

FIRST FARMERS & MERCHANTS CORP
Form DEF 14A
March 05, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant T

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))

T Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

FIRST FARMERS AND MERCHANTS CORPORATION

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(Name of Registrant as Specified In Its Charter)

N/A

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

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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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 - (3) Filing Party: _____
 - (4) Date Filed: _____
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FIRST FARMERS AND MERCHANTS CORPORATION

816 South Garden Street, P.O. Box 1148, Columbia, Tennessee 38402-1148

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on the 15th day of April, 2014

To the Shareholders of First Farmers and Merchants Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of First Farmers and Merchants Corporation (the Corporation) will be held on **the 2nd Floor, in the First Farmers and Merchants Bank Northside Office, 901 Nashville Highway, Columbia, Tennessee, 38401 on April 15, 2014 at 11:00 a.m., Central Time**, for the following purposes:

1. Election of Directors: Election of the following 11 nominees as directors of the Corporation:

M. Darlene Baxter	Timothy E. Pettus	W. Lacy Upchurch
Jonathan M. Edwards	Patrick J. Riley	Kimberly D. Vella
Thomas Napier Gordon	Matthew M. Scoggins, Jr.	Dr. David S. Williams
Dalton M. Mounger	T. Randy Stevens	

2. To conduct an advisory vote on the compensation of the named executive officers.

A list of all shareholders entitled to vote is available for inspection by a shareholder during regular business hours for ten days prior to the Annual Meeting at our principal offices at 816 South Garden Street, Columbia, Tennessee 38401. This list will be available at the meeting.

This Proxy Statement and the Corporation's 2013 Annual Report to Shareholders are available at www.cfpproxy.com/6925.

Your vote is very important. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy by the Internet, telephone or mail in order to ensure the presence of a quorum. If you attend the meeting, you will have the right to revoke the proxy and vote your shares in person.

Shareholders of record may vote:

1. **By Internet: go to <https://www.rtcoproxy.com/ffmh>; or**
2. **By phone: call 1-855-815-7954 (toll-free); or**
3. **By mail: complete and return the enclosed proxy card in the postage prepaid envelope provided.**

3. Shareholders of record at the close of business on February 24, 2014 are entitled to notice of and to vote at the meeting.

By order of the Board of Directors,

/s/ Michelle D. Gardner

Michelle D. Gardner
Secretary

March 4, 2014

FIRST FARMERS AND MERCHANTS CORPORATION

816 South Garden Street, P. O. Box 1148

Columbia, Tennessee 38402-1148

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

To Be Held on the 15th day of April, 2014

The accompanying proxy is solicited by and on behalf of the Board of Directors of First Farmers and Merchants Corporation (the Corporation) for use at the Thirty-first Annual Meeting of Shareholders to be held on April 15, 2014 at 11:00 a.m., Central Time, and any adjournment thereof (the Annual Meeting). The time and place of the Annual Meeting are set forth in the accompanying Notice of Annual Meeting of Shareholders. All expenses of preparing, printing and mailing the proxy, notices of internet availability and all materials used in the solicitation thereof will be borne by the Corporation. In addition to the use of the mail, proxies may be solicited in person or by telephone by directors, officers and other personnel of the Corporation or its subsidiary, First Farmers and Merchants Bank (the Bank), none of whom will receive additional compensation for such services. The Corporation will also request custodians and nominees to forward soliciting materials to the beneficial owners of common stock of the Corporation, \$10.00 par value per share (Common Stock), held of record by them and will pay reasonable expenses of such persons for forwarding such material.

As a holder of Common Stock, this Proxy Statement and the Annual Report to Shareholders for the Year Ended December 31, 2013 (the Annual Report to Shareholders) are available to you on the Internet or, upon your request, will be delivered to you by mail or email in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the 2014 Annual Meeting of Stockholders to be held at the time and place as set forth in the Notice of Annual Meeting of Shareholders and at any adjournments or postponements thereof. Distribution of the Notice of Internet Availability of Proxy Materials is scheduled to begin on or about March 6, 2014.

PURPOSES OF THE MEETING

The Annual Meeting will be held for the purposes of (i) electing directors, (ii) conducting an advisory vote on the compensation of the named executive officers, and (iii) transacting whatever other business may properly be brought before the meeting or any adjournment thereof.

QUORUM AND VOTING

At the close of business on February 24, 2014, the Corporation had 5,021,012 shares of Common Stock issued and outstanding. Only holders of record of Common Stock at the close of business on February 24, 2014 are entitled to notice of and to vote on matters that properly come before the Annual Meeting or any adjournment thereof. A shareholder is entitled to one vote in person or by proxy at the Annual Meeting for each share of Common Stock held of record in his or her name.

The presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting or any adjournment thereof. Abstentions and broker non-votes are included for purposes of determining if a quorum exists. Abstentions will not constitute a vote for or against any of the matters presented for shareholder approval at the annual meeting and will be disregarded in the calculation of a plurality or of votes cast for each of the matters presented. Broker non-votes occur when a broker or nominee returns a proxy but does not have discretionary authority to vote on a particular proposal because the proposal does not concern a routine matter and the broker has not received voting instructions from the beneficial holder. For purposes of determining the outcome of any matter as to which a broker or nominee has physically indicated on the proxy that it does not have discretionary authority to vote, those shares will be treated as not entitled to vote with respect to that matter.

If a quorum is not present at the time of the Annual Meeting, the Chairman of the meeting or a majority of shares entitled to vote, represented in person or by proxy, have the power to adjourn the Annual Meeting until a quorum shall be present or represented by proxy.

If the enclosed proxy is properly executed, returned and not revoked, it will be voted in accordance with the instructions, if any, given by the shareholder. Unless shares are held by a broker, if a proxy is executed and returned but no specification is made, the proxy will be voted **FOR** the election of all nominees as directors of the Corporation and **FOR** the advisory vote on the compensation of the named executive officers. If any other business is properly presented at the meeting, the proxy holders will vote your proxy in accordance with their discretion.

Any shareholder has the power to revoke his or her proxy at any time, prior to the vote being taken at the Annual Meeting, by written notice or subsequently dated proxy received by the Corporation, or by revocation by the shareholder in person at the Annual Meeting or any adjournment thereof. If you wish to attend the Annual Meeting and need directions to the First Farmers and Merchants Northside Branch, Columbia, Tennessee, please contact Michelle Gardner, the Secretary of the Corporation, at (931) 388-3145.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 15, 2014

The Notice of Annual Meeting of Shareholders, Proxy Statement and the Corporation's 2013 Annual Report are available at www.cfpproxy.com/6925.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors has nominated the 11 individuals below for election as directors to serve until the annual meeting of shareholders in 2015 or until their successors are qualified and elected. Article III, Section 2 of the Corporation's Amended and Restated By-laws (the Bylaws) provide that there shall be no fewer than five directors. The Board of Directors believes it is in the best interest of the Corporation that there be 11 directors of the Corporation at this time. Proxies cannot be voted for a greater number of persons than the nominees named.

Directors are elected by a plurality of the votes cast by the shares of Common Stock entitled to vote at the Annual Meeting, if a quorum is present. Neither abstentions nor broker non-votes will have the effect of voting for or in opposition to a director. The Corporation's charter does not provide for cumulative voting and, accordingly, shareholders do not have cumulative voting rights with respect to the election of directors. Consequently, each shareholder of record may only cast one vote per share of Common Stock for each nominee.

Unless a proxy specifies otherwise or there is a broker non-vote, the persons named in the proxy will vote the shares covered thereby **FOR** the nominees listed below. Should any nominee become unavailable for election, shares covered by a proxy will be voted for a substitute nominee selected by the current Board of Directors.

All of the 11 nominees are currently serving as directors and have served as a director since the 2013 annual meeting of shareholders. Directors are chosen based on their business skills, knowledge, experience, leadership skills and understanding of the Bank's business.

Incumbent Directors Standing for Re-election

The following information sets forth the name, age, length of service and a summary of specific experiences, qualifications, attributes or skills for each of the nominees for re-election as directors who are incumbent members of the Board of Directors. No director holds a directorship with any other public company or registered investment company.

M. Darlene Baxter, age 67, has been a director of both the Corporation and the Bank since 2007. Ms. Baxter is a native of Maury County, Tennessee and a retired Vice President of Maury Regional Medical Center. She served more than 25 years in the Maury Regional Health Care system. She was Executive Director of the Maury Regional Healthcare Foundation. She was instrumental in Maury Regional Medical Center being the first employer in the county to provide childcare services and worked on the development of the hospital into a healthcare system. She was involved in the operations of the Lewis Ambulatory Care Center, Wayne Medical Center and Marshall Medical Center. She represented Maury Regional Medical Center during General Motors' transition to Spring Hill, at which time the hospital developed an agreement to provide on-site healthcare services to GM employees. Ms. Baxter is a member of the Kiwanis Club, Martin Methodist College Alumni Association Board, and Boys and Girls Club of Columbia Board. In 2006, she served on the Bank's Maury County Advisory Board of Directors. Ms. Baxter was

nominated to be a member of the Board of Directors because of her leadership skills and years of business experience as an executive officer of a regional hospital.

Jonathan M. Edwards, age 53, has served as a director of the Corporation and the Bank since 2010. Mr. Edwards has served as president and chief executive officer of the Edwards Group of Companies, including Edwards Oil Company of Lawrenceburg, Inc., Edwards Oil Company, Inc., South Tennessee Oil Company, Inc., Edwards Land Company L.P. and Edwards Real Estate, LLC since 1988. He is a Tennessee native and holds a bachelor's degree from the University of North Alabama. Mr. Edwards' other affiliations include the following: immediate past president and three-term board member of the Tennessee Fuel and Convenience Association; Chairman of the Lawrence County Joint Economic and Community Development Board (2013 to present); Chairman of the Tennessee State Petroleum Underground Storage Tank Board (2011-2012); Chairman of the Lawrence County Chamber of Commerce (2006-2007); Columbia State Community College Foundation Board (2004-2007); First Farmers and Merchants Bank Advisory Board (2002 to 2010); Lawrence County Joint Economic and Community Development Board (1999 to present); Tennessee State Petroleum Underground Storage Tank Board (1996-2004); LifePoint Crockett Hospital Board (1999-2004); Texaco Orlando Regional Wholesale Council (1997-1999); Director of Alabama Oilmen's Association/Alabama Association of Convenience Stores (1996-1999); Bank of America Advisory Board (1993-2002); and Tennessee Grocers Association Director (1990-1993). Mr. Edwards was nominated to be a member of the Board of Directors because of his business management and leadership skills.

Thomas Napier Gordon, age 62, has served as a director of both the Corporation and the Bank since 1986. Mr. Gordon is actively involved in real estate investments. His civic and community endeavors have included Business and Industry Chairman of the March of Dimes Annual Drive, Director of King's Daughters School, Director of Zion Christian Academy and deacon at Zion Presbyterian Church. Mr. Gordon received his Doctorate of Jurisprudence from Vanderbilt University in 1976 and has practiced law in Columbia, Tennessee since that time. Mr. Gordon was nominated to be a member of the Board of Directors because of his experience as an attorney and businessman and his extensive experience as a director of the Corporation.

Dalton M. Mounger, age 63, has served as a director of the Corporation and the Bank since 2010. Mr. Mounger is an attorney in private practice in Columbia, Tennessee and is a certified public accountant. He holds bachelor's and juris doctor degrees from the University of Mississippi. Mr. Mounger has served on the boards of the Maury Alliance, Maury County YMCA, Columbia State Community College Foundation, Columbia Main Street, Maury County Public Education Foundation, First Farmers and Merchants Bank Advisory Board, Columbia Central High School Academic Boosters and Kiwanis Club of Columbia. Mr. Mounger was nominated to be a member of the Board of Directors because of his legal, accounting, and business management skills.

Timothy E. Pettus, age 62, is President and a director of the Corporation and the Bank. Mr. Pettus has been an officer of the Bank since July 2002. He served as the Vice Chairman of the Bank from April 2005 until his appointment as President of the Corporation and the Bank in January 2007. Mr. Pettus served as Regional President, Southern Region of the Bank, from July 2002 until becoming Vice Chairman of the Bank. From 1998 until July 2002, he was a senior banking executive with Bank of America in Lawrence County, Tennessee. He was first elected as a director of the Corporation and the Bank in January 2008. Mr. Pettus was nominated to be a member of the Board of Directors because of his 40 years of experience in banking and his leadership skills and knowledge from serving as President of the Bank.

Patrick J. Riley, age 66, has served as a director of both the Corporation and the Bank since 2011. Mr. Riley has served as President and Chief Executive Officer of RCR Building Corporation since 1985. He is a licensed general contractor in 18 states. Mr. Riley served in the U.S. Navy at the Naval Test Pilot School. He was employed with Frank Orr Architects as a contract administrator and draftsman from 1972 to 1973; with Bob Haley, Inc., general contractor, as Vice President from 1973 to 1976; and with Gregg Construction Company, Inc. as Vice President from 1976 to 1985. He attended Memphis State University where he studied construction technology, the University of Tennessee where he studied real estate and Owen School of Management at Vanderbilt University where he studied various courses. Mr. Riley has served on the Board of Directors and as Chairman of Business Development for Associated Builders and Contractors, on the Board of Associated General Contractors, on the Advisory Boards of director for Kraft Bros., Eastman, Patton & Harrell CPAs and First Farmers and Merchants Bank for Williamson County, on the Board of Trustees of Father Ryan High School, as past President of the local chapter of American Society of Professional Estimators, and a member of the Rutherford County Code Official Association, Construction Financial Management Association, Construction Management Association of America, Nashville Area Chamber of Commerce, the Easter Seal Society and the CEO Roundtable. Mr. Riley was nominated as a member of the Board of Directors based on his expertise and proven success in organizational management and developing innovative programs and strategies.

Matthew M. Scoggins, Jr., age 64, has served as a director of both the Corporation and the Bank since 2008. Mr. Scoggins has served as the Chief Executive Officer of Tennessee Farmers Insurance Companies ("TFIC") since January 2004. He joined TFIC in 1978, and has served in numerous positions including agent, agency manager, regional manager, lobbyist, and chief operating officer for TFIC's property & casualty division. Mr. Scoggins is a Tennessee native who holds a bachelor's degree from the University of Tennessee and an M.B.A. from Belmont University. Mr. Scoggins was nominated to be a member of the Board of Directors because of his leadership skills and his executive experience in the insurance industry.

T. Randy Stevens, age 62, is Chairman of the Board of Directors, Chief Executive Officer and a director of the Corporation and the Bank. He has been employed by the Bank since 1973 and was promoted to Commercial Bank Officer in 1974. He was appointed Assistant Vice President in 1976 and promoted to Vice President in 1979. Mr. Stevens was appointed Vice President and Trust Officer of the Bank in 1982 and promoted to First Vice President in 1984. He was promoted to Executive Vice President and Chief Administrative Officer of the Bank in 1990. Mr. Stevens was elected as a director of the Bank and the Corporation in 1991 and appointed Vice President of the Corporation in 1991. He was appointed President and Chief Operating Officer of the Bank, effective December 31, 1995, and President and Chief Operating Officer of the Corporation in April 1996. He was appointed Chief Executive Officer of the Bank and the Corporation in June 2002. He has been Chairman of the Board of Directors of the Corporation and the Bank since April 2005. Mr. Stevens was nominated to be a member of the Board of Directors because of his 40 years of experience in banking, his position as CEO of the Corporation and the Bank and his leadership experience as a long-time director of the Bank, the Corporation and other organizations.

W. Lacy Upchurch, age 67, has served as a director of both the Corporation and the Bank since 2007. Mr. Upchurch is the seventh president of the Tennessee Farm Bureau Federation, the nation's largest state Farm Bureau, and a full-time farmer. Mr. Upchurch has served as Chairman of the Tennessee Pork Producers and on the Board of the Tennessee Cattlemen's Association, the Governor's Economic Development Board, various committees for the University of Tennessee and numerous Farm Bureau committees at the state and national level. In 2006, he served on the Bank's Maury County Advisory Board. A Fentress County native, Mr. Upchurch received his undergraduate and master's degrees from the University of Tennessee. Mr. Upchurch was nominated to be a member of the Board of Directors because of his leadership and business skills and his knowledge of the agriculture and insurance industry.

Kimberly D. Vella, age 47, has served as a director of both the Corporation and the Bank since 2012. Ms. Vella joined Tractor Supply Company in January 1997 as Director, Human Resources and was promoted to Vice President, Human Resources in May 2001. She was named Senior Vice President, Human Resources in May 2007 and is a member of Tractor Supply Company's Executive Committee. In her current role, Ms. Vella leads the strategic human resources efforts to attract, develop, engage, reward, and align talent in support of Tractor Supply Company's pursuit of talent generation and operating success. Prior to joining Tractor Supply Company, Ms. Vella held various human resources positions in retail, manufacturing and wholesale industries at Ferguson Enterprises, Genesco and the RTM Restaurant Group. Ms. Vella holds her bachelor's degree in Human Relations from Trevecca University. She previously served as a Board Member of the YWCA and the United Way of Williamson County and was honored as a recipient of the 2009 Nashville Business Journal *Women of Influence* and was inducted into the 2013 CABLE Board Walk of Fame. Ms. Vella was nominated to be a member of the Board of Directors because of her leadership skills and years of experience in Human Resources.

Dr. David S. Williams, age 67, has served as a director of both the Corporation and the Bank since 2001. Dr. Williams has been in private orthodontic dental practice in Columbia since 1976. He is a past president of the St. Louis University Orthodontic Alumni Association, past president of the Southern Association of Orthodontists, second board member from Tennessee for the Southern Association of Orthodontists. He is president of the Charles H. Tweed International Foundation for Education and Research. Dr. Williams is a native of St. Louis, Missouri, and received his Doctor of Dental Surgery degree from the University of Tennessee College of Dentistry and Masters of Science degree from St. Louis University Graduate Orthodontic Department. He is a board member of the American Association of Orthodontists Service, Inc. and a member of the AAO Investment Committee. Dr. Williams was nominated to be a member of the Board of Directors because of his business and finance skills developed from owning a dental practice.

Required Vote

If a quorum is present, the election of directors requires a plurality of the votes cast in person or by proxy by the shares of Common Stock entitled to vote at the meeting.

The Board of Directors recommends that the shareholders vote "FOR" each of the nominees.

PROPOSAL 2: NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables the Corporation's shareholders to vote to approve, on an advisory basis, the compensation of the Named Executive Officers as described in this Proxy Statement. Because your vote is advisory, it will not be binding on the Board of Directors or the Compensation Committee, override any decision made by the Board of Directors or the Compensation Committee, or create any additional fiduciary duty of the Board of Directors or the Compensation Committee. The Compensation Committee will, however, review the voting results and may take them into consideration when making future decisions regarding executive compensation.

At the 2011 annual meeting of shareholders, the shareholders resolved that the non-binding advisory vote on executive compensation be taken every three years.

During 2013, the Bank's experienced executive team has led the Bank in developing strength in its core income streams and implementing strict cost controls, placing the Bank in a position to continue the Corporation's history of long-term growth and increased shareholder value.

The Bank's executive compensation program has played a significant role in its ability to attract, motivate and retain a highly experienced team of executives. The Compensation Committee believes that this program is structured in the best manner possible to support the Bank and its business objectives, as well as to support the culture and the traditions that have allowed the Bank to meet the needs of its shareholders, customers and employees and to support the markets in which the Bank operates.

As described in detail below in the section entitled "COMPENSATION DISCUSSION AND ANALYSIS," the Bank's executive compensation program is designed to attract, retain and motivate the executive officers, who are critical to the Bank's success. Under this program, certain of the Named Executive Officers are rewarded for the achievement of specific corporate and individual performance goals established each year by the Compensation Committee. The Compensation Committee reviews the executive compensation program to ensure it promotes efficient and effective individual job performance, provides accountability for specific job responsibilities and is directly aligned with the Bank's strategic plan.

The Corporation is asking its shareholders to indicate their support for the compensation of the Named Executive Officers disclosed in this Proxy Statement. This proposal, commonly known as a say-on-pay proposal, gives the Corporation's shareholders the opportunity to express their views on the Named Executive Officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. Accordingly, the Corporation will ask its shareholders to vote **FOR** the following resolution at the Annual Meeting:

RESOLVED, that the shareholders of First Farmers and Merchants Corporation (the Corporation) hereby approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Corporation's Proxy Statement for the 2014 annual meeting of shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the sections therein entitled **COMPENSATION DISCUSSION AND ANALYSIS** and **EXECUTIVE COMPENSATION**.

Required Vote

If a quorum is present, the resolution to approve, on an advisory basis, the compensation of the Named Executive Officers will be approved if the votes cast (in person or by proxy by the shares of Common Stock entitled to vote at the meeting) for the resolution exceed the votes cast (in person or by proxy by the shares of Common Stock entitled to vote at the meeting) against the resolution.

The Board of Directors recommends a vote **FOR the resolution to approve, on an advisory basis, the compensation of the Named Executive Officers.**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth certain information, as of January 1, 2014, with respect to the beneficial ownership of the Corporation's Common Stock by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of the Corporation's Common Stock, (ii) each director and nominee, (iii) each of the Named Executive Officers and (iv) all of the Corporation's directors and executive officers as a group:

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (1)	Percent of Class
FAMCO ⁽²⁾	498,405	9.926%
Thomas Napier Gordon ⁽³⁾	136,648	2.722%
T. Randy Stevens ⁽⁴⁾	75,000	1.494%
Patrick J. Riley ⁽⁵⁾	40,029	*
John P. Tomlinson, III ⁽⁶⁾	15,966	*
Timothy E. Pettus ⁽⁷⁾	14,768	*
N. Houston Parks ⁽⁸⁾	14,144	*
Matthew M. Scoggins ⁽⁹⁾	7,574	*
David S. Williams ⁽¹⁰⁾	7,000	*
Brian K. Williams ⁽¹¹⁾	3,363	*
Jonathan M. Edwards ⁽¹²⁾	3,200	*
M. Darlene Baxter	2,500	*
Dalton M. Mounger ⁽¹³⁾	1,939	*
Kimberly D. Vella ⁽¹⁴⁾	1,000	*
Barry B. White ⁽¹⁵⁾	630	*
Patricia P. Bearden ⁽¹⁶⁾	434	*
W. Lacy Upchurch	400	*
Michelle D. Gardner ⁽¹⁷⁾	72	*
Directors and Executive Officers as a Group (17 persons)	324,667	6.466%

* Less than 1%

- (1) The address of each beneficial owner listed is c/o First Farmers and Merchants Corporation, 816 South Garden Street, P.O. Box 1148, Columbia, Tennessee 38402-1148. Unless otherwise indicated, all shares are owned of record.
- (2) These shares of Common Stock are held in a fiduciary capacity by a Tennessee general partnership (FAMCO) established solely for the purpose of holding legal title to securities and other property transferred to it by the Bank as trustee, agent or otherwise. Except for those shares held in the Bank's Profit Sharing Plan, the beneficial holders have the right to vote 100% of these shares. The shares voted by the Bank's Profit Sharing Benefit Committee on behalf of the beneficial holders under the Profit Sharing Plan will be voted in a manner consistent with the best interests of the beneficiaries as determined by the committee in its fiduciary capacity. FAMCO'S address is 816 South Garden Street, Columbia, Tennessee 38401.
- (3) Includes 18,120 shares held by Thomas Napier Gordon, Jr., Mr. Gordon's son, 18,120 shares held by Edward Bradshaw Gordon, Mr. Gordon's son, and 800 shares held by Teri Hasenour Gordon, Mr. Gordon's wife.

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- (4) Includes 2,000 shares held by Leesa M. Stevens, Mr. Stevens' wife, 36,000 shares held by Leesa M. Stevens Family Partnership, L.P., a limited partnership of which Mr. Stevens is a limited partner, and 35,800 shares held by Thomas Randall Stevens Family Partnership, L.P., a limited partnership of which Mr. Stevens is a limited partner.
- (5) Includes 5,000 shares held in a brokerage account by Mr. Riley.
- (6) Includes 100 shares held by Teresa J. Beck, Mr. Tomlinson's wife, and 2,000 shares held by FAMCO IRA John P. Tomlinson.
- (7) Includes 3,322 shares held by Ellen Pettus, Mr. Pettus' mother, which will be transferred on death (TOD) to Timothy E. Pettus and Judy Pettus Brown, 200 shares held jointly with Pettus-McClain Trucking Company, Inc., and 5,578 shares held by FAMCO IRA Timothy E. Pettus.
- (8) Shares held as equal tenants in common with spouse, Suzanne C. Parks.
- (9) Includes 1,274 shares held by FAMCO IRA Matthew M. Scoggins, Jr. and 869 shares held by FAMCO IRA Mary P. Scoggins, in custody of Mr. Scoggins wife.
- (10) Includes 2,200 shares held by David S. Williams in a brokerage account.
- (11) Includes 22 shares held in custody with son, Nathan Williams.
- (12) Includes 1,600 shares held by Cynthia Leigh Edwards, Mr. Edwards' wife.
- (13) Includes 1,000 shares held by Dalton M. Mounger Retirement Plan.
- (14) Includes 1,000 shares held by Kimberly D. Vella in a brokerage account.
- (15) Shares held as equal tenants in common with spouse, Cherry White.
- (16) Includes 124 shares held by FAMCO Roth IRA Patricia P. Bearden.
- (17) Includes 36 shares held by Isabella Brooke Gardner, Ms. Gardner's daughter and 36 shares held by Abigail Grace Gardner, Ms. Gardner's daughter.

EXECUTIVE OFFICERS

The biographical information of the executive officers of the Corporation and the Bank, as of March 1, 2014, is presented below. None of these executive officers has a family relationship with any officer or employee of the Corporation or the Bank. The biographies of Messrs. Pettus and Stevens are provided in the section above entitled PROPOSAL 1: ELECTION OF DIRECTORS.

Barry B. White, age 64, is General Counsel for the Bank. He has been employed by the Bank since 2003 and began as Marshall County President. He was appointed Senior Trust Officer in 2009. He was promoted to Corporate Legal Counsel in 2011 and was named General Counsel in 2013.

Brian K. Williams, age 43, is Executive Vice President of the Bank. He has been employed by the Bank since 1993 and was promoted to Assistant Trust Officer in 1994. He received several promotions during his nine years in Trust and was promoted to Vice President/Assistant Credit Officer in 2002 and Chief Credit Officer in 2004. Mr. Williams assumed the role of Senior Executive of Commercial Banking in 2008. In 2013, he was promoted to Executive Vice President/Director of Corporate Planning.

Patricia P. Bearden, age 51, is Treasurer of the Corporation and Chief Financial Officer of the Bank. She has been employed by the Bank since 1998 and was promoted to Trust Officer in 2000. She was promoted to Vice President and Trust Officer in 2003. Ms. Bearden was appointed Chief Financial Officer of the Bank in 2005 and was appointed Assistant Treasurer of the Corporation in April 2005. In 2010, Ms. Bearden was appointed Treasurer of the Corporation.

Michelle D. Gardner, age 40, is Secretary of the Corporation, Executive Assistant, and Secretary to the Board of Directors. She has been employed by the Bank since 1997 and was promoted to Mortgage Loan Processor in 1998. She was appointed to Executive Assistant in 2002 and Director of Management Information Systems in 2006. Ms. Gardner was promoted to Director of Loan Servicing in 2007 and Assistant Vice President in 2008. She was appointed to Assistant Vice President-Platform Administration in 2010 and appointed Secretary of the Corporation, Executive Assistant, and Secretary to the Board of Directors of the Corporation and the Bank in 2012.

John P. Tomlinson, III, age 63, is Chief Administrative Office and Chief Risk Officer of the Bank. He has been employed by the Bank since 1973 and was promoted to Commercial Bank Officer in 1974 and received many promotions throughout his 40 year tenure with the Bank. He served as President of the Corporation and the Bank from April 2005 to January 2007. Mr. Tomlinson served as a director of the Corporation and the Bank from 2000 to 2008. In January 2007, he was named Chief Administrative Officer of the Bank. In 2013, he was named Chief Risk Officer of the Bank.

N. Houston Parks, age 64, is Senior Trust Officer of the Bank. He served as General Counsel of the Bank from 2009 to 2013. He has been employed by the Bank since July 1997 and began as Senior Vice President and Senior Trust Officer. He was appointed Executive Vice President and Senior Trust Officer in 2002. In 2005, he was named Vice Chairman and Chief Operating Officer of the Bank. In 2013, he was appointed Senior Trust Officer.

CORPORATE GOVERNANCE

Director Qualifications

The Board of Directors has not established formal qualification guidelines for its members