

GUARANTY BANCSHARES INC /TX/
Form DEF 14A
March 18, 2005

GUARANTY BANCSHARES, INC.

**100 West Arkansas
Mount Pleasant, Texas 75455**

**NOTICE OF 2005 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, APRIL 19, 2005**

Shareholders of Guaranty Bancshares, Inc.:

The 2005 Annual Meeting of Shareholders (the Meeting) of Guaranty Bancshares, Inc. (the Company) will be held at 100 West Arkansas, Mount Pleasant, Texas, on Tuesday, April 19, 2005, beginning at 2:00 p.m. (local time), for the following purposes:

1. To elect one director of Class I to serve on the Board of Directors of the Company until the Company's 2007 Annual Meeting of Shareholders and to elect four directors of Class II to serve on the Board of Directors of the Company until the Company's 2008 Annual Meeting of Shareholders and each until their successors are duly elected and qualified;
2. To consider and act upon a proposal to ratify the appointment of McGladrey & Pullen, LLP as the independent auditors of the books and accounts of the Company for the year ending December 31, 2005; and
3. To transact such other business as may properly be presented at the Meeting or any adjournment thereof.

The close of business on February 18, 2005 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting or at any adjournments thereof. A list of shareholders entitled to vote at the Meeting will be available for inspection by any shareholder at the offices of the Company during ordinary business hours for a period of at least ten days prior to the Meeting.

You are cordially invited and urged to attend the Meeting. Regardless of whether you plan to attend the Meeting, you are urged to sign and date the enclosed proxy and return it promptly in the enclosed envelope. If you attend the Meeting, you may vote in person, regardless of whether you have given your proxy. Your proxy may be revoked at any time before it is voted.

By order of the Board of Directors,

Arthur B. Scharlach, Jr.
Chairman of the Board & CEO

Mount Pleasant, Texas
March 14, 2005

YOUR VOTE IS IMPORTANT.

To ensure your representation at the Meeting, you are urged to complete, date, and sign the enclosed proxy and return it in the accompanying envelope at your earliest convenience, regardless of whether you plan to attend the Meeting. No additional postage is necessary if the proxy is mailed in the United States. The proxy is revocable at any time before it is voted at the Meeting.

**GUARANTY BANCSHARES, INC.
100 West Arkansas
Mount Pleasant, Texas 75455**

March 14, 2005

**PROXY STATEMENT
FOR
2005 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, APRIL 19, 2005**

VOTING, REVOCABILITY AND SOLICITATION OF PROXIES

This Proxy Statement is being issued in connection with the solicitation of proxies by the Board of Directors of Guaranty Bancshares, Inc. (the Company) for use at the 2005 Annual Meeting of Shareholders of the Company to be held at 100 West Arkansas, Mount Pleasant, Texas, on Tuesday, April 19, 2005, beginning at 2:00 p.m. (local time), and any adjournment thereof (the Meeting), for the purposes set forth in this Proxy Statement and the accompanying Notice of 2005 Annual Meeting of Shareholders (Notice of Meeting). This Proxy Statement, the Notice of Meeting and the enclosed form of proxy will first be sent to shareholders on or about March 14, 2005.

Voting of Proxies

Shares represented at the Meeting by an executed and unrevoked proxy in the form enclosed will be voted in accordance with the instructions contained therein. If no instructions are given on an executed and returned form of proxy, the proxies intend to vote the shares represented thereby in favor of each of the proposals to be presented to and voted upon by the shareholders as set forth herein.

The Board of Directors knows of no other matters to be presented at the Meeting. If any other matter should be presented at the Meeting upon which a vote may be properly taken, shares represented by an executed and unrevoked proxy received by the Board of Directors may be voted with respect thereto in accordance with the judgment of the proxies. The proxy also confers on the proxies the discretionary authority to vote with respect to any matter presented at the Meeting for which advance notice was not received by the Company in accordance with the Company's Amended and Restated Bylaws.

Revocability of Proxies

Any proxy given by a shareholder may be revoked by such shareholder at any time before it is exercised by submitting to the Secretary of the Company a duly executed proxy bearing a later date, delivering to the Secretary of the Company a written notice of revocation, or attending the Meeting and voting in person. In the event a shareholder's shares are held in street name, such shareholder must contact his bank or broker to revoke his proxy.

Solicitation

The cost of this solicitation of proxies is being borne by the Company. Solicitations will be made only by the use of the mail, except that, if deemed desirable, officers and employees of the Company may solicit proxies by telephone, telegraph or personal calls, without being paid additional compensation for such services. Brokerage houses, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting material to the beneficial owners of the common stock, par value \$1.00 per share, of the Company (the Common Stock) held of record by such persons, and the Company will reimburse them for their reasonable expenses incurred in connection with such forwarding.

Annual Report

The Company's Annual Report to Shareholders, including financial statements, for the year ended December 31, 2004, as filed with the Securities and Exchange Commission, accompanies but does not constitute part of this Proxy Statement.

VOTING SHARES AND VOTING RIGHTS

Only holders of record of Common Stock at the close of business on February 18, 2005 (the Record Date), are entitled to notice of and to vote at the Meeting and any adjournments or postponements thereof. At that time, there were outstanding 2,912,677 shares of Common Stock, which is the only outstanding class of voting securities of the Company. A majority of the outstanding shares of Common Stock must be represented at the Meeting in person or by proxy in order to constitute a quorum for the transaction of business. Abstentions and shares held of record by a broker or nominee that are voted on in any matter are included in determining whether a quorum exists. Each holder of Common Stock shall have one vote for each share of Common Stock registered on the Record Date, in such holder's name on the books of the Company.

The affirmative vote of the holders of a plurality of the outstanding shares of Common Stock represented at the Meeting is required to elect the Class I and Class II nominees to the Board of Directors. Accordingly, the one Class I and the four Class II nominees receiving the highest number of votes cast by the holders of Common Stock will be elected. There will be no cumulative voting in the election of directors. A broker non-vote or a withholding of authority to vote, with respect to one or more nominees for director will not have the effect of a vote against such nominee or nominees.

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock represented at the Meeting is required to approve the appointment of the auditors. An abstention will have the effect of a vote against the appointment. However, a broker non-vote will be deemed shares not present to vote on such matter and will not count as votes for or against the proposal and will not be included in calculating the number of votes necessary for approval of such matter.

A broker non-vote occurs if a broker or other nominee of shares does not have discretionary authority to vote the shares and has not received voting instructions with respect to a particular matter. Under the applicable rules, all of the proposals for consideration at the Meeting are considered discretionary items upon which brokers or other nominees may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions.

ELECTION OF DIRECTORS

Election Procedures and Term of Office

The Board of Directors currently consists of eleven directors. In accordance with the Company's Amended and Restated Bylaws, members of the Board of Directors are divided into three classes, Class I, Class II and Class III. The members of each class are elected for a term of office to expire at the third succeeding annual meeting of shareholders following their election. However, in January 2005, Kirk Lee was appointed a Class I director upon recommendation of the Nominating Committee to fill a vacancy created by the death of a director. The term of office of the current Class II directors expires at the Meeting. The terms of the Class III and Class I directors expire at the annual meeting of shareholders in 2006 and 2007, respectively, except that the board of directors, based on the recommendation of the Company's Nominating Committee, is recommending that Kirk Lee be nominated for election as a Class I director. The Board of Directors, based upon the recommendation of the Company's Nominating Committee, has also nominated Arthur B. Scharlach, Jr., C.A. Hinton, Sr., Gene Watson, and Johnny O. Conroy for re-election as Class II directors at the Meeting. Messrs. Scharlach, Hinton, Watson and Conroy are currently serving as Class II directors. The one Class I and four Class II nominees, if elected at the Meeting, will serve until the annual meeting of shareholders in 2007 and 2008, respectively.

The one Class I and four Class II nominees receiving the affirmative vote of the holders of a plurality of the shares of Common Stock represented at the Meeting will be elected. Unless the authority to vote for the election of directors is withheld as to one or more of the nominees, all shares of Common Stock represented by proxy will be voted **FOR** the election of the five nominees. If the authority to vote for the election of directors is withheld as to one but not all of the nominees, all shares of Common Stock represented by any such proxy will be voted **FOR** the election of the nominee or nominees, as the case may be, as to whom such authority is not withheld.

If a nominee becomes unavailable to serve as a director for any reason before the election, the shares represented by proxy will be voted for such other person, if any, as may be designated by the Board of Directors. The Board of Directors, however, has no reason to believe that any nominee will be unavailable to serve as a director. All of the nominees have consented to being named herein and to serve if elected.

Any director vacancy occurring after the election may be filled only by recommendation of the Nominating Committee and by vote of a majority of the remaining directors, even if less than a quorum of the Board of Directors. A director elected to fill a vacancy will be elected for the unexpired portion of the term of his predecessor in office.

Nominees for Election

The following table sets forth information with respect to each nominee for election as a director of the Company:

Name	Age	Positions with Company and Guaranty Bond Bank (the Bank)
Kirk Lee	43	Class I Director and Sr. Vice President of the Company; Director and Executive Vice President of the Bank
Arthur B. Scharlach, Jr.	65	Class II Director, Chairman of the Board and Chief Executive Officer of the Company; Director, Chairman of the Board and Chief Executive Officer of the Bank
C.A. Hinton, Sr.	81	Class II Director of the Company; Director of the Bank
Gene Watson	68	Class II Director of the Company; Director of the Bank
Johnny O. Conroy	59	Class II Director of the Company; Director of the Bank

Kirk Lee. Mr. Lee joined the Bank in 1992 and served as the President of the Paris location until 2002. In January 2002, he was elected Executive Vice President of the Bank and is now in charge of credit administration. Mr. Lee was also appointed to the Bank's Board of Directors in 2002. In January 2005, Mr. Lee was appointed by the board of directors, upon the recommendation of the Nominating Committee, to serve as a Class I director of the Company.

Arthur B. Scharlach, Jr. Mr. Scharlach is Chairman of the Board and Chief Executive Officer of the Company and Chairman of the Board and Chief Executive Officer of the Bank. He joined the Bank in 1970 as a Vice President and Loan Officer and was elected to the Bank's Board of Directors in 1971. He was elected a Senior Vice President of the Bank in 1974, President in 1979, Chief Operating Officer in 1983 and Chief Executive Officer in 1989. In 2002 he was elected to Chairman and CEO of the Bank. He has served as a director of the Company since its inception and as President since 1992 and in 2002 was elected Chief Executive Officer. In 2004, he was elected Chairman of the Board of the Company.

C.A. Hinton, Sr. Mr. Hinton has served as a director of the Bank since 1960 and as a director of the Company since its inception in 1980. Mr. Hinton has been the Chairman of Hinton Production Company in Mount Pleasant, Texas for more than the past five years. Mr. Hinton serves on the Compensation and Nominating Committees.

Gene Watson. Mr. Watson has served as a director of the Bank since 1999 and a director of the Company since 2002. He had been the Chairman and a director since 1981 of First American Financial Corporation, which was acquired by the Company in September 1999. Mr. Watson retired from Watson Company Realtors in Sulphur Springs, Texas in 1999. Mr. Watson serves on the Audit, Compensation and Nominating Committees.

Johnny O. Conroy. Mr. Conroy was appointed a director of the Company in May 2004 and has served as a director of the Bank since 2003. Mr. Conroy has been the Vice President of Conroy Tractor, Inc. for more than the past five years. Mr. Conroy serves on the Compensation and Nominating Committees.

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

CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's Class I and Class III directors, whose terms of office do not expire at the Meeting, and certain executive officers of the Company and the Bank (other than Mr. Kirk Lee):

Name	Positions	Age
Tyson T. Abston	Class III Director and President of the Company; Director and President of the Bank	39
Martin Bell	Executive Vice President and Director of the Bank	43
Jonice Crane	Class I Director of the Company; Director of the Bank;	78
Carl Johnson, Jr.	Class I Director of the Company; Director of the Bank	49
Weldon Miller	Class III Director of the Company; Director of the Bank	69
Clifton A. Payne	Class I Director, Sr. Vice President and Chief Financial Officer of the Company; Director, Executive Vice President and Chief Financial Officer of the Bank	47
Bill Priefert	Class III Director of the Company; Director of the Bank	56

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Tyson T. Abston. Mr. Abston joined the Bank as Senior Vice President in 1997 after serving five years as Executive Vice President of a Northeast Texas bank. He became President of the Texarkana location in 1997 and then in 1999 transferred to Mount Pleasant and was elected as Executive Vice President of the Bank. Mr. Abston has served as a director of the Bank since 1999 and a director of the Company since 2002. In 2002, Mr. Abston was elected President of the Bank and Senior Vice President of the Company. In 2004, Mr. Abston was elected President of the Company.

Martin Bell. Mr. Bell joined the Bank in 2000 and served as the President of the Sulphur Springs location. In January 2005, he was elected Executive Vice President of the Bank and is administratively in charge of the mortgage division and location presidents. Mr. Bell was also appointed to the Bank's Board of Directors in January 2005.

Jonice Crane. Ms. Crane joined the Bank in 1943 and had 53 years of continuous service until her retirement as an officer of the Bank in 1996. She served as an Executive Vice President of the Bank from 1971 to 1996 and has served as a director of the Bank since 1971 and a director of the Company since its inception in 1980. Ms. Crane serves on the Compensation and Nominating Committees.

Carl Johnson, Jr. Mr. Johnson was appointed a director of the Company in 2003 and has served as a director of the Bank since 1991. Mr. Johnson is a Certified Public Accountant and has been a partner of Baker & Johnson, PC for more than the past five years. Mr. Johnson serves on the Audit Committee.

Weldon Miller. Mr. Miller has served as a director of the Company in 1980 and has served as a director of the Bank since 1969. Mr. Miller has been the President of Everybody's Furniture Company in Mount Pleasant, Texas for more than the past five years. Mr. Miller serves on the Audit, Compensation and Nominating Committees.

Clifton A. Payne. Mr. Payne joined the Bank in 1984 after four years in private practice with a certified public accounting firm. He became a Vice President of the Bank in 1986 and was elected an Executive Vice President in 1996 and Chief Financial Officer in 1998. In 1995, Mr. Payne was elected to the Board of Directors of the Company and the Bank. Mr. Payne is also Senior Vice President and Chief Financial Officer of the Company.

Bill Priefert. Mr. Priefert has served as a director of the Bank since 1983 and a director of the Company since 2002. Mr. Priefert has been President of Priefert Manufacturing, Inc. in Mount Pleasant, Texas for more than the past five years.

Each officer of the Company is elected by the Board of Directors of the Company and holds office until his successor is duly elected and qualified or until his or her earlier death, resignation or removal.

CORPORATE GOVERNANCE

General

The Company periodically reviews its corporate governance policies and procedures to ensure that the Company meets the highest standards of ethical conduct, reports financial and other results with accuracy and transparency and is in full compliance with the laws, rules and regulations that govern the Company's operations.

Meetings of the Board of Directors

The Board of Directors of the Company held 12 meetings during 2004. None of the directors attended less than 75% of the aggregate of the (i) total number of meetings of the Board and (ii) total number of meetings held by committees on which each such director served.

Committees of the Board of Directors

The Board of Directors has three committees, the Audit Committee, the Compensation Committee, and the Nominating Committee, all of which are described below.

Audit Committee

The primary purpose of the Audit Committee is to provide independent and objective oversight with respect to the Company's financial reports and other financial information provided to shareholders and others. The Audit Committee also provides oversight on the Company's internal control over financial reporting and the Company's audit, accounting and financial reporting processes. The Audit Committee reports to the Board of Directors concerning such matters. The Audit Committee reviews the general scope of the audit conducted by the Company's independent auditors and matters relating to the Company's internal control systems. In performing its function, the Audit Committee meets separately with representatives of the Company's independent auditors and with representatives of senior management. During 2004, the Audit Committee held 13 meetings.

The Audit Committee is comprised of Messrs. Miller (Chairman), Watson and Johnson, each of whom the Board has determined to be an independent director of the Company as defined in The Nasdaq Stock Market, Inc. listing standards. The Board of Directors has determined that Mr. Johnson has the requisite attributes of an audit committee financial expert as defined by SEC regulations and that such attributes were acquired through relevant education and experience, and that each member of the Audit Committee is able to read and understand fundamental financial statements and has substantial business experience and a level of experience and knowledge necessary to meet the financial sophistication qualifications under the applicable Nasdaq rules. Accordingly, the Board has determined that the directors who serve on the Audit Committee have sufficient knowledge and experience to fulfill the duties and obligations of the Audit Committee.

Compensation Committee

The Compensation Committee is responsible for making recommendations to the Board of Directors with respect to the compensation of the Company's executive officers and is responsible for the establishment of policies dealing with various compensation and employee benefit matters. The Compensation Committee also administers the Company's stock option plan and makes recommendations to the Board of Directors as to option grants to Company and Bank employees under such plan. During 2004, the Compensation Committee held nine meetings. The Compensation Committee is comprised of Messrs. Miller (Chairman), Conroy, Hinton, Watson and Ms. Crane, each of whom is an independent director as defined by the listing standards of The Nasdaq Stock Market, Inc.

Nominating Committee

A Nominating Committee was formed in November of 2004. The Nominating Committee is responsible for making recommendations to the Board of Directors regarding the membership of the Board, including: (i) recommending to the Board the slate of director nominees for election at the annual meeting of shareholders, or any special meeting of shareholders, if required; (ii) considering, recommending and recruiting candidates to fill any vacancies or new positions on the Board, including candidates that may be recommended by shareholders; (iii) establishing criteria for selecting new directors; and (iv) reviewing the backgrounds and qualifications of possible candidates for director positions. The Nominating Committee met one time in 2004. The Nominating Committee is comprised of Messrs. Miller (Chairman), Conroy, Hinton, Watson and Ms. Crane, each of whom is an independent director as defined by the listing standards of The Nasdaq Stock Market, Inc.

Compensation Committee Interlocks and Insider Participation

During 2004, none of the Company's executive officers served as (1) a member of a compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the Company's Compensation Committee, (2) a director of another entity, one of whose executive officers served on the Compensation Committee or (3) a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as one of the Company's directors. In addition, none of the members of the Compensation Committee (a) was an officer or employee of the Company or any of its subsidiaries in 2004, (b) was for more than the past five years, formerly an officer or employee of the Company or any of its subsidiaries or (c) had any relationship requiring disclosure under Certain Relationships and Related Transactions.

Director Nominating Procedures

The Nominating Committee will consider nominees to serve as directors of the Company and recommends such persons to the Board of Directors. The Nominating Committee will also consider director candidates recommended by shareholders who appear to be qualified to serve on the Company's Board of Directors and meet the criteria for nominees considered by the Committee. The committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the committee does not perceive a need to increase the size of the board. In order to avoid the unnecessary use of the director's resources, the committee will consider only those director candidates recommended in accordance with the procedures set forth below.

Criteria for Director Nominees. The Nominating Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. The Nominating Committee will consider the following criteria in selecting nominees: financial, regulatory and business experience; familiarity with and participation in the Bank's local communities; independence; integrity, honesty and reputation; dedication to the Company and its shareholders; and any other factors the directors deem relevant, including size of the Board of Directors and regulatory disclosure obligations. The Nominating Committee may weigh the foregoing criteria differently in different situations, depending on the composition of the Board of Directors at the time. The Nominating Committee considered these same criteria when they recommended the nominees for election at the 2005 annual meeting of shareholders.

In addition, prior to nominating an existing director for re-election to the Board of Directors, the Nominating Committee considers and reviews the existing director's board and committee attendance and performance; length of board service; and experience, skills and contributions that the existing director brings to the board.

Process for Identifying and Evaluating Director Nominees. Pursuant to Board resolutions, the Nominating Committee is responsible for the process relating to director nominations, including identifying, interviewing and selecting individuals who may be nominated for election to the Board of Directors. The process that the Nominating Committee intends to follow when they identify and evaluate individuals to be nominated for election to the Board of Directors is as follows:

Identification. For purposes of identifying nominees for the Board of Directors, the Nominating Committee will rely on personal contacts of the members of the Board of Directors as well as their knowledge of members of the Bank's local communities. The Nominating Committee will also consider director candidates recommended by shareholders in accordance with the policy and procedures set forth below in the paragraph titled "Procedures to be Followed by Shareholders". The Board has not previously used an independent search firm in identifying nominees.

Evaluation. In evaluating potential nominees, the Nominating Committee will determine whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, for any new independent director nominee, the Nominating Committee intends to conduct a check of the individual's background and interview the candidate.

Procedures to be Followed by Shareholders. To submit a recommendation of a director candidate to the Nominating Committee, a shareholder should submit the following information in writing, addressed to the Chairman of the Board, care of the Corporate Secretary, at the Company's main office:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the shareholder making the recommendation, the name and address, as they appear on the Company's books, of such shareholder; provided, however, that if the shareholder is not a registered holder of the Company's Common Stock, the shareholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's Common Stock; and
5. A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

Any shareholder of the Company may nominate one or more persons for election as a director of the Company at an annual meeting of shareholders if the shareholder complies with the prior notice and information provisions in the Company's Amended and Restated Bylaws. In order for a director nomination to be timely, a shareholder's notice to the Company must be received at the Company's offices no later than 60 days prior to the date of the scheduled annual meeting.

Shareholder Communications

The Company encourages shareholder communications to the Board of Directors and/or individual directors. Written communications may be made to the Board of Directors or to specific members of the Board by delivering them to the intended addressee, care of the Corporate Secretary, Guaranty Bancshares, Inc., 100 West Arkansas, Mount Pleasant, Texas 75455.

In addition, the Board of Directors encourages directors to attend the annual meeting of shareholders. All eleven directors attended the Company's 2004 annual meeting of shareholders held on April 20, 2004.

Independent Directors

The Company's Board of Directors is currently comprised of eleven directors. The Board of Directors has determined that the following directors are independent directors under the corporate listing standards of The Nasdaq Stock Market, Inc.: Ms. Crane, Messrs. Conroy, Hinton, Johnson, Miller, Priefert and Watson.

Director Compensation

Directors of the Company receive fees for attending Company Board meetings. Directors who are also employees of the Company or the Bank are paid \$250 for each meeting attended, and outside directors are paid \$500 for each meeting attended. The Board of Directors of the Bank also meets monthly. Directors of the Bank who are also employees of the Bank are paid \$450 for each meeting of the Bank's Board of Directors attended, and outside directors are paid \$600 for each meeting attended. An Executive Committee of the Bank meets weekly and consists of all current members of the Board of Directors of the Company. Directors who are also employees of the Bank are paid \$275 for each Executive Committee meeting attended and outside directors are paid \$350 for each Executive Committee meeting attended.

Code of Ethics

The Company's Board of Directors has adopted a Code of Ethics that applies to the Chief Executive Officer and the Chief Financial Officer as well as all officers and all employees of the Company and the Bank. A copy of the Code of Ethics can be obtained at no charge by making a written request to the Corporate Secretary, Guaranty Bancshares, Inc., 100 W Arkansas St., Mount Pleasant, Texas 75455, or by going to the Company's website at www.gnty.com.

EXECUTIVE COMPENSATION AND OTHER MATTERS

Summary Compensation Table

The following table provides certain summary information concerning compensation paid or accrued by the Company to or on behalf of the Company's Chief Executive Officer and each of the other four most highly compensated executive officers of the Company and the Bank (determined as of the end of the last fiscal year) (named executive officers) for each of the three fiscal years ended December 31, 2004:

Name and Principal Position	Year	Annual Compensation		Securities Underlying Options	All Other Compensation
		Salary ⁽¹⁾	Bonus		
Arthur B. Scharlach, Jr. Chairman of the Board and Chief Executive Officer	2004	\$ 269,548	\$ 43,746		\$ 108,475 ⁽²⁾
	2003	266,548	64,230		139,420
	2002	256,625	68,034		131,280
Tyson T. Abston President	2004	151,350	31,416		14,443 ⁽³⁾
	2003	138,125	46,593	5,000	15,810
	2002	123,565	41,361		16,194
Clifton A. Payne Senior Vice President and Chief Financial Officer	2004	127,725	28,941		13,370 ⁽⁴⁾
	2003	125,700	42,955	3,000	15,236
	2002	120,450	45,515		16,840
Kirk Lee Senior Vice President	2004	110,100	23,745		10,804 ⁽⁵⁾
	2003	111,000	34,970	2,500	12,641
	2002	104,292	32,760	1,000	13,381
Martin Bell Executive Vice President of the Bank	2004	100,200	22,040		9,486 ⁽⁶⁾
	2003	97,083	32,412	2,500	10,619
	2002	97,600	24,415	1,000	11,290

- (1) None of the named executive officers received Other Annual Compensation in excess of the lesser of \$50,000 or 10% of that officer's combined annual salary and bonus for the years indicated.
- (2) Consists of contributions by the Company to the 401(k) Plan of \$11,275, \$12,500 and \$15,000 in 2004, 2003 and 2002, respectively, and the accrual of \$97,200, \$126,920 and \$116,280 in 2004, 2003 and 2002, respectively, in connection with a salary continuation plan.
- (3) Consists of contributions by the Company to the 401(k) Plan of \$9,355, \$10,722 and \$11,655 in 2004, 2003, and 2002, respectively, and the accrual of \$5,088, \$4,539 and \$3,817, in 2004, 2003 and 2002, respectively, in connection with an incentive retirement plan.
- (4) Consists of contributions by the Company to the 401(k) Plan of \$8,414, \$10,280 and \$12,094 in 2004, 2003 and 2002, respectively, and the accrual of \$4,956, \$4,746, and \$4,568 in 2004, 2003 and 2002, respectively, in connection with an incentive retirement plan.
- (5) Consists of contributions by the Company to the 401(k) Plan of \$6,724, \$8,561 and \$9,604 in 2004, 2003 and 2002, respectively, and the accrual of \$4,080, \$3,780 and \$3,440 in 2004, 2003 and 2002, respectively, in connection with an incentive retirement plan.
- (6) Consists of contributions by the Company to the 401(k) Plan of \$6,666, \$7,907 and \$8,708 in 2004, 2003 and 2002, respectively, and the accrual of \$2,820, \$2,712 and \$2,582 in 2004, 2003 and 2002, respectively, in connection with an incentive retirement plan.

Stock Option Plan

The Company's Board of Directors and shareholders approved the Guaranty Bancshares, Inc. 1998 Stock Incentive Plan in 1998 (the "1998 Plan"), which authorizes the issuance of up to 1,000,000 shares of Common Stock under both non-qualified and incentive stock options to employees and non-qualified stock options to directors who are not employees. Generally, under the 1998 Plan it is intended that the options will vest 20% at the end of the first year following the date of grant and an additional 20% at the end of each subsequent year and becoming fully vested at the end of year five. Options under the 1998 Plan generally must be exercised within eight years following the date of grant or before optionee's termination with the Company, if earlier. The 1998 Plan also provides for the granting of restricted stock awards, stock appreciation rights, phantom stock awards and performance awards on substantially similar terms. The 1998 Plan provides that in the event of a change in control of the Company, all options granted immediately vest and become exercisable. In addition, the 1998 Plan permits the Compensation Committee, which administers the 1998 Plan, discretion in the event of a change in control to modify in certain respects the term of awards under the 1998 Plan, including (i) providing for the payment of cash in lieu of such award, (ii) limiting the time during which an option may be exercised (iii) making adjustments to options to reflect the change in control and (iv) providing that options shall be exercisable for another form of consideration in lieu of the Common Stock pursuant to the terms of the transaction resulting in a change in control. For the year ended December 31, 2004, 5,000 non-qualified options were granted under the 1998 Plan, 6,000 non-qualified options were cancelled, and 2,200 non-qualified options were exercised, none of which involved the named executive officers. Options to purchase an additional 854,500 shares are available for issuance under the 1998 Plan. Certain named executive officers have previously received stock options as indicated below under "Stock Option Exercises and Fiscal Year-End Option Values".

Option Grants in Last Fiscal Year

There were no option grants to any of the named executive officers during the year ended December 31, 2004.

Stock Option Exercises and Fiscal Year-End Option Values

The following table sets forth certain information concerning the number and value of unexercised options held by each of the named executive officers at December 31, 2004. No stock options were exercised by any of the named executive officers during 2004.

Name	Number of Shares Acquired on Exercise	Dollar Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2004		Value of Unexercised In-The-Money Options at December 31, 2004 ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Arthur B. Scharlach, Jr.			16,000	4,000	\$ 348,800	\$ 87,200
Tyson T. Abston			9,000	6,000	196,200	130,800
Clifton A. Payne			8,600	4,400	187,480	95,920
Kirk Lee			6,900	4,100	150,420	89,380
Martin Bell			4,900	3,600	106,820	78,480

(1) The value of the unexercised options is based on the difference between the exercise price and the closing price of the Company common stock reported on the Nasdaq Stock Market on December 31, 2004 of \$21.80.

Bonus Plan

The Company has established an incentive compensation program (the Bonus Plan) for directors, officers, including executive officers, and employees of the Company and the Bank. The Bonus Plan provides for a bonus pool in an amount based on a graduated percentage of the Bank's return on equity. For the year ended December 31, 2004, the bonus pool would be funded with 8.0% of after-tax income based upon the Bank achieving a return on equity of 9.30%. The bonus pool increases to a maximum of 11.75% of after-tax income if the Bank achieved a return on equity of 13.68% or greater. The Bank's return on equity for the year ended December 31, 2004 was 10.95% and the bonus pool was funded with 8.4% of after-tax income. The percent of after-tax income used to fund the bonus pool and the minimum return on equity requirements are determined annually by the Board of Directors based on the Company's and the Bank's budget for that year. Allocation of the bonus pool is at the discretion of the Board of Directors and is generally based upon management's recommendations regarding an employee's merit. The bonus pool was \$472,000, \$667,000, and \$874,000 for the year ended December 31, 2004, 2003 and 2002, respectively.

Benefit Plans

Employee Stock Ownership Plan. Effective January 1, 1992, the Board of Directors of the Company voted to restate the existing 401(k) profit sharing (defined contribution) plan as an Employee Stock Ownership Plan (with 401(k) provisions) (401(k) Plan). The 401(k) Plan covers substantially all employees of the Company and five persons, four of whom are members of the Company's Board of Directors, serve as trustees. The 401(k) Plan calls for an employer matching contribution on behalf of each 401(k) Plan participant of up to 4.0% of such participant's qualified compensation. At December 31, 2004, the book value of 401(k) Plan assets was approximately \$7.8 million, with an approximate market value of \$14.9 million. Contributions to the 401(k) Plan to expenses are as follows:

	Years Ended December 31,		
	2004	2003	2002
401(k) plan expense	\$ 368,000	\$ 410,000	• the names of any participating agents, broker-dealers, or underwriters employed by the selling stockholder in connection with such sale; and

any applicable commissions, discounts, concessions, and other items constituting compensation from the selling stockholder.

The pension plan is a "pension plan" as defined in the Employee Retirement Income Security Act of 1974, as amended (ERISA). Prohibited transactions under Title I of ERISA and Section 4975 of the Internal Revenue Code could arise if, absent an available exemption, a person or entity that is a "party in interest," as defined under ERISA, or a "disqualified person," as defined under the Internal Revenue Code, were to purchase any of the common stock being offered by the selling stockholder. Any such potential purchaser should consult with counsel to determine whether an exemption is available with respect to any such purchase.

LEGAL MATTERS

Kutak Rock LLP, Little Rock, Arkansas, has passed upon the validity of the shares of our common stock to be offered pursuant to this prospectus.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Windstream Holdings, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and we file reports and other information with the SEC. This prospectus, which forms a part of the registration statement, does not have all the information contained in the registration statement. You may read, free of charge, and copy, at the prescribed rates, any reports and other information, including the registration statement, at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Copies of such material also can be obtained by mail from the Public Reference Section of the SEC, at 100 F Street, N.E., Washington, D.C. 20549, at the prescribed rates. The SEC also maintains a website that contains reports, proxy and information statements and other information, including the registration statement. The website address is: <http://www.sec.gov>. Information about us, including our SEC filings, is also available at our Internet site at <http://www.windstream.com>. However, the information on, or accessible through, our Internet site is not a part of or incorporated by reference into this prospectus or any prospectus supplement.

This prospectus is part of a registration statement filed with the SEC. The SEC allows us to "incorporate by reference" selected documents filed with the SEC, which means that we can disclose important information to you by referring you to those documents. The information in the documents incorporated by reference is considered to be part of this prospectus, and information in documents that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below filed with the SEC:

• our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on February 27, 2014;

• our Current Report on Form 8-K filed with the SEC on February 14, 2014; and

the description of the Company's Common Stock contained in the Registration Statement on Form 8-A, filed with the Commission on December 8, 2009, pursuant to Section 12 of the Exchange Act, as modified by the Company's Current Report on Form 8-K, filed with the Commission on February 19, 2010, and including any other amendment or report filed with the Commission for the purpose of updating such description.

We also incorporate by reference additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than information furnished under Items 2.02 or 7.01 of any Form 8-K, which is not deemed filed under the Exchange Act) subsequent to the date of this prospectus and prior to the termination of the offering made by this prospectus, except that any such report or portions thereof which are furnished and not filed shall not be incorporated by reference herein. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to each person, including any beneficial owner, to whom a prospectus is delivered, upon written or oral request of that person, a copy of any or all of the documents we are incorporating by reference into this prospectus, other than exhibits to those documents unless such exhibits are specifically incorporated by reference into those documents. Such written requests should be addressed to: Windstream Holdings, Inc., 4001 Rodney Parham Road, Little Rock, Arkansas 72212-2442, attention Genesis White. You may direct telephone requests to Ms. White at (501) 748-7216.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses Of Issuance And Distribution

The following is an itemization of all fees and expenses incurred or expected to be incurred in connection with the registration and contribution to the Windstream Pension Plan of the common stock being registered. All such expenses will be paid by the registrant and all but the Securities and Exchange Commission (“SEC”) registration fee are estimates and remain subject to future contingencies.

SEC Registration Fee*	\$4,441
Legal Fees and Expenses	25,000
Accounting Fees and Expenses	25,000
Transfer Agent and Registrar Fees and Expenses	20,000
Printing and Engraving Fees	400
Total	\$74,841

* Paid upon the filing of this Registration Statement with the SEC.

Item 15. Indemnification Of Directors And Officers

Section 102 of the Delaware General Corporation Law, or the DGCL, as amended, allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. As permitted by the DGCL, the Company’s Amended and Restated Certificate of Incorporation eliminates, to the fullest extent permitted by the DGCL, the personal liability of its directors for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize further elimination or limiting of directors’ personal liability, then the Company’s Amended and Restated Certificate of Incorporation provides that the personal liability of directors will be eliminated or limited to the fullest extent provided under the DGCL.

Section 145 of the DGCL provides, among other things, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding—other than an action by or in the right of the corporation—by reason of the fact that the person is or was a director, officer, agent, or employee of the corporation, or is or was serving at the corporation’s request as a director, officer, agent or employee of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys’ fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in defense of any action, suit or proceeding or (b) if such person acting in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the corporation, and with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well but only to the extent of defense expenses, including attorneys’ fees but excluding amounts paid in settlement, actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of liability to the corporation, unless the court believes that in light of all the circumstances indemnification should apply. The DGCL requires a corporation to indemnify a director or officer to the extent that the director or officer has been successful, on the merits or otherwise, in defense of any action, suit or proceeding for which indemnification is lawful.

As permitted by the DGCL, the Company's Amended and Restated Certificate of Incorporation provides that (a) the Company is required to indemnify its directors and officers to the fullest extent permitted by the DGCL, subject to certain very limited exceptions, (b) the Company may indemnify its other employees and agents as set forth in the DGCL, (c) the Company is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the DGCL, subject to certain conditions and (d) the rights conferred by the Amended and Restated Certificate of Incorporation are not exclusive.

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The DGCL also provides corporations with the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation in a similar capacity for another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability as described above. The Company maintains a director and officer insurance policy which insures the directors and officers of the Company against damages, judgments, settlements and costs incurred by reason of certain wrongful acts committed by such persons in their capacities as directors and officers.

In addition, the Company has entered into separate indemnification agreements with certain of its current and former directors and executive officers. The indemnification agreements provide generally that the Company will indemnify and advance expenses to the fullest extent permitted by applicable law. Each director and executive officer party to an indemnification agreement is entitled to be indemnified against all expenses, judgments, penalties and amounts paid in settlement actually and reasonably incurred.

Item 16. Exhibits

See the Exhibit Index which is incorporated herein by reference.

Item 17. Undertakings

The Registrant hereby undertakes:

(a)(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

(i) include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) (§230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

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(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchase in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions described in Item 15 above, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the

Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on a Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Little Rock, State of Arkansas, on March 6, 2014.

WINDSTREAM HOLDINGS, INC.

By: /s/ Jeffery R. Gardner
 Name: Jeffery R. Gardner
 Title: President & Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffery R. Gardner Jeffery R. Gardner	President & Chief Executive Officer (Principal Executive Officer) and Director	March 6, 2014
/s/ Anthony W. Thomas Anthony W. Thomas	Chief Financial Officer (Principal Financial Officer)	March 6, 2014
/s/ John C. Eichler John C. Eichler	Controller (Principal Accounting Officer)	March 6, 2014
* Carol B. Armitage	Director	March 6, 2014
* Samuel E. Beall, III	Director	March 6, 2014
* Dennis E. Foster	Director	March 6, 2014
* Francis X. Frantz	Director	March 6, 2014
* Jeffrey T. Hinson	Director	March 6, 2014
* Judy K. Jones	Director	March 6, 2014
* William A. Montgomery	Director	March 6, 2014
* Alan L. Wells	Director	March 6, 2014
*By: /s/ John P. Fletcher Name: John P. Fletcher Title: Attorney-in-fact		

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Windstream Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the Commission on August 30, 2013).
3.2	Second Amended and Restated Bylaws of Windstream Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on February 14, 2014).
5.1	Opinion of Kutak Rock LLP regarding the legality of the shares of common stock offered by this Registration Statement.*
23.1	Consent of PricewaterhouseCoopers LLP.*
23.2	Consent of Kutak Rock LLP (included in Exhibit 5.1).*
24	Powers of Attorney of directors and certain officers of the Registrant.*

* Filed herewith.