restated Certificate of Incorporation provides for a maximum of 20 directors, only 16 persons have been nominated to serve on the Board of Directors. The Nominating and Corporate Governance Committee and the current Board of Directors believes that a Board of Directors of 16 persons is practical and efficient at this point in time. The Board of Directors has no current intention to fill the vacancies on the Board of Directors prior to the next annual meeting, although circumstances could necessitate the appointment of additional directors in the future. Unless otherwise specified in the enclosed proxy card, it is intended that votes will be cast for the election of all of the nominees as directors. Proxies cannot be voted for a greater number of persons than the number of actual nominees so named. Vacancies that occur on the Board of Directors may be filled by remaining directors until the next annual meeting of stockholders.

## **Information About the Nominees**

Below is a description of each of the persons whom the Board of Directors has nominated for election as a director of ANB at the annual meeting to serve until the next annual meeting of stockholders and until his or her successor has been elected and qualified. Each of these nominees currently serves as one of our directors except for Bobby A. Bradley and W. Edgar Welden, who are each being nominated to serve on the Board of Directors for the first time. The stock ownership with respect to each nominee for election as a director is set forth in the table entitled "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

**W. Ray Barnes**, 65, has served as a director of ANB since 1998. Mr. Barnes has served as Chairman and President of Efficiency Lodge, Inc. (a hotel company) since 1993. Mr. Barnes served as Chairman of the Board of Georgia State Bank, in a non-employee capacity, from 1986 to 2004.

**Bobby A. Bradley**, 55, is being nominated to serve on the Board of Directors of ANB for the first time. She was identified for nomination by John M. Plunk, an outside director of ANB. Ms. Bradley served as President and Chief Executive Officer of Computer Systems Technology, Inc., a technology company she co-founded, from 1989 until April 2003. This technology company was acquired by Science Applications International Corporation (SAIC) in April 2003, and Ms. Bradley served as Group Manager of SAIC's Computer Systems Technology Group from April 2003 until April 2004. Ms. Bradley has served on the Madison County Advisory Board of First American Bank since 2000.

**Dan M. David**, 59, has served as a director of ANB since 1997. Mr. David has also served as Vice Chairman of ANB since 1997. Mr. David serves as Vice Chairman of First American Bank, which position he has held since February 2005. From 1995 to February 2005 Mr. David served as Chairman and Chief Executive Officer of First American Bank.

**John V. Denson**, 68, has served as a director of ANB since 2001. Mr. Denson served on the Board of Directors of Farmers National from 1979 through 2001 and served as Chairman of the Board of Farmers National during 2001. Beginning in January 2005, Mr. Denson became a Circuit Judge for Lee County, Alabama. Prior to this position, Mr. Denson was a partner in the Opelika, Alabama law firm of Samford, Denson, Horsley, Pettey, Bridges & Hughes, where he began working in 1960.

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**Griffin A. Greene**, 46, has served on the Board of Directors of ANB since 2004. His original appointment to the Board was made pursuant to the provisions of the Agreement and Plan of Merger by which ANB acquired Indian River Banking Company. Mr. Greene served on the Board of Directors of Indian River Banking Company from 1999 through February 2004, and served as Chairman of the Board of Indian River Banking Company from 2002 through February 2004. Mr. Greene continues to serve as Chairman of the Board of Indian River National Bank, a position he has held since 2002. Mr. Greene is the President of Greene Citrus Management, Inc. (a citrus fruit company) where he has worked since 1982.

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**John H. Holcomb, III**, 53, has served as a director of ANB since 1995. Mr. Holcomb has served as Chairman of the Board and Chief Executive Officer of ANB since 1996. Mr. Holcomb served as Chief Executive Officer of National Bank of Commerce of Birmingham ( NBC ) from 1990 through February 2005. Effective February 2005, Mr. Holcomb began serving as Chairman of the Board of First American Bank.

**John D. Johns**, 53, has served as a director of ANB since 1995. Mr. Johns is currently Chairman, Chief Executive Officer and President of Protective Life Corporation (a publicly-traded insurance company) and has served in such capacities since 2002. Mr. Johns served as President and Chief Operating Officer of Protective Life Corporation from 1996 until 2001. Mr. Johns also serves as a director of Protective Life Corporation, Protective Life Insurance Company, Alabama Power Company, Genuine Parts Company and John H. Harland Co.

**John J. McMahon, Jr.**, 62, has served as a director of ANB since 1997. Mr. McMahon is Chairman of Ligon Industries, LLC (a manufacturer of wastewater treatment equipment and aluminum castings), a position he has held since 1999. Mr. McMahon also serves as Chairman of the Executive Committee of McWane, Inc. (a pipe and valve manufacturing company) and has served in such position since 1999. Mr. McMahon served as Chairman of the Board of McWane, Inc. from 1995 until 1998. Mr. McMahon also serves as a director of John H. Harland Co., ProAssurance Corporation and Protective Life Corporation.

**C. Phillip McWane**, 47, has served as a director of ANB since 1995. Mr. McWane has served as the Chairman of the Board of McWane, Inc. since 1999 and served as President of McWane, Inc. from 1995 until 1998.

**William D. Montgomery**, 56, has served as a director of ANB since 1996. Mr. Montgomery is a certified public accountant in private practice. From 1974 through 1998, Mr. Montgomery was a partner with the accounting firm of Johnson, Montgomery and Associates, P.A. W. Edgar Welden, a nominee for director, is Mr. Montgomery's brother-in-law.

**Richard Murray, IV**, 42, has served as a director of ANB since 2002. Mr. Murray has served as President and Chief Operating Officer of ANB since 2000. Prior to such time, Mr. Murray served as Executive Vice President of ANB beginning 1998 and Executive Vice President of NBC from 1997 through February 2005. Effective February 2005, Mr. Murray began serving as Vice Chairman of First American Bank.

**C. Lloyd Nix**, 68, has served as a director of ANB since 1997. Dr. Nix is retired from the practice of dentistry. From 1965 through 1999, Dr. Nix was engaged in the private practice of dentistry in Decatur, Alabama.

**G. Ruffner Page, Jr.**, 45, has served as a director of ANB since 1995. Mr. Page is President of McWane, Inc., a position he has held since 1999. He served as Executive Vice President of McWane, Inc. from 1994 until 1998.

**John M. Plunk**, 51, has served as a director of ANB since 2004. Mr. Plunk is a partner with the law firm of Alexander, Corder, Plunk & Shelly, P.C., where he has worked since 1978. He has served as a director of First American Bank since 1996.

**W. Stancil Starnes**, 56, has served as a director of ANB since 1995. Mr. Starnes is a senior partner in the Birmingham law firm of Starnes & Atchison, LLP, where he has worked since 1975.

**W. Edgar Welden**, 62, is being nominated to serve as a director of ANB for the first time. He was identified for nomination by W. Stancil Starnes, an outside director of ANB. Mr. Welden is an active real estate investor and is the retired Chairman of Southeastern Property Management, Inc. (a real estate development and management company), where he worked from 1977 to 1997. Mr. Welden served as a director of NBC from 1994 through February 2005. William D. Montgomery, one of Alabama National's current directors and a nominee for director, is Mr. Welden's brother-in-law.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF THE DIRECTORS NOMINATED BY THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE.**

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### **CORPORATE GOVERNANCE AND BOARD MATTERS**

#### **Governance Guidelines**

The Company is committed to having sound corporate governance principles. Having such principles is essential to running the Company's business efficiently and to maintaining the Company's integrity in the marketplace. ANB's Board of Directors has adopted corporate governance guidelines that set forth fundamental corporate governance principles of the Company in order to demonstrate the Board's accountability and its desire to achieve superior business results. The Company has adopted a Code of Ethics which is filed as an exhibit to its Annual Report on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission (SEC). The Company's Board of Directors and Board committee structure are described below.

#### **Board Independence**

Presently there are fourteen members on our Board of Directors, eleven of whom currently are neither officers nor employees of the Company. The Board has determined that the following eight directors have no relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that would interfere with the exercise of their independent judgment in carrying out their responsibilities, and such persons are independent within the meaning of the Company's independence standards, which reflect The Nasdaq Stock Market, Inc. (Nasdaq) director independence standards as currently in effect: W. Ray Barnes, John V. Denson, Griffin A. Greene, John D. Johns, William D. Montgomery, C. Lloyd Nix, John Plunk and W. Stancil Starnes. Therefore, a majority of the members of the Board of Directors are independent under the Nasdaq director independence standards. Additionally, the Board has determined that Bobby A. Bradley and W. Edgar Welden, the two nominees who do not currently serve on the Board, are independent within the meaning of Nasdaq's listing standards.

#### **Board Structure and Committee Composition**

Each Director serves for a term of one year and until his successor is elected and qualified. The Board of Directors oversees the business and affairs of the Company and monitors the performance of its management. Although the Board of Directors is not involved in the Company's day-to-day operations, the directors keep themselves informed about the Company through meetings of the Board, reports from management and discussions with key executives. Directors also communicate with the Company's outside advisors, as necessary. The Board of Directors met six times in 2004.

There are currently four standing committees of the Board of Directors: (i) the Audit Committee, (ii) the Compensation Committee, (iii) the Nominating and Corporate Governance Committee, and (iv) the Executive Committee. Each committee is composed of members of the Board of Directors, and each committee reports its actions to the full Board of Directors. Each committee other than the Executive Committee operates under a written charter adopted by the Board. The Board of Directors may from time to time form other committees as circumstances warrant. Such committees will have the authority and responsibility as delegated by the Board.

Other than Mr. McWane, none of the incumbent directors attended less than 75% of the aggregate of (a) the total number of meetings of the Board of Directors and (b) the total number of meetings held by all committees of the Board of Directors on which he served. Absent extenuating circumstances, directors are expected to attend annual meetings of the Company's stockholders. Eleven directors attended the 2004



annual meeting of stockholders.

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The following tables describe the functions and current membership for each committee of the Board of Directors, as well as the number of meetings held in 2004.

**Audit Committee Eight Meetings in 2004****Functions and Other Disclosures**

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: the financial reports and other financial information provided by the Company to its stockholders and others; the Company's financial policies and procedures and disclosure controls and procedures; the Company's system of internal controls; and the Company's auditing, accounting and financial reporting processes. The Audit Committee is directly responsible for appointing and overseeing the independent auditor of the Company. A copy of the Charter of the Audit Committee is attached to this proxy statement as Appendix A. The Board of Directors has carefully evaluated the backgrounds of the members of the Audit Committee and has determined that such members qualify as independent as defined in the applicable Nasdaq listing standards and by applicable SEC rules for Audit Committee membership. Furthermore, in accordance with SEC rules, the Board has determined that each of John D. Johns and William D. Montgomery is an audit committee financial expert as defined by the applicable SEC rules. The Report of the Audit Committee appears in this proxy statement at page 22.

**Members**

John D. Johns, Chairman  
William D. Montgomery  
W. Ray Barnes  
Griffin A. Greene  
C. Lloyd Nix

**Compensation Committee Three Meetings in 2004****Functions and Other Disclosures**

The Compensation Committee is authorized to approve the compensation to be paid to officers, directors and committee members of ANB. Executive compensation may include, but is not limited to, salary, bonus, performance share awards, stock options, other long-term and annual compensation and any combination thereof as the Compensation Committee deems appropriate in light of the performance of ANB. The Compensation Committee is composed of three directors each of whom has been determined by the Board of Directors to qualify as independent under the Nasdaq director independence standards. The Compensation Committee is governed by the Compensation Committee Charter, a copy of which is attached to ANB's proxy statement for its 2004 Annual Meeting of Stockholders as Appendix B. The Compensation Committee's Annual Report on Executive Compensation appears in this proxy statement at page 17.

**Members**

John D. Johns, Chair  
John M. Plunk  
W. Stancil Starnes

**Nominating and Corporate Governance Committee One Meeting in 2004****Functions and Other Disclosures**

The purpose of the Nominating and Corporate Governance Committee is to (a) identify individuals qualified to become members of the Board and to recommend director nominees to the Board for election at each annual meeting of stockholders, (b) develop and recommend to the Board a set of corporate governance principles applicable to the Company and (c) oversee the evaluation of the Board and management. The Nominating and Corporate Governance Committee is composed of

**Members**

W. Stancil Starnes, Chair  
John D. Johns  
C. Lloyd Nix

three directors each of whom has been determined by the Board of Directors to qualify as independent under the Nasdaq director independence standards. The Nominating and Corporate Governance Committee is governed by the Nominating and Corporate Governance Committee Charter, a copy of which is attached as Appendix C to ANB's proxy statement for its 2004 Annual Meeting of Stockholders. The charter is not available on the Company's website.

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**Executive Committee No Meetings in 2004**

<u>Functions</u>	<u>Members</u>
<p>The Executive Committee has the authority to exercise the full power of the Board of Directors, except that the Executive Committee may not approve any merger, consolidation or sale of substantially all of the assets of ANB, approve any amendment to ANB's Certificate of Incorporation or Bylaws, appoint any members of any committee of the Board of Directors or declare any dividend or distribution.</p>	<p>John H. Holcomb, III G. Ruffner Page, Jr. C. Phillip McWane</p>

The Board of Directors may from time to time form other committees as circumstances warrant. Such committees will have the authority and responsibility as delegated by the Board.

**Consideration of Director Nominees**

*Director Qualifications*

Criteria that is used by the Nominating and Corporate Governance Committee in connection with evaluating and selecting new directors includes factors relating to whether the director candidate would meet the definition of independence required by the Nasdaq listing standards, as well as skills, occupation and experience in the context of the needs of the Board. The Company's Guidelines of Significant Governance Issues (the Governance Guidelines) also set forth certain factors that should be considered by the Nominating and Corporate Governance Committee in recommending a nominee to the Board, including relevant experience, intelligence, independence, commitment, integrity, diligence, conflicts of interest, age, compatibility with the Board and the Board culture, prominence, understanding of the Company's business, the ability to act in the interests of all stockholders and other factors deemed relevant. The Board believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

*Process for Evaluating Nominees for Director*

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Nominating and Corporate Governance Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members.

*Director Nominees Proposed by Stockholders*

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The Nominating and Corporate Governance Committee will consider stockholder-recommended candidates for inclusion by the Board of Directors in the slate of nominees that the Board recommends to the stockholders for election. In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee will apply the selection criteria described above. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

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Stockholders may recommend individuals for the Nominating and Corporate Governance Committee to consider as potential director candidates by submitting the following information to the Nominating and Corporate Governance Committee of Alabama National BanCorporation, c/o Corporate Secretary of Alabama National BanCorporation, 1927 First Avenue North, Birmingham, Alabama 35203:

The name of the recommended person;

All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act;

The written consent of the recommended person to being named in the proxy statement as a nominee and to serve as a director if elected;

As to the stockholder making the recommendation, the name and address, as they appear on the Company's books, of such stockholder; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the shareholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and

A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

## **Stockholder Communications with the Board**

The Board will give appropriate attention to written communications that are submitted by stockholders and will respond as the Board deems appropriate. Absent unusual circumstances or as contemplated by committee charters, the Chairman of the Nominating and Corporate Governance Committee will be primarily responsible for monitoring communications from stockholders and will provide copies or summaries of such communications to the other directors as he considers appropriate. Communications will be forwarded to all directors if they relate to substantive matters and include suggestions or comments that the Chairman of the Nominating and Corporate Governance Committee considers to be important for the directors to know.

Stockholders and other interested parties who wish to send communications on any topic to the Board should address such communications to:

Chairman of the Nominating and Corporate Governance Committee

c/o Corporate Secretary of Alabama National BanCorporation

1927 First Avenue North

Birmingham, Alabama 35203

All communications to the Company's directors will be relayed to the Nominating and Corporate Governance Committee without being screened by management.

**Executive Sessions**

Executive sessions of independent directors are to be held at least two times a year and otherwise as needed. The sessions are chaired by an independent director selected by a majority of the independent directors.

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**COMPENSATION OF DIRECTORS**

*Annual Retainer and Attendance Fees.* Non-employee directors of ANB receive an annual retainer fee of \$21,000, as well as an attendance fee of \$1,000 for each meeting of the Board of Directors and \$500 for each meeting of a committee of the Board of Directors that they attend. Members of the Audit Committee receive \$1,000 for each regular audit committee meeting (\$2,000 per meeting for the Audit Committee Chair) and \$500 for each conference call meeting that they attend (\$1,000 per conference call meeting for the Audit Committee Chair). Employee directors of ANB do not receive any board fees.

*Deferral of Payment.* Non-employee directors may elect to defer payment to a specified date of all or any portion of their annual retainer and attendance fees under the ANB Deferral of Compensation Plan for Non-Employee Directors. In addition, non-employee directors that serve on certain bank subsidiary boards, described below, may elect to defer subsidiary bank board fees under the ANB Deferral of Compensation Plan for Non-Employee Directors of the Subsidiary Banks. Fees that are deferred under these plans may be credited to the directors, at the election of the director, in cash or common stock equivalents or a combination thereof. The common stock equivalents are converted into shares of our common stock only after termination of service on the applicable board. The common stock equivalents are credited with dividend equivalents that are equal in value to the dividends on our common stock.

*Fees for Serving on the Boards or Advisory Boards of Our Subsidiaries.* Each of Messrs. Johns (through February 2005), McWane, Page, Starnes (through February 2005), McMahon, Montgomery, Plunk (through February 2005), Barnes, Greene and Dr. Nix (through February 2005) also serve (or served) on the board of directors of one of ANB's subsidiary banks, and receive (or received) an attendance fee of \$200 for each subsidiary bank board meeting and committee meeting attended. Mr. Denson, Dr. Nix and Mr. Plunk also serve on an advisory board of First American Bank and receive fees of \$200 per meeting attended. Employee directors of subsidiary banks do not receive any board fees.

*Other.* Directors are reimbursed for all reasonable travel expenses and out-of-pocket costs incurred in the performance of their duties as directors.



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The following table sets forth the number and percentage of outstanding shares of common stock beneficially owned as of March 15, 2005 by:

each Director and Director nominee;

each executive officer named in the Summary Compensation Table below;

all of our Directors and executive officers as a group; and

beneficial owners of 5% or more of our common stock.

<u>Name</u>	<u>Number of Shares of Common Stock(1)(2)</u>	<u>% of Shares of Common Stock(3)</u>
W. Ray Barnes(4)	105,466	*
Bobby A. Bradley	-0-	*
John R. Bragg	64,847	*
Dan M. David(5)	85,076	*
John V. Denson	9,135	*
Griffin A. Greene(6)	63,555	*
John H. Holcomb, III(7)	137,381	*
John D. Johns(8)	46,732	*
John J. McMahon, Jr.(9)	586,998	3.4%
C. Phillip McWane(10)(17)	1,251,561	7.3%
William D. Montgomery	36,032	*
Richard Murray, IV(11)	91,563	*
Victor E. Nichol, Jr.(12)	68,598	*
C. Lloyd Nix(13)	91,196	*
G. Ruffner Page, Jr.(14)(17)	682,942	4.0%
John M. Plunk(15)	34,970	*
W. Stancil Starnes	51,359	*
William E. Matthews, V(16)	71,101	*
W. Edgar Welden	79,716	*
<b>All Directors &amp; Executive Officers as a group (18 persons)</b>	<b>3,422,328</b>	<b>20.0%</b>

\* Reflects ownership of less than 1%.

- (1) The number of shares of common stock reflected in the table is that number of shares which are deemed to be beneficially owned under the federal securities laws, but does not include shares of which a person disclaims beneficial ownership. Shares deemed to be beneficially owned include shares as to which, directly or indirectly, through any contract, relationship, arrangement, understanding or otherwise, either voting power or investment power is held or shared. Unless otherwise stated, the named person has the sole voting and investment power for the shares indicated.

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- (2) The share amounts reported also include common stock equivalents held by directors under ANB's Deferral of Compensation Plan for Non-Employee Directors and ANB's Plan for the Deferral of Compensation by Non-Employee Directors of the Subsidiary Banks and by certain executive officers under the ANB Plan for Deferral of Compensation by Key Employees, entitling such directors and executive officers to receive upon distribution a share of common stock for each stock equivalent. The number of stock equivalents included are listed as follows: Mr. Barnes, 4,063; Mr. David, 5,302; Mr. Denson, 711; Mr. Holcomb, 17,490; Mr. Johns, 9,515; Mr. McMahon, 7,058; Mr. McWane, 5,883; Mr. Montgomery, 4,750; Mr. Murray, 14,244; Dr. Nix, 1,535; Mr. Page, 7,515; Mr. Plunk, 921; Mr. Starnes, 9,942; and Mr. Matthews, 13,901.
- (3) Percentage of ownership is based on 17,131,758 shares of ANB common stock representing 17,013,628 shares outstanding as of March 15, 2005, and 118,130 shares of common stock equivalents held in deferred compensation plans of certain executive officers and directors. In the case of persons who possess outstanding stock options, percentage of ownership is based on the shares described in the previous sentence and the number of shares underlying options held by such persons exercisable within 60 days from said date. Percentage of ownership with respect to all directors and executive officers as a group also includes

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- options held by such directors and executive officers to purchase 100,695 shares of ANB common stock within 60 days.
- (4) Includes 3,094 shares held by Mr. Barnes' wife.
  - (5) Includes stock options to purchase 22,997 shares of ANB common stock. Does not include 3,262 shares owned of record by Mr. David's wife, of which Mr. David disclaims beneficial ownership.
  - (6) Includes stock options to purchase 1,448 shares of ANB common stock. Includes 327 shares held by Mr. Greene's wife. Also includes 6,537 shares held in a limited liability partnership of which Mr. Greene's minor children are partners, over which Mr. Greene has voting power. Also includes 29,075 shares held by a limited partnership, of which Mr. Greene is a limited partner and a corporation controlled by Mr. Greene is the general partner.
  - (7) Includes stock options to purchase 40,000 shares of ANB common stock. Includes 700 shares held by Mr. Holcomb as custodian for his three children and 500 shares held by Mr. Holcomb's wife's Individual Retirement Account. Also includes 4,506 shares held in ANB's 401(k) Employee Capital Accumulation Plan, for which Mr. Holcomb holds investment power.
  - (8) Does not include 1,000 shares owned by Mr. Johns' wife's Individual Retirement Account, 1,500 shares held for the benefit of Mr. Johns' wife in the James A. Dunlap Children's Trust and the Nancy D. Johns Subtrust, or 2,000 shares held by Mr. Johns' wife as custodian for their minor children. Mr. Johns disclaims beneficial ownership of these shares.
  - (9) Includes 187,995 shares held by the Anna McWane Trust, 67,340 shares held by the J.R. McWane, Jr. Marital Trust, and 21,435 shares held by the Jonathan B. McWane Trust. Mr. McMahan is the trustee for each of these trusts. Also includes 300,000 shares held in a family partnership pursuant to which Mr. McMahan shares the power to vote and dispose of the shares with his wife, and with his three children and the spouses of two of those children. Does not include 96,830 shares held by Mr. McMahan's wife, of which Mr. McMahan disclaims beneficial ownership.
  - (10) Includes 184,692 shares owned by H & P Partners of Alabama, L.P., a family limited partnership, of which Mr. McWane has shared voting control. Does not include 14,928 shares held by Mr. Page as custodian for the minor children of Mr. McWane, of which Mr. McWane does not have and disclaims beneficial ownership. The address for Mr. McWane is 2900 Highway 280, Suite 300, Birmingham, Alabama 35223.
  - (11) Includes stock options to purchase 15,000 shares of ANB common stock. Also includes 1,600 shares held by Mr. Murray's wife. Includes 3,941 shares held in ANB's 401(k) Employee Capital Accumulation Plan, for which Mr. Murray holds investment power.
  - (12) Mr. Nichol resigned as an officer and director of ANB in November 2004.
  - (13) Includes 35,148 shares held jointly with Dr. Nix's wife and 14,533 shares held by Dr. Nix's wife.