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AMERICAN NATIONAL BANKSHARES INC

Form 8-K

March 17, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 17, 2005

AMERICAN NATIONAL BANKSHARES INC.

(Exact name of registrant as specified in its charter)

Virginia 0-12820 54-1284688
(State or other jurisdiction (Commission (I.R.S. Employer
of incorporation) File Number) Identification No.)

628 Main Street, Danville, VA 24541
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 434-792-5111

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
Soliciting material pursuant to Rule 14a-12 under the Exchange Act
Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange
Act
Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange
Act

Item 1.01 Entry into a Material Definitive Agreement

On March 15, 2005, the Board of Directors of American National Bank and Trust
Company (the "Bank"), a wholly-owned subsidiary of American National Bankshares
Inc. (the "Corporation"), upon recommendation from the Corporation's Human
Resources and Compensation Committee, approved the 2005 Incentive Compensation
Program. Substantially all officers, including all executive officers, of the
Bank are eligible to participate in the Program.

Under the Program, each participating employee will be eligible for an incentive
payment equal to 3% of his or her 2005 base compensation if the Corporation
achieves a certain amount of basic earnings per share in 2005. With each
increase of 1% (or portion thereof) in earnings per share above the minimum
threshold, each participating employee will be eligible for an additional
incentive payment of 1% (or pro rata portion thereof) of his or her 2005 base

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compensation. The calculated incentive amount must then be earned as a percentage of the performance goals met by the employee in 2005. If the employee exceeds the performance goals, an additional incentive payment may be made, not to exceed 25% of the calculated incentive amount.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 17, 2005

/s/Neal A. Petrovich

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Senior Vice President and  
Chief Financial Officer