

WILSON BANK HOLDING CO

Form DEF 14A

March 07, 2008

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**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

WILSON BANK HOLDING COMPANY

(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:

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March 7, 2008

Dear Shareholder:

In connection with the Annual Meeting of Shareholders of Wilson Bank Holding Company to be held April 8, 2008, we enclose a Notice of Annual Meeting of Shareholders, a proxy statement and a form of proxy.

You are being asked to elect four persons to serve as Class I directors for a three-year term and until their successors are duly elected and qualified. Information about this matter is contained in the attached proxy statement.

You are invited to attend the Annual Meeting of Shareholders in person. We would appreciate your completing the enclosed proxy card so that your shares can be voted in the event that you are unable to attend the meeting. If you are present at the meeting and desire to vote your shares personally, your proxy may be revoked and you may vote in person. We urge you to return your proxy card in the enclosed, postage paid envelope as soon as possible.

Sincerely,

/s/ J. Randall Clemons
President and Chief Executive Officer
Wilson Bank Holding Company

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**WILSON BANK HOLDING COMPANY
LEBANON, TENNESSEE
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To the Shareholders of Wilson Bank Holding Company:

The Annual Meeting of Shareholders (the Annual Meeting) of Wilson Bank Holding Company (the Company) will be held on Tuesday, April 8, 2008 at 7:00 p.m., (CDT), at the main office of the Company, located at 623 West Main Street, Lebanon, Tennessee 37087, for the following purposes:

(1) To elect four (4) Class I directors to hold office for a term of three years and until their successors are duly elected and qualified; and

(2) To transact such other business as may properly come before the Annual Meeting or any adjournment(s) thereof.

Only shareholders of record at the close of business on February 15, 2008 are entitled to notice of and to vote at the Annual Meeting or any adjournment(s) thereof.

Your attention is directed to the Proxy Statement accompanying this Notice for a more complete statement regarding the matters proposed to be acted upon at the Annual Meeting.

By Order of the Board of Directors,

/s/ J. Anthony Patton, Secretary

March 7, 2008

YOUR REPRESENTATION AT THE ANNUAL MEETING IS IMPORTANT. TO ENSURE YOUR REPRESENTATION, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY. SHOULD YOU SUBSEQUENTLY DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AS PROVIDED IN THE ACCOMPANYING PROXY STATEMENT AT ANY TIME BEFORE IT IS VOTED.

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**WILSON BANK HOLDING COMPANY
LEBANON, TENNESSEE**

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Wilson Bank Holding Company (the Company) of proxies for the Annual Meeting of Shareholders of the Company to be held on Tuesday, April 8, 2008, at the Company's main office, 623 West Main Street, Lebanon, Tennessee 37087, at 7:00 p.m. (CDT). This proxy material was first mailed to shareholders on or about March 7, 2008.

All valid proxies which are received will be voted in accordance with the recommendations of the Board of Directors unless otherwise specified thereon and will be voted **For** election of the director nominees set out below. A proxy may be revoked by a shareholder at any time prior to its use by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

Only holders of record of the Company's common stock, par value \$2.00 per share (the Common Stock), at the close of business on February 15, 2008 (the Record Date) are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 6,971,803 shares of Common Stock issued and outstanding, the holders of which are entitled to one vote for each share held on each of the matters to be voted upon at the Annual Meeting. The representation in person or by proxy of at least a majority of the outstanding shares entitled to vote is necessary to provide a quorum at the meeting. The directors shall be elected by a plurality of the votes cast in the election by the holders of Common Stock represented and entitled to vote at the Annual Meeting. Any other matters submitted to the shareholders but not proposed in this Proxy Statement shall be approved if the number of votes cast in favor of such proposal exceeds the number of votes cast against the proposal. The Board of Directors of the Company does not know of any other matters which will be presented for action at the Annual Meeting other than those proposed in this Proxy Statement, but the persons named in the proxy (who are directors of the Company) intend to vote or act with respect to any other proposal which may be presented for action according to their best judgment. Abstentions and non-votes are accounted as present in determining whether a quorum is present. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. A non-vote or abstention will have no effect on the approval of the nominees to the Company's board of directors.

The cost of solicitation of proxies will be borne by the Company, including expenses in connection with preparing, assembling, and mailing this Proxy Statement. Such solicitation will be made by mail, and may also be made by the Company's regular officers or employees personally or by telephone or other form of electronic communication. The Company may reimburse brokers, custodians and nominees for their expenses in sending proxies and proxy materials to beneficial owners.

Wilson Bank and Trust (the Bank) is located in Lebanon, Tennessee and is a wholly-owned subsidiary of the Company. The Bank is the only subsidiary of the Company.

Table of Contents**STOCK OWNERSHIP**

There are no persons who are the beneficial owners of more than 5% of the Company's Common Stock, its only class of voting securities.

The following table sets forth information regarding the beneficial ownership of the Company's Common Stock as of February 15, 2008 (unless otherwise noted), for:

each of our directors and nominees;

each of our executive officers named in the Summary Compensation Table; and

all of our directors and executive officers as a group.

The percentages of shares outstanding provided in the table are based on 6,971,803 voting shares outstanding as of February 15, 2008. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC") and generally includes voting or investment power with respect to securities. Unless otherwise indicated, each person or entity named in the table has sole voting and investment power, or shares voting and investment power with his or her spouse, with respect to all shares of stock listed as owned by that person. The number of shares shown does not include the interest of certain persons in shares held by family members in their own right. Shares issuable upon exercise of options that are exercisable within sixty days of February 15, 2008 are considered outstanding for the purpose of calculating the percentage of outstanding shares of Company Common Stock held by the individual, but not for the purpose of calculating the percentage of outstanding shares held by any other individual.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Owner ⁽²⁾	Percent of Class (%)
<u>Directors:</u>		
Charles Bell	143,227 ⁽³⁾	2.05%
Jack W. Bell	105,115 ⁽⁴⁾	1.51%
Mackey Bentley	52,689	0.76%
J. Randall Clemons ⁽⁵⁾	103,977 ⁽⁶⁾	1.49%
James F. Comer	28,150 ⁽⁷⁾	0.40%
Jerry L. Franklin	83,417 ⁽⁸⁾	1.20%
John B. Freeman	41,208 ⁽⁹⁾	0.59%
Marshall Griffith	26,869	0.39%
Harold R. Patton	54,298 ⁽¹⁰⁾	0.78%
James Anthony Patton	43,629 ⁽¹¹⁾	0.63%
H. Elmer Richerson ⁽⁵⁾	42,816 ⁽¹²⁾	0.61%
John R. Trice	129,346 ⁽¹³⁾	1.86%
Robert T. VanHooser	24,911 ⁽¹⁴⁾	0.36%
<u>Named Executive Officers:</u>		
Gary Whitaker	22,594 ⁽¹⁵⁾	0.32%
John D. Goodman	3,514 ⁽¹⁶⁾	0.05%
John C. McDearman III	4,316 ⁽¹⁷⁾	0.06%
Lisa Pominski	9,605 ⁽¹⁸⁾	0.14%
Executive Officers and Directors as a group (23 persons)	949,995 ⁽¹⁹⁾	13.61%

(1) The address for each of the directors and executive

officers set forth
in the table
above is 623
West Main
Street, Lebanon,
Tennessee
37087.

- (2) Each person has sole voting and investment power with respect to the shares listed unless otherwise indicated.
- (3) Includes 60,860 held by Mr. C. Bell s wife.
- (4) Includes 9,291 shares held by or on behalf of Mr. J. Bell s children.
Includes 52,557 shares that are pledged.
- (5) Messrs. Clemons and Richerson are also named executive officers.
- (6) Includes 7,045 shares held by or on behalf of Mr. Clemons children and/or other dependents,
5,760 shares held by Mr. Clemons wife and 38,965 shares held by the Clemons Family Limited Partnership.

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- (7) Includes 7,797 shares held by or on behalf of Mr. Comer's children and/or other dependents. Also includes 5,099 shares that are pledged.
- (8) Includes 2,102 shares held by or on behalf of Mr. Franklin's children and/or other dependents.
- (9) Includes 8,339 shares held by or on behalf of Mr. Freeman's children and/or other dependents.
- (10) Includes 21,228 shares held by Mr. H. Patton's wife.
- (11) Includes 839 shares held by or on behalf of Mr. T. Patton's children and 33 shares by Mr. T. Patton's wife.
- (12) Includes 459 shares held by or on behalf of Mr. Richerson's children and/or other dependents, 750 shares held by Mr. Richerson's

wife, and 5,000 shares that are pledged.

- (13) Includes 32,584 shares held as trustee by Mr. Trice and 82,918 held in Trice Family Investments. Also includes 77,000 shares that are pledged.
- (14) Includes 15,540 shares held jointly by Mr. VanHooser's wife and children.
- (15) Includes 366 shares issuable upon exercise of options granted under the Company's 1999 Stock Option Plan.
- (16) Includes 1,333 shares issuable upon exercise of options granted under the Company's 1999 Stock Option Plan.
- (17) Includes 2,466 shares issuable upon exercise of options granted under the Company's 1999 Stock Option Plan.
- (18) Includes 67 shares issuable

upon exercise of options granted under the Company's 1999 Stock Option Plan and 1,718 shares that are pledged.

- (19) Includes 8,740 shares issuable upon exercise of options granted under the Company's 1999 Stock Option Plan.

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of thirteen (13) members. The Company's bylaws provide for a minimum of five and maximum of fifteen directors, the exact number to be set by the Company's Board of Directors. The Company's charter provides that the Board of Directors shall be divided into three classes, each class to be as nearly equal in number as possible. The terms of four (4) directors expire at the 2008 Annual Meeting. These directors are Jack W. Bell, Mackey Bentley, Harold R. Patton and H. Elmer Richerson. The nomination of Jack W. Bell, Mackey Bentley, Harold R. Patton and H. Elmer Richerson has been approved by the Company's Board of Directors.

Unless contrary instructions are received, the enclosed proxy will be voted in favor of the election as directors of the nominees listed below. Each nominee has consented to be a candidate and to serve, if elected. All the nominees currently are serving as directors of the Company. While the Company's Board of Directors has no reason to believe that any nominee will be unable to accept nomination or election as a director, if such event should occur, proxies will be voted with discretionary authority for a substitute or substitutes who will be designated by the Company's current Board of Directors.

Information Concerning Nominees

The following table contains certain information concerning the nominees, which information has been furnished to the Company by the individuals named:

Nominee	Age	Director Since ⁽¹⁾	Current Position; Prior Business Experience
Class I Directors (Nominees for Election to the Board)			
Jack W. Bell ⁽²⁾⁽³⁾	49	1987	Director; Owner Jack W. Bell Builders, Inc.; Vice President of Operations Lebanon Aluminum Products, Inc. (until 1995)
Mackey Bentley	63	1987	Director; President Bentley's Air Conditioning, Inc.
Harold R. Patton ⁽⁴⁾	72	1987	Director; Retired; General Manager Wilson Farmers Cooperative prior thereto
H. Elmer Richerson	55	1998	Executive Vice President and Director of the Company; President of the Bank (since 2002); Executive Vice President of the Bank (1994-2002) Vice President of the Bank from 1989 until 1994

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Nominee	Age	Director Since⁽¹⁾	Current Position; Prior Business Experience
Class II Directors (Continuing Directors until 2009 Annual Meeting of Shareholders)			
Charles Bell ⁽³⁾⁽⁵⁾	69	1993	Director; Owner Horn Springs Angus Farm, Consultant (1995-Present) and President (until 1995) Lebanon Aluminum Products, Inc.
J. Randall Clemons	55	1987	President, Chief Executive Officer and Director of the Company (since 1992); Chairman (since 2002), Chief Executive Officer and Director of the Bank
Jerry L. Franklin	70	1987	Director; Owner as franchisee of Ponderosa Restaurants
James Anthony Patton ⁽⁴⁾	47	1987	Director; Salesman-Mid Tenn Technologies; Co-Owner Container Service, Inc
Class III Directors (Continuing Directors until 2010 Annual Meeting of Shareholders)			
James F. Comer ⁽⁵⁾	49	1996	Director; Owner Comer Farms; Vice President - Lending and Account Executive of Farm Credit Services of America (1980-1995)
John B. Freeman	70	1987	Director; Retired Businessman; Chairman Auto Parts and Service Company, Inc. (until 2000)
Marshall Griffith	68	1987	Director; (Chairman of the Company s Board of Directors) Businessman Evergreen Company; a real estate investment company Senior Vice President Fidelity Federal Savings and Loan of Nashville, Tennessee prior thereto
John R. Trice ⁽²⁾	75	1991	Director ; Owner Trice Appraisal Services
Robert T. VanHooser, Jr. ⁽²⁾	78	1991	Director; Retired Business Development Officer - Wilson Bank and Trust (1991-96); President and CEO of Lebanon Bank, Lebanon, TN prior thereto

(1) All directors serve on the Boards of Directors of the Company and the Bank.

(2) Messrs. J. Bell, Trice and

VanHooser
serve on the
Advisory Board
of Directors of
the Dekalb
County
branches of the
Bank.

- (3) Charles Bell is
the father of
Jack W. Bell.
- (4) Harold R.
Patton is the
father of James
Anthony Patton.
- (5) Messrs. C. Bell
and Comer
serve on the
Advisory Board
of Directors of
the Smith
County
branches of the
Bank.

Director Independence

The Board of Directors has determined that each of the following directors is an independent director within the meaning of the listing standards of the New York Stock Exchange:

James F. Comer;
John B. Freeman;
Marshall Griffith;
Robert T. VanHooser, Jr.;

Mackey Bentley;
Harold R. Patton;
Jerry L. Franklin; and
James Anthony Patton.

Table of Contents**Description of the Board and Committees of the Board**

The Company does not have an executive compensation or nominating committee. The Board of Directors of the Company also serves as the Board of Directors of the Bank. The Board of Directors of the Company and the Board of Directors of the Bank, based upon recommendations by the Personnel Committee, establish general compensation policies and programs for the Company and the Bank and determine annually the compensation to be paid to Company and Bank employees, including executive officers. The Board of Directors does not believe it is necessary to have a nominating committee because the Boards of Directors of the Company and the Bank act as a nominating committee for directors and officers of the Company and the Bank and develop general criteria concerning the qualifications and selection of directors and officers (including recommendations made by shareholders of the Company) and recommending candidates for such positions. All of the Company's directors participate in the consideration of director nominees.

Each potential director nominee is evaluated on the same basis regardless of whether he or she is recommended by management, by a director or by a shareholder. The Board of Directors has not adopted a policy with respect to minimum qualifications for directors. Rather, the Board of Directors annually reviews and determines the specific qualifications and skills that one or more directors must possess in the context of the then needs of the Board of Directors with respect to experience, expertise and age. Each of the nominees for director to be elected at the Annual Meeting was nominated and recommended by the Board of Directors.

The Company has not received director nominee recommendations from any shareholders for the term commencing in 2008 and expiring in 2011. The Board of Directors will consider nominees recommended by shareholders, provided that such recommendations are submitted to the Board of Directors in writing and describe the reasons why the shareholder finds the recommended person to be a qualified candidate.

The Board of Directors of the Company has no standing committees. The Board of Directors of the Bank has ten standing committees consisting of the Audit, Executive, Personnel, Finance, Marketing, Building, Investment, Long Range Planning, Data Processing and Board Relations Committee. The Chairman of the Company, Mr. Griffith, is a member of all committees. The Chairman of the Board of Directors of the Bank, Mr. Clemons, and Mr. Richerson are also members of all of the committees with the exception that Mr. Clemons and Mr. Richerson are not on the Personnel Committee or the Audit Committee. The members of each committee are generally appointed in May of each year and serve until the following May. Therefore, the committee members identified below may not have been on each identified committee for the entire 2007 fiscal year. Unless otherwise provided below, the members identified below are the current members of the applicable committees.

Audit Committee. The Company does not have a separately-designated standing audit committee. The Bank, however, does have a separately-designated standing audit committee, composed of Messrs. J. Freeman, J. A. Patton and Franklin with Mr. VanHooser serving as Chairman. The Audit Committee reviews annual and interim reports of the independent auditors and provides advice and assistance regarding the accounting, auditing and financial reporting practices of the Company and the Bank. The Audit Committee operates pursuant to the terms of a charter which was adopted by the Board of Directors in December 2004 (the "Audit Committee Charter"). A copy of the Audit Committee Charter is not available on the Company's website, but is attached to this Proxy Statement as Appendix A. All of the Audit Committee's members are independent under the current listing standards of the New York Stock Exchange. While the Board of Directors believes that certain of its audit committee members are financially literate and have a level of financial sophistication necessary to serve on the Audit Committee, it has determined that the Company does not have an audit committee financial expert as defined by the SEC's rules and regulations serving on the Audit Committee. The Board of Directors believes that at least one of the current members of the Audit Committee has a level of experience regarding banking operations and the application of generally accepted accounting principles as to provide valuable service to the Audit Committee in its role of overseeing the financial reporting process of the Company and the Bank. The Board of Directors further believes that the current members of the Company's Board of Directors provide a breadth of experience and level of community relationships that are important to the Company and that the Company does not believe that it could attract an additional director that meets the requirements of an audit committee financial expert who also has those similar relationships. In making its determination, the Board of Directors particularly considered the size and nature of the Company's business and the importance of knowledge of

the local communities served by the Bank. The Audit Committee held seven meetings during 2007.

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Executive Committee. The Executive Committee is composed of Messrs. C. Bell, Bentley, Trice, J. A. Patton, H. Patton, VanHooser with J. Franklin serving as Chairman. The Executive Committee reviews corporate activities, makes recommendations to the Board of Directors on policy matters and makes executive decisions on matters that do not require a meeting of the full Board of Directors. The Executive Committee held twelve meetings during 2007.

Personnel Committee. The Personnel Committee, composed of Messrs. VanHooser, Freeman and Bentley with Mr. J. A. Patton serving as Chairman, considers and recommends to the Board of Directors the salaries of all Bank personnel, including the Named Executive Officers. This committee, all of the members of which are independent under the listing standards of the New York Stock Exchange, held five meetings during 2007. This Committee does not have a written charter. Compensation decisions for the Company's executive officers, including its Named Executive Officers, are made by the Board of Directors of the Company upon recommendation of the Personnel Committee.

The agenda for meetings of the Personnel Committee is determined by its Chairman with the assistance of the Company's Secretary and the Company's Chief Executive Officer. Personnel Committee meetings are regularly attended by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer and the Chief Human Resources Officer. When considering the compensation of Mr. Clemons and Mr. Richerson, the Personnel Committee meets in executive session. The Personnel Committee's Chairman reports the committee's recommendations on executive compensation to the Board of Directors. The Company's human resources and accounting departments support the Personnel Committee in its duties and may be delegated authority to fulfill certain administrative duties regarding the compensation programs.

Finance Committee. The Finance Committee is the credit review board of the Bank. This committee reviews loan applications meeting certain criteria and approves those found creditworthy. In addition, this committee reviews all loans that are funded. The committee is comprised of seven permanent members, Messrs. C. Bell, J. Bell, Bentley and H. Patton with Mr. J. Comer serving as Chairman. Serving as temporary members of the committee in 2007 were Messrs. J. Freeman, J. Franklin and J.A. Patton. In addition, Messrs. Trice and VanHooser served as advisory members for the entire fiscal year. The Finance Committee held twelve meetings during 2007.

Marketing Committee. The Marketing Committee is composed of Messrs. Freeman, H. Patton and Trice with Mr. J. Bell serving as Chairman. The Marketing Committee recommends the direction of the marketing efforts of the Company and the Bank. This committee held three meetings during 2007.

Building Committee. The Building Committee is composed of Messrs. Bentley and J.A. Patton with Mr. H. Patton serving as Chairman. In addition, Mr. J. Bell served as an advisory member. This committee makes recommendations to the Company's and the Bank's Boards of Directors on the immediate and future building needs of the Company and the Bank. This committee held five meetings during 2007.

Investment Committee. The Investment Committee is composed of Messrs. J. Bell, Bentley, Comer and H. Patton with Mr. C. Bell serving as Chairman. The Investment Committee reviews and directs the investment portfolio of the Bank. This committee held three meetings during 2007.

Long Range Planning Committee. The Long Range Planning Committee is composed of Messrs. J. Bell, Freeman and H. Patton with Mr. Trice serving as Chairman. This committee explores strategic opportunities available to the Company and recommends the direction the Company should take on these matters. This committee held three meetings in 2007.

Data Processing Committee. The Data Processing Committee is composed of Messrs. J. Bell and Franklin and J.A. Patton with Mr. Comer serving as Chairman. The Data Processing Committee reviews the computer hardware and software needs of the Company and makes recommendations regarding purchases thereof to the Board of Directors. This committee held six meetings during 2007.

Board Relations Committee. The Board Relations Committee is composed of Messrs. J. Freeman, H. Patton and VanHooser with Mr. Bentley serving as Chairman. The board relations committee's primary responsibility is to

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plan for the Board of Director s future responsibilities and ensure that the Bank s Board of Directors meets the future needs of the Bank. This committee did not meet in 2007.

During the fiscal year ended December 31, 2007, the Board of Directors of the Bank held fourteen meetings with the Board of Directors of the Company also meeting fourteen times. Each director attended more than 99% of the aggregate number of meetings of both the Bank s and the Company s Boards of Directors and the committees on which such director served. The Company encourages each member of the Board of Directors to attend the Annual Meeting of Shareholders and all of the Company s directors attended the 2007 Annual Meeting of Shareholders.

The Company s Board of Directors has established procedures for the Company s shareholders to communicate with members of the Board of Directors. Shareholders may communicate with any of the Company s directors, including the chairperson of any of the committees of the Board of Directors, by writing to a director c/o Wilson Bank Holding Company, 623 West Main Street, Lebanon, Tennessee 37087.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Exchange Act requires the Company s executive officers and directors and persons who beneficially own more than ten percent of the Common Stock to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten percent beneficial owners are required by federal securities regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company s review of the copies of such forms and written representations from certain reporting persons furnished to the Company, the Company believes that its officers, directors and greater than ten percent beneficial owners, if any, were in compliance with all applicable filing requirements, except for one late filing for Mr. Charles Bell; two late filings for Mr. Comer; one late filing for Mr. Franklin; one late filing for Mr. Goodman; five late filings for Ms. Pominski; two late filings for Mr. McDearman; one late filing for Mr. James Anthony Patton; two late filings for Mr. Richerson; one late filing for Mr. Trice; and two late filings for Mr. Whitaker.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES LISTED ABOVE.

ITEM 2 OTHER MATTERS

The Board of Directors is not aware of any other matters which may be brought before the Annual Meeting. However, if any matter other than the proposed matters properly comes before the meeting for action, proxies will be voted for such matters in accordance with the best judgment of the persons named as proxies.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM INFORMATION

The Board of Directors has selected Maggart & Associates, P.C. to serve as the Company s independent registered public accounting firm for the current fiscal year upon the recommendation of the Audit Committee. Maggart & Associates, P.C. has served in this capacity for the Company since 1987. A representative of Maggart & Associates is expected to be present at the Annual Meeting, will have an opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions.

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During the fiscal years ended December 31, 2007 and December 31, 2006, the Company incurred the following fees for services proved by Maggart & Associates:

	2007	2006
Audit Fees: ^(a)	\$ 181,650	\$ 133,520
Audit-Related Fees: ^(b)	\$ 18,863	\$ 9,753
Tax Fees: ^(c)	\$ 14,350	\$ 14,500
Other Fees:	\$ -0-	\$ -0-

(a) Includes fees related to the annual independent audit of the Company's financial statements, reviews of the Company's annual report on Form 10-K and quarterly reports on Form 10-Q and fees related to the audit of management's report on the effectiveness of the Company's internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

(b) Includes fees related to the audit of the Company's 401(k) plan and investment center reviews.

(c) Includes fees related to the preparation of

the Company's
tax returns and
other tax related
assistance.

The Audit Committee considered these fees and concluded that the performance of these services was consistent with Maggart & Associates' independence.

The Audit Committee also has adopted a formal policy concerning approval of audit and non-audit services to be provided by the independent auditor to the Company. The policy requires that all services Maggart & Associates, the Company's independent auditor, may provide to the Company, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee approved all audit and non-audit services provided by Maggart & Associates during fiscal 2007.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

Decisions with respect to compensation of the Company's and the Bank's executive officers, including the Chief Executive Officer and the other named executive officers, as identified in the Summary Compensation Table, for fiscal year 2007 were made by the Board of Directors of the Bank based upon recommendations by the Personnel Committee. Discussions regarding the non-equity compensation of the Company's and the Bank's executive officers that are not named executive officers, are made by the Chief Executive Officer in consultation with such officer's supervisor. For these officers, the Chief Executive Officer is responsible for establishing the framework for how these individuals are compensated. The components of compensation of executive officers consists of a base salary, an annual cash incentive, amounts contributed under the executive officer's Executive Salary Continuation Agreement and matching and profit-sharing contributions under the Company's 401(k) plan (as well as health and disability insurance and other non-cash benefits similar to those of all employees of the Bank or Company. At times, these executive officers have also been awarded equity based compensation in the form of time vested stock options, however, the Personnel Committee and the Chief Executive Officer have historically focused on cash-based compensation that is currently paid out, using stock options only in connection with promotions or changes in duties. The Company utilizes the Executive Salary Continuation Agreements, described in more detail below, to provide for post retirement payments to the named executive officers. No member of the Personnel Committee served as an officer or employee of the Company or of any of its subsidiaries during 2007.

The overarching policy of the Personnel Committee and the Board of Directors in determining executive compensation, including the compensation of the Chief Executive Officer, is to attract and retain the highest quality talent to lead the Company and to reward key executives based upon their individual performance and the performance of the Bank and the Company. The Personnel Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions and that compensation packages provided to key employees remain competitive relative to the compensation paid to similarly situated executives of peer companies. The Personnel Committee believes that providing incentives to and rewarding the performance of the Company's executive officers enhances the profitability of the Company. To that end, the Personnel Committee believes that the compensation paid its executive officers should include base salary and a significant cash incentive opportunity designed to reward performance as measured against established goals. Continuing the practice of only awarding stock options in connection with promotions or changes in an executive officers' duties, the Personnel Committee did not award any stock-based compensation to the named executive officers in 2007 and does not utilize equity-based compensation as a significant component of the compensation paid to the named executive officers.

Executive compensation programs impact all employees by setting general levels of compensation and helping to create an environment of goals, rewards and expectations. Because we believe the performance of every employee is important to our success, we are mindful of the effect of executive compensation and incentive programs on all of our employees.

In recommending the 2007 base salary of J. Randall Clemons, the Company's and the Bank's Chief Executive Officer, the Personnel Committee reviewed a Tennessee Banking Association (TBA) 2006 survey of compensation levels for Chief Executive Officers of Middle Tennessee banks or bank holding companies with assets of over \$1 billion. Decisions regarding compensation were made in view of these sources of information with the intent to pay the Chief Executive Officer cash compensation (including both base salary and annual cash incentives) on a level that was comparable to that of the Company's peer banks within Middle-Tennessee.

The Personnel Committee further considered the Bank's and the Company's overall financial performance in 2006 in recommending Mr. Clemons and the other named executive officers' base salaries for 2007. Mr. Clemons salary was increased by 6.5% for the 2007 year. Mr. Clemons' base salary is not based upon the attainment of any specific quantitative performance objectives.

The base salary for Ms. Pominski, Mr. Richerson, Mr. Whitaker, Mr. Goodman and Mr. McDearman were based on similar criteria and considerations as those used in establishing Mr. Clemons' base salary.

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Mr. Clemons and Mr. Richerson are eligible for an annual cash incentive pursuant to a formula determined by the Board of Directors that is based upon the Company's after tax earnings for the fiscal year. In 2007, Mr. Clemons was eligible for, and received a cash incentive payment equal to 1.5% of the Company's after tax earnings while, Mr. Richerson was eligible for, and received, a cash incentive payment equal to 1.15% of the Company's after tax earnings. In total, Mr. Clemons and Mr. Richerson were paid cash incentive payouts totaling \$165,621 and \$ 126,976 respectively.

Mr. Whitaker, Mr. Goodman, Ms. Pominski and Mr. McDearman were eligible for, and received, a cash incentive payment determined by the return on assets performance of the Bank which payment was calculated on a basis consistent with the Bank's other employees. For 2007, the ROA targets and related cash incentive payouts as a percentage of the base salary of Messrs. Whitaker, Goodman and McDearman and Ms. Pominski were 9% at .90 ROA, 9.5% at .95 ROA, 10% at 1.0 ROA, 10.5% at 1.05 ROA, 11% at 1.10 ROA, 11.5% at 1.15 ROA, 12% at 1.20 ROA, 12.5% at 1.25 ROA and 13% at 1.35 ROA.

In 2007, the Bank's ROA was 0.85. Although the Bank did not achieve the ROA target established because of the economic conditions and the losses relating to the loan review of the former bank officer, the Board of Directors decided to pay the minimum percentage to the named executive officers in recognition of their significant contribution to the Bank. The Personnel Committee and the Board of Directors approved the payout of cash incentives totaling 9% of the base salaries of Messrs. Whitaker, Goodman and McDearman and Ms. Pominski, or \$13,665, \$11,410 \$11,410 and \$8,930 respectively.

Messrs. Whitaker, Goodman and McDearman and Ms. Pominski were also eligible to receive monthly cash payments under the Company's cash-based incentive plan upon the attainment of certain Company and individual performance goals. For Mr. Whitaker these goals included, goals related to loan fees, loan volume, mortgage loan income, credit life goals, past due loan percentage and timely employee reviews. For Messrs. Goodman and McDearman, these goals included each branch in their division meeting budget. For Ms. Pominski, these goals included expense control and audit related goals. Incentives paid to Messrs. Whitaker, Goodman and McDearman, and Ms. Pominski, for 2007 related to these performance goals totaled \$19,500 \$14,379 \$14,647 and \$6,600 respectively.

Employees, including executive officers, also receive a matching grant of \$.35 from the Company for each one dollar (\$1) up to a maximum of 6% of the amount contributed each year by the employee to his or her 401(k) account. No employee is entitled to contribute more than \$15,500. The Company contributes additional funds into each employee's 401(k) account under a profit-sharing arrangement based upon each employee's base salary as a percentage of the Company's total payroll. During 2007, Messrs Clemons, Richerson, Whitaker, Goodman and McDearman and Ms. Pominski received contributions totaling \$21,600, \$21,600, \$16,730, \$14,016, \$14,220 and \$10,090, respectively.

The Company has entered into Executive Salary Continuation Agreements with certain of its senior executive officers, including Messrs. Clemons, Richerson, Whitaker, Goodman and McDearman and Ms. Pominski pursuant to which each such executive officer (or his or her beneficiaries) is entitled, if certain performance targets for the Bank are met, to receive annual payments for 15 years, upon retirement at age 65 or, if sooner, the death or disability of such executive officer. In the event that the executive officer resigns or is terminated without cause prior to age 65, he or she is entitled to receive the vested portion of such benefits, with vesting occurring at the rate of 6% per year from March 30, 1995, March 30, 1995, August 21, 1996, January 1, 2006, January 1, 2006 and March 21, 2001 for each of Messrs. Clemons, Richerson, Whitaker, Goodman and McDearman and Ms. Pominski, respectively, if the required performance targets are met. As of December 31, 2007, Messrs. Clemons, Richerson, Whitaker, Goodman and McDearman and Ms. Pominski were vested 72%, 72%, 66%, 6%, 6% and 42% respectively. The performance target for each agreement is average return on assets for the Bank over the vesting period for each executive officer, as follows: 1.0% or better (100% of vested benefit); .9-.99% (90%); .8-.89% (80%); .7-.79% (70%) and below .7%, no benefit.

The amounts paid to a named executive officer are dependent on the then current compensation for each such person at the time of retirement or termination and will also be reduced by a percentage of social security payments and 401(k) benefits paid to the named executive officer during the time when the benefits are being paid and, as such, cannot be calculated with certainty at this time. By way of example, if a named executive officer is employed by the Company for a period of 10 years and the average return on assets in each of those ten years is

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0.99, then the named executive officer would be entitled to receive sixty percent (60%) of his or her then current salary at termination, less (i) fifty percent of social security benefits paid to the named executive officer and (ii) one hundred percent of the employer contributed 401(k) benefits paid to the named executive officer.

Payment of the benefits is contingent on the executive officer not competing with the Bank for one year after termination of employment. In the event there is a change in control of the Bank or the Company, the benefits become fully vested without regard to the performance target or the non-competition agreement and will be paid out in accordance with the terms of the agreements following the named executive officer's termination of service. A change in control is the acquisition of 50% or more of the shares of the Bank or the Company, or a merger, consolidation or similar transaction involving the Bank or the Company, or the cessation by either of their business activities or existence.

In addition to the above-described compensation, the Company provided automobile (and in the case of Mr. Clemons and Mr. Richerson, fuel) allowances in 2007 of \$ 5,356, \$4,559, \$6,000, \$6,000 and \$2,550, for each of Messrs. Clemons, Richerson, Whitaker, Goodman and McDearman.

The compensation levels for fiscal year 2007 for members of management other than Mr. Richerson and Mr. Clemons were established by the Personnel Committee based upon the recommendation of the Company's Chief Executive Officer, J. Randall Clemons. Mr. Clemons' recommendations regarding these salaries were based on considerations and criteria similar to those described above.

As part of its role, the Personnel Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the incentive plans are generally fully deductible for federal income tax purposes. However, in certain situations, the Personnel Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers.

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. While the final regulations have not become effective yet, the Company believes it is operating in good faith compliance with the statutory provisions which were effective January 1, 2005.

Beginning on January 1, 2006, the Company began accounting for stock-based payments including those issued under its Stock Option Plan in accordance with the requirements of FASB Statement 123(R).

PERSONNEL COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Personnel Committee has reviewed and discussed the Compensation Discussion and Analysis (the CD&A) for the year ended December 31, 2007 with management. In reliance on the reviews and discussions referred to above, the Personnel Committee recommended to the Board of Directors, and the Board Directors has approved, that the CD&A be included in the proxy statement for the Annual Meeting.

J. A. Patton, Chairman
Mackey Bentley
Marshall Griffith

John Freeman
Robert VanHooser

Table of Contents**Summary Compensation Table**

The following table provides information as to annual, long-term or other compensation during the 2006 and 2007 fiscal years for Mr. Clemons, the Company's Chief Executive Officer, Ms. Pominski, the Company's Chief Financial Officer, and the four most highly compensated executive officers of the Company or the Bank other than the Chief Executive Officer and Chief Financial Officer with total annual salary and bonus over \$100,000 for the year ended December 31, 2007.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Options Awards ⁽¹⁾⁽²⁾		Non- Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾⁽⁵⁾ (\$)	Total (\$)
				(\$)	(\$)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
J. Randall Clemons, President and Chief Executive Officer of the Company and Chief Executive Officer of the Bank	2007	\$ 306,292			\$ 1,862	\$ 165,620	\$ 64,787	\$ 80,571	\$ 619,142
	2006	287,692			1,864	159,816	55,067	89,351	593,790
Lisa Pominski, Chief Financial Officer of the Company and the Bank	2007	99,225			570	15,530	1,100	10,487	126,882
	2006	90,000			465	16,500	700	9,799	117,464
H. Elmer Richerson, President of the Bank and Executive Vice President of the Company	2007	237,102			1,242	129,975	43,500	77,716	489,535
	2006	218,514			1,239	95,889	35,437	77,701	428,780
Gary Whitaker, Executive Vice President of the Bank	2007	151,836			621	33,665	11,756	24,176	222,054
	2006	137,720			620	45,875	8,762	24,968	217,945
John Goodman, Senior Vice President Western Division of the Bank	2007	126,788			61	25,790	2,905	20,689	176,233
	2006	115,000			60	30,318	2,574	18,935	166,887
John C. McDearman III, Senior Vice President Central Division of the Bank	2007	126,788			480	26,058	1,622	17,200	172,148
	2006	115,000			465	31,018	1,437	16,134	164,054

(1) The amounts in
the column

captioned
Option Awards
reflects the
dollar amount
recognized for
financial
statement
reporting
purposes for the
fiscal year
ended
December 31,
2007 in
accordance with
FAS 123(R) of
awards pursuant
to the
Company's 1999
Stock Option
Plan and thus
may include
amounts from
awards granted
in and prior to
2006 and 2007.
For a
description of
the assumptions
used by the
Company in
valuing these
awards for the
fiscal years
ended
December 31,
2006 and 2007
please see Note
19 Stock
Option Plan to
the Company's
consolidated
financial
statements
included in the
Company's
Annual Report
on Form 10-K
for the fiscal
year ended
December 31,
2007.

(2) In fiscal 2007, there were a total of 3,068 options that were cancelled, none of which were held by any of the Named Executive Officers. In fiscal 2006, there were a total of 1,800 options that were cancelled, none of which were held by any of the named executive officers.

(3) Represents the change in the actuarial present value of the accumulated benefit of the Executive Salary Contribution Agreements.

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- (4) Represents for fiscal year 2006
- (i) the Company's matching grants under the Company's 401(k)/profit sharing plan in the amounts of \$21,120 for Mr. Clemons; \$9,423 for Ms. Pominski; \$21,120 for Mr. Richerson; \$17,625 for Mr. Whitaker; \$12,835 for Mr. Goodman; and \$14,018 for Mr. McDearman;
 - (ii) Board of Director fees for the Company of \$27,600 and the Bank of \$20,400 for each of Mr. Clemons and Mr. Richerson;
 - (iii) Combined Advisory Board Fees for the Dekalb County and Smith County branches of the Bank of \$9,200 for Mr. Clemons;
 - (iv) auto and in the case of Mr. Clemons and Mr. Richerson fuel allowance in the amount of \$5,924 for Mr. Clemons; \$5,337 for Mr. Richerson, \$6,000 for Mr. Whitaker,

\$5,600 for Mr. Goodman and \$1,800 for Mr. McDearman, and (v) the value of premiums paid in the amounts of \$5,107, \$376, \$3,244, \$1,343, \$500 and \$316 for Mr. Clemons, Ms. Pominski, Mr. Richerson, Mr. Whitaker, Mr. Goodman and Mr. McDearman, respectively in relation to the Company's bank owned life insurance plan.

- (5) Represents for fiscal year 2007
- (i) the Company's matching grants under the Company's 401(k)/profit sharing plan in the amounts of \$21,600 for Mr. Clemons; \$10,090 for Ms. Pominski; \$21,600 for Mr. Richerson; \$16,730 for Mr. Whitaker; \$14,016 for Mr. Goodman; and \$14,220 for Mr. McDearman;
 - (ii) Board of Director's fees for the Company of \$27,600 and the Bank of \$20,400 for each of Mr. Clemons and

Mr. Richerson;
 (iii) auto and in
 the case of Mr.
 Clemons and
 Mr. Richerson
 fuel allowance in
 the amount of
 \$5,356 for
 Mr. Clemons;
 \$4,559 for
 Mr. Richerson,
 \$6,000 for
 Mr. Whitaker,
 \$6,000 for
 Mr. Goodman
 and \$2,550 for
 Mr. McDearman,
 and (iv) the value
 of premiums paid
 in the amounts of
 \$5,615, \$397,
 \$3,557, \$1,446,
 \$673 and \$430
 for Mr. Clemons,
 Ms. Pominski,
 Mr. Richerson,
 Mr. Whitaker,
 Mr. Goodman
 and Mr.
 McDearman,
 respectively in
 relation to the
 Company's bank
 owned life
 insurance plan.

Grants of Plan-Based Awards

The Company granted no options and awarded no shares of restricted stock to its Named Executive Officers in 2007.

Outstanding Equity Awards At 2007 Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2007:

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options	Number of Securities	Equity Incentive Plan Awards:	Option Exercise Price ⁽²⁾ (\$)	Option Expiration Date	Number of Shares or Units of Stock That	Market Value of Shares or Units	Equity Incentive Plan Awards:	Equity Incentive Plan Awards:

	Options (#)	Unexercisable (2)	Underlying Unexercised Options (#)	Number of Securities		Have Not Vested (#)	Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
J. Randall Clemons		2,134		11.46	09/30/2009				
Lisa Pominski		534		11.46	09/30/2009				
		201		12.00	01/24/2010				
H. Elmer Richerson		1,422		11.46	09/30/2009				
Gary Whitaker	366	700		11.46	09/30/2009				
John Goodman	1,066	1,601		16.88	01/02/2013				
John C. McDearman III	2,133	534		11.46	09/30/2009				
	266	401		16.88	01/02/2013				

(1) The options vest in 10% increments on each anniversary of the ten year term.

(2) Exercises prices and number of shares have been adjusted for the 4 for 3 stock split paid by the Company on May 31, 2007.

Table of Contents**Pension Benefits for Fiscal 2007**

The following table reflects information related to the Company's Executive Salary Continuation Agreements with each of the Names Executive Officers:

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit⁽¹⁾ (\$)	Payments During Last Fiscal Year (\$)
(a)	(b)	(c)	(d)	(e)
J. Randall Clemons	Executive Salary Continuation Agreement	12	340,786	
Lisa Pominski	Executive Salary Continuation Agreement	6	3,365	
H. Elmer Richerson	Executive Salary Continuation Agreement	12	182,231	
Gary Whitaker	Executive Salary Continuation Agreement	11	49,218	
John Goodman	Executive Salary Continuation Agreement	1	5,479	
John C. McDearman III	Executive Salary Continuation Agreement	1	3,059	

(1) Amount represents the accrued liability balance at December 31, 2007. For more information see Note 18 Deferred Compensation Plan to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Table of Contents**Option Exercises and Stock Vested for Fiscal 2007**

The following table provides information related to options exercised for each of the named executive officers during the 2007 fiscal year. The Company has not issued restricted stock, stock appreciation rights or warrants to its executive officers.

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 (\$)
(a)	(b)	(c)	(d)	(e)
J. Randall Clemons	1,333	\$ 28,713		
Lisa Pominski	647	\$ 13,875		
H. Elmer Richerson	711	\$ 15,315		
Gary Whitaker	103	\$ 2,598		
John Goodman				
John C. McDearman III				

DIRECTOR COMPENSATION

The Company's directors are classified in three classes, with directors in each class serving for three-year terms and until his successor has been duly elected and qualified. The Board of Directors of the Company also serves as the Board of Directors of the Bank. In 2007, each director received \$2,300 per month for his services as a director of the Company. In addition, each director of the Bank received \$850 per month for his services as a director of the Bank and \$450 for each committee meeting of the Bank he attended, not to exceed \$1,700 per month, as a member of the various committees on which he serves. In addition, fees of \$1,518 and \$1,326 were paid to each of the directors of the Company and the directors of the Bank, respectively, for attendance at Company and Bank planning retreats held during 2007. Messrs. C. Bell and Comer received \$400 per month for serving on the Advisory Board of the Smith County branches of the Bank. Messrs. Trice, J. Bell and VanHooser received \$400 per month for serving on the Advisory Board of the Dekalb County branches of the Bank.

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The following table sets forth certain information with respect to the fees paid or earned by the members of the Board of Directors for service in 2007:

Name⁽¹⁾	Fees Earned or Paid in Cash⁽²⁾ (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Charles Bell	\$ 54,640						\$ 54,640
Jack W. Bell	55,040						55,040
Mackey Bentley	50,640						55,440
James F. Comer	55,440						50,640
Jerry L. Franklin	50,640						50,640
John B. Freeman	50,640						50,640
Marshall Griffith	50,640						50,640
Harold R. Patton	50,640						50,640
James Anthony Patton	50,640						50,640
John R. Trice	54,240						54,240
Robert T. VanHooser	55,520 ⁽³⁾						55,520 ⁽³⁾

(1) Randall Clemons, the Company's and the Bank's Chief Executive Officer, and Elmer Richerson, the President of the Bank, are not included in this table as they are also Named Executive Officers of the Company and their compensation for service on the boards of directors of the Company and

the Bank is reflected in the Summary Compensation Table above.

- (2) Includes fees for services as a director of both the Company and the Bank and includes fees for board meetings, committee meetings, and in the case of Messrs. Charles Bell, Jack Bell, Jimmy Comer, John R. Trice and Robert T. VanHooser, \$4,000, \$4,400, \$4,800, \$3,600 and \$4,400, respectively, for service on the advisory boards of each of the Smith County and DeKalb County branches of the Bank.
- (3) Mr. VanHooser's fees are paid in a lump sum in arrears and the fees for 2007 were paid in January 2008.

Table of Contents**AUDIT COMMITTEE REPORT FOR 2007**

The Audit Committee reviews the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of the Company's audited financial statements to generally accepted accounting principles.

In this context, the Audit Committee has reviewed and discussed with management and the independent registered public accounting firm the audited financial statements. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received from the independent registered public accounting firm the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) as adopted by the Public Company Accounting Oversight Board in Rule 3600T, and discussed with it, the firm's independence from the Company and its management. The Audit Committee has considered whether the independent registered public accounting firm provision of non-audit services to the Company is compatible with maintaining the registered public accounting firm's independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the SEC.

Robert T. VanHooser, Jr., Chairman
Jerry Franklin
Marshall Griffith

John Freeman
J. A. Patton

The foregoing report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference the Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

Personnel Committee Interlocks and Insider Participation

During fiscal 2007, the Personnel Committee of the Board of Directors of the Bank was composed of Messrs. Freeman, Bentley and VanHooser with Mr. J.A. Patton serving as Chairman. With the exception of Mr. VanHooser who was an officer of the Bank until 1996, none of these persons has at any time been an officer or employee of the Company or any of its subsidiaries. There are no relationships among the Company's executive officers, members of the Personnel Committee or entities whose executives serve on the Board of Directors or the Personnel Committee that require disclosure under applicable regulations of the SEC.

No executive officer of the Company or the Bank has served as a member of the compensation committee of another entity, one of whose executive officers served on the Personnel Committee. No executive officer of the Company or the Bank has served as a director of another entity, one of whose executive officers served on the Personnel Committee. No executive officer of the Company or the Bank has served as a member of the compensation committee of another entity, one of whose executive officers served as a director of the Company or the Bank.

Certain Relationships and Related Transactions

Some directors and principal officers of the Company at present, as in the past, are customers of the Bank and have had and expect to have loan transactions with the Bank in the ordinary course of business. In addition, some of the directors and officers of the Bank are at present, as in the past, affiliated with businesses which are customers of the Bank and which have had and expect to have loan transactions with the Bank in the ordinary course of business. These loans were made in the ordinary course of business and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other

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parties. In the opinion of the Board of Directors, these loans do not involve more than a normal risk of collectability or present other unfavorable features.

During 2007, John R. Trice Appraisals, Inc. was paid an aggregate of \$210,279 for 525 appraisals and inspections performed in connection with loans originated by the Bank. This company is owned by John R. Trice, a director of the Company and the Bank. John R. Trice Appraisals, Inc. primarily performs appraisals for real estate loans. The payments to Trice Appraisals are reimbursed in full by the persons and/or entities whose properties were appraised. The customer is given the option of selecting an appraiser from the Bank's approved listing. This extensive listing is approved annually by the board of directors. Mr. Trice abstains from voting on the approved appraisers. There is also a disclosure made to the customer, as required by law, indicating that Mr. Trice is a director of the Bank.

During 2007, Jack Bell Builders was paid an aggregate of \$1,439,490.43 by the Bank primarily for construction of the new 8,500 square foot full service office located on Church Street in Murfreesboro, TN. This Company is owned by Jack Bell, a director of the Company and the Bank. Mr. Jack Bell is the son of Mr. Charles Bell, another director of the Company. Jack Bell Builders was the approved contractor on the Church Street, Murfreesboro, TN building project. Jack Bell is a director of the company. Bids on the projects were handled by an independent architectural firm and the results of those bids were submitted to the Building Committee for their review. The Building Committee then makes a recommendation to the Board of Directors on the project under consideration. Mr. Bell is non voting member of the Building Committee and excuses himself when discussions and/or votes are taken on a particular building project. Mr. Charles Bell also excuses himself and refrains from voting on any building project in which Jack Bell Builders has an interest.

Related party transactions between the Company or the Bank and the directors or executive officers are approved in advance by the Company's or the Bank's Board of Directors.

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SHAREHOLDERS PROPOSALS AND OTHER MATTERS

Shareholders intending to submit proposals for presentation at the next Annual Meeting and inclusion in the Proxy Statement and form of proxy for such meeting should forward such proposals to J. Randall Clemons, Wilson Bank Holding Company, 623 West Main Street, Lebanon, Tennessee 37087. Proposals must be in writing and must be received by the Company prior to November 7, 2008 in order to be included in the Company's Proxy Statement and form of proxy relating to the 2008 Annual Meeting of Shareholders. Proposals should be sent to the Company by certified mail, return receipt requested, and must comply with Rule 14a-8 of Regulation 14A of the proxy rules of the SEC.

For any other shareholder proposals to be timely (but not considered for inclusion in the Company's Proxy Statement), a shareholder must forward such proposal to Mr. Clemons at the Company's main office (listed above) prior to January 21, 2009.

GENERAL

In addition to solicitation by mail, certain directors, officers and regular employees of the Company and the Bank may solicit proxies by telephone, telegram or personal interview for which they will receive no compensation other than their regular salaries. The Company may request brokerage houses and custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of the Company's Common Stock held of record by such persons and may reimburse them for their reasonable out-of-pocket expenses in connection therewith.

The Company's 2007 Annual Report is mailed herewith. A shareholder may obtain a copy of the Company's Annual Report to the SEC on Form 10-K for the year ended December 31, 2007 without charge by writing to Lisa Pominski, Wilson Bank Holding Company, 623 West Main Street, Lebanon, Tennessee 37087.

By order of the Board of Directors,

/s/ J. Anthony Patton
Secretary

Lebanon, Tennessee
March 7, 2008

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Appendix A
Wilson Bank Holding Company
Audit Committee Charter

I. Purpose

The purpose of the Audit Committee (the **Committee**) of Wilson Bank Holding Company (the **Company**) is to assist the Board of Directors (the **Board**) with its oversight responsibilities regarding: (i) the integrity of the Company's financial statements; (ii) the integrity of the accounting and financial reporting processes of the Company and the audits of the financial statements; (iii) the Company's compliance with legal and regulatory requirements; (iv) the independent auditor's qualifications and independence; and (v) the performance of the Company's internal audit function and independent auditor. The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the **SEC**) to be included in the Company's annual proxy statement.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Notwithstanding the foregoing, the Committee's responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal control over financial reporting and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the **internal auditor**) and the Company's independent auditor) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

Further, auditing literature, particularly Statement of Accounting Standards No. 71, defines the term **review** to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term **review** as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

II. Membership

The Committee shall consist of at least three members of the Board. Each Committee member must not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three (3) years and must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition, except as may be acceptable to the Board, each Committee member shall satisfy the independence requirements of the New

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York Stock Exchange and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board. Committee members may be removed from the Committee, with or without cause, by the Board.

III. Meetings and Procedures

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee.

The Committee shall meet at least once during each fiscal quarter and more frequently as the Committee deems desirable. The Committee shall meet separately, periodically, with management, with the internal auditor and with the independent auditor.

All non-management directors that are not members of the Committee may at the discretion of the Committee, attend and observe meetings of the Committee, but shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director that is not a member of the Committee.

The Committee may retain any independent counsel, experts or advisors (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate to carry out its duties. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee.

The Committee may conduct or authorize investigations into any matters within the scope of the powers and responsibilities delegated to the Committee.

IV. Powers and Responsibilities

Interaction with the Independent Auditor

1. *Appointment and Oversight.* The Committee shall be directly responsible and have sole authority for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and the independent auditor shall report directly to the Committee.

2. *Pre-Approval of Services.* Before the independent auditor is engaged by the Company or its subsidiaries to render audit or permissible non-audit services, the Committee shall preapprove the engagement. Committee pre-approval of audit and non-audit services will not be required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Committee regarding the Company's engagement of the independent auditor, provided the policies and procedures are detailed as to the particular service, the Committee is informed of each service provided and such policies and procedures do not include delegation of the Committee's responsibilities under the Exchange Act to the Company's management. The Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals, provided such approvals are presented to the Committee at a subsequent meeting. If the Committee elects to establish pre-approval policies and procedures regarding non-audit services, the Committee must be informed of each non-audit service provided by the independent auditor. Committee pre-approval of non-audit services (other

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than review and attest services) also will not be required if such services fall within available exceptions established by the SEC.

3. *Independence of Independent Auditor.* The Committee shall, at least annually, review the independence and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Company. In conducting its review:

(i) The Committee shall ensure that the independent auditor prepares and delivers, at least annually, a formal written statement delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1. The Committee shall actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that, in the view of the Committee, may impact the objectivity and independence of the independent auditor and for the taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditor. The Committee shall satisfy itself of the auditor's independence.

(ii) The Committee shall confirm with the independent auditor that the independent auditor is in compliance with the partner rotation requirements established by the SEC.

(iii) The Committee shall, if applicable, consider whether the independent auditor's provision of any permitted non-audit services to the Company is compatible with maintaining the independence of the independent auditor.

Annual Financial Statements and Annual Audit

4. *Meetings with Management, the Independent Auditor and the Internal Auditor.*

(i) The Committee shall meet with management, the independent auditor and the internal auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit.

(ii) The Committee shall review and discuss with management and the independent auditor any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities of which the Committee is made aware that do not appear on the financial statements of the Company and that may have a material current or future effect on the Company's financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses.

(iii) The Committee shall review and discuss the annual audited financial statements with management and the independent auditor, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K.

5. *Separate Meetings with the Independent Auditor.*

(i) The Committee shall obtain from the independent auditor assurances that procedures required under Section 10A of the Exchange Act have been complied with.

(ii) The Committee shall discuss with the independent auditor the report that such auditor is required to make to the Committee regarding: (A) all accounting policies and practices to be used that the independent auditor identifies as critical; (B) all alternative treatments within GAAP for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (C) all other material written communications between the independent auditor and management of the Company, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, independent auditor's engagement letter, independent auditor's independence letter, schedule of unadjusted audit differences and a listing of adjustments and reclassifications not recorded, if any.

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(iii) The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as then in effect.

6. *Recommendation to Include Financial Statements in Annual Report.* The Committee shall, based on the review and discussions in paragraphs 4(iii) and 5(iii) above, and based on the disclosures received from the independent auditor regarding its independence and discussions with the auditor regarding such independence pursuant to subparagraph 3(i) above, determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year subject to the audit.

Quarterly Financial Statements

7. *Quarterly Financial Statement Review.* The Committee shall review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the Company's Quarterly Report on Form 10-Q.

Internal Audit

8. *Appointment.* The Committee shall review the appointment and replacement of the internal auditor.

9. *Separate Meetings with the Internal Auditor.* The Committee shall meet periodically with the Company's internal auditor to discuss the responsibilities, budget and staffing of the Company's internal audit function and any issues that the internal auditor believes warrant audit committee attention. The Committee shall discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management.

Other Powers and Responsibilities

10. The Committee shall review all related party transactions required to be disclosed in the Company's proxy statement on an ongoing basis and all such transactions must be approved by the Committee.

11. The Committee shall discuss with management and the independent auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process, accounting policies or internal audit function.

12. The Committee shall discuss with the Company's General Counsel or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements.

13. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Committee shall also establish procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters.

14. The Committee, through its Chair, shall report regularly to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board.

15. The Committee shall at least annually perform an evaluation of the performance of the Committee and its members, including a review of the Committee's compliance with this Charter.

16. The Committee shall at least annually review and reassess this Charter and submit any recommended changes to the Board for its consideration.

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**WILSON BANK HOLDING COMPANY
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

This proxy is solicited upon behalf of the Board of Directors for the Annual Meeting to be held on April 8, 2008.

The undersigned hereby appoints Harold R. Patton and Mackey Bentley, or either of them, with full power of substitution, as proxies, and hereby authorizes them to vote, as designated, all shares of common stock of Wilson Bank Holding Company, held by the undersigned on February 15, 2008 at the Annual Meeting of Shareholders to be held Tuesday, April 8, 2008, at 7:00 p.m. (CDT), at the main office of Wilson Bank and Trust located at 623 West Main Street, Lebanon, Tennessee 37087, and any adjournment(s) thereof.

1. ELECTION OF DIRECTORS

o **FOR** all nominees listed below (except as marked to the contrary below)

Jack W. Bell

Harold R. Patton

Mackey Bentley

H. Elmer Richerson

o Withhold authority to vote for all nominees;

o **Withhold authority to vote for the following nominee(s), write that nominee's name on the line below:**

In their discretion, the proxies are authorized to vote upon such business as may properly come before this meeting.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSAL 1.

Signature

Date

Signature (if held jointly)

Date

Please sign exactly as your name appears on your share certificates. Each joint owner must sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name as authorized. If a partnership, please sign in partnership name by an authorized person.

**BE SURE TO MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY
IN THE ADDRESSED POSTAGE PAID ENVELOPE PROVIDED**