

SUNTRUST BANKS INC
Form DEFA14A
April 02, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SunTrust Banks, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

As we advised in our proxy statement dated March 5, 2009, SunTrust Banks, Inc. (the Company) will hold its annual meeting of shareholders on Tuesday, April 28, 2009, at 9:30 a.m., in Suite 105 on the 1st floor of SunTrust Plaza Garden Offices, 303 Peachtree Center Avenue, Atlanta, Georgia.

We are asking our shareholders to

elect eight directors,

ratify the appointment of Ernst & Young LLP as independent auditor for 2009

approve the SunTrust Banks, Inc. 2009 Stock Plan, and

consider and approve the an advisory (non-binding) proposal on our executive compensation.

SunTrust Banks, Inc. today filed an amended Current Report on Form 8-K/A with the Securities and Exchange Commission to report that certain of our named executive officers, after consulting with the Compensation Committee of our Board of Directors and in light of a meaningful alteration in the overall financial services industry executive compensation environment that evolved subsequent to February 10, 2009, have agreed to reduce the equity awards granted to them in February 2009 and/or have agreed to additional performance vesting criteria. The Company describes these actions in the amended Current Report on Form 8-K which the Company filed with the SEC today and which is reproduced below.

Those actions have the effect of reducing the number of awards which the Company has granted under the SunTrust Banks, Inc. 2009 Stock Plan as compared to the awards the Company reported in the table at the top of page 63 of its proxy statement that was mailed to shareholders on March 13, 2009. The following table reflects the updated (reduced) grants to date under the SunTrust Banks, Inc. 2009 Stock Plan. The revisions to this table reflect (1) a decrease in the number of options granted under the 2009 Plan to James M. Wells III of 552,941 to 300,000; (2) a decrease of 552,941 in the total number of options granted under the 2009 Plan to the Executive Group; and (3) 25,075 shares moved from the restricted stock column to the performance stock column for both James M. Wells and the Executive Group. Performance stock is a restricted stock award which vests upon satisfaction of both time-vesting (100% after 3 years) and performance vesting (total shareholder return relative to a peer group) requirements. All of the grants shown below are subject to the approval of the 2009 Stock Plan by the Company's shareholders. Except for the foregoing revisions, this information was previously reported in the Company's proxy statement dated March 5, 2009.

Updated New Plan Benefits Under the SunTrust Banks, Inc. 2009 Stock Plan

| Name and Position | Number of Options Granted | Average Per Share Exercise Price of Options | Number of Shares of Restricted Stock Awarded | Number of Shares of Performance Stock Awarded |
|--|---------------------------|---|--|---|
| James M. Wells III, Chairman and Chief Executive Officer | 300,000 | \$ 9.06 | | 50,150 |
| William R. Reed, Jr., Vice Chairman | | | | |
| William H. Rogers, Jr., President | 209,559 | \$ 9.06 | | |
| Mark A. Chancy, Chief Financial Officer | 153,347 | \$ 9.06 | | |
| Timothy E. Sullivan, Chief Information Officer | | | | |
| Executive Group Total: | 688,182 | \$ 9.06 | | 50,150 |
| Non-Executive Director Group | | | | |
| Non-Executive Officer Employee Group | | | | |

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In order to qualify such information as additional soliciting materials, the full text of the amended 8-K which the Registrant filed earlier today is reproduced on the following pages:

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 10, 2009

SunTrust Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction

of incorporation)

001-08918
(Commission

File Number)

58-1575035
(IRS Employer

Identification No.)

303 Peachtree St., N.E., Atlanta, Georgia
(Address of principal executive offices)

30308
(Zip Code)

Registrant's telephone number, including area code (404) 588-7711

Not Applicable

(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 (see General Instruction A.2. below):

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- “ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- “ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- “ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- “ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) *Compensatory Arrangements of Certain Officers.* On February 10, 2009, the Compensation Committee of the Board of Directors of SunTrust Banks, Inc. (the Company or the Registrant) made annual grants to the Company's senior executives at a regularly-scheduled meeting of the Board of Directors. The Company disclosed those grants in a Current Report on Form 8-K filed on February 17, 2009.

Subsequent to such grants, several events occurred which change the information in that report. The Company files this amended Current Report on Form 8-K/A to report the changed information. Except as noted in this amended report, the information in the Company's Current Report on Form 8-K filed February 17, 2009 remains in effect.

In summary, certain named executive officers, in consultation with the Compensation Committee of the Company's Board of Directors, initiated the following actions believed to be appropriate in light of a meaningful alteration in the overall financial services industry executive compensation environment that evolved subsequent to February 10, 2009:

James M. Wells III, the Company's Chairman and Chief Executive Officer, declined to accept 552,941 stock options. This, along with the addition of performance-vesting requirements mentioned below, increases from 0% to 55% the proportion of his stock option award which is performance-vested.

James M. Wells III requested that performance-vesting restrictions be placed on 50,150 shares of restricted stock. This increases from 50% to 67% the proportion of his restricted stock award which is performance-vested.

James M. Wells III, William H. Rogers, Jr., the Company's President, and Mark A. Chancy, the Company's Chief Financial Officer, requested that performance-vesting restrictions be placed on a substantial portion of the stock options that were granted to them (James M. Wells III - 300,000; William H. Rogers, Jr., - 209,559; and Mark A. Chancy - 153,347). Previously, these options vested 100% after 3 years without regard to the Company's total relative shareholder return.

James M. Wells III, William R. Rogers, Jr. and Mark A. Chancy requested that a cap be placed on the total number of stock options that may be finally awarded to them upon the performance-vesting of stock options granted to them. As a result, the total number of shares to be granted upon vesting will not exceed the amounts listed below even if our total shareholder return exceeds the 50th percentile.

The chart below summarizes these changes and reflects the total grants made to each of Messrs. Wells, Rogers and Chancy in 2009, as revised:

| | Stock Options | | Restricted Stock | |
|------------------------|---------------|----------------------|------------------|----------------------|
| | Time Vested | Performance Vested | Time Vested | Performance Vested |
| James M. Wells, III | 250,000 | 300,000 ¹ | 50,000 | 100,150 ² |
| William H. Rogers, Jr. | 250,000 | 209,559 ¹ | 31,300 | 31,300 |
| Mark A. Chancy | 250,000 | 153,347 ¹ | 27,600 | 27,600 |

¹ Includes the following stock options which were granted under the SunTrust Banks, Inc. 2009 Stock Plan and which grants are contingent upon approval by our shareholders at our annual meeting of shareholders which is scheduled to be held on April 28, 2009: Mr. Wells 300,000; Mr. Rogers 209,559; and Mr. Chancy 153,347.

² Includes 50,150 shares of performance-vested restricted stock granted to Mr. Wells which is to be granted under the SunTrust Banks, Inc. 2009 Stock Plan and which grant is contingent upon approval by our shareholders at our annual meeting of shareholders which is scheduled to be held on April 28, 2009.

Vesting of Performance-Vested Stock Options. Vesting of performance-vested stock options will be determined based on our total shareholder return (TSR) measured relative to a peer group. We define TSR as stock price gains plus the value of dividends as if reinvested in our stock, measured over a 3-year period. The peer group will consist of the 25 largest (by assets) bank holding companies, with adjustments made to the group as needed, and with performance measured for the calendar years 2009 through 2011. In the table above, we report the number of stock options awarded. However, the number of stock options that will vest, if any, is variable and can range from 0% and 100% of the initial number of stock options. The actual number which will vest depends upon our performance as measured by our TSR after 3 years relative to the peer group. Performance vested stock options and restricted stock are also subject to normal time-vesting requirements.

| Relative Performance | Stock Options That Vest |
|---|---|
| below 25 th percentile | none |
| at the 25 th percentile | 50% (Minimum payout) |
| at or above the 50 th percentile | 100% (Target payout; Maximum payout) |

We will use straight-line interpolation to determine the number of shares to be awarded if our TSR falls between the 25th and 50th percentiles. Messrs. Wells, Rogers, and Chancy have agreed to a cap of 100% of the initial award amount with no potential for an increased payout based upon superior performance.

Other Vesting. Time-vested restricted stock cliff vests after 3 years. Time-vested stock options cliff vest after 3 years and have an exercise price of \$9.06. Performance-vested restricted stock will vest as described in our Current Report filed February 17, 2009.

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, thereunto duly authorized.

SUNTRUST BANKS, INC.

(Registrant)

Date: April 2, 2009

By: /s/ David A. Wisniewski
David A. Wisniewski,
Associate General Counsel

and Group Vice President