

COMMERCE BANCSHARES INC /MO/

Form DEF 14A

March 11, 2005

OMB APPROVAL

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Commerce Bancshares, Inc.

(Name of Registrant as Specified In Its Charter)

Commerce Bancshares, Inc.

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of 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 transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

o 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:

SEC 1913 (02-02)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
April 20, 2005

The annual meeting of the shareholders of Commerce Bancshares, Inc., will be held in the Auditorium on the 15th Floor of the Commerce Trust Building at 922 Walnut Street, Kansas City, Missouri on April 20, 2005, at 9:30 a.m., for the following purposes:

- (1) To elect four directors to the 2008 Class for a term of three years;
- (2) To approve the adoption of the 2005 Equity Incentive Plan;
- (3) To ratify the selection of KPMG as the Company's audit and accounting firm; and
- (4) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business February 18, 2005, are entitled to notice of and to vote at the meeting.

To be sure that your shares are represented at the meeting, please either complete and promptly mail the enclosed proxy card in the envelope provided for this purpose or vote through the telephone or Internet voting procedures described on the proxy card. If your shares are registered in the name of a bank or brokerage firm, telephone or Internet voting will be available to you only if offered by your bank or broker and such procedures are described on the voting form sent to you.

Most shareholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. Please refer to page 22 of the proxy statement and your proxy card for further information.

By Order of the Board of Directors

J. Daniel Stinnett, *Secretary*

March 11, 2005

It is important that your stock be represented at the meeting. You are urged to date, sign and return the enclosed proxy promptly or register your vote by telephone or through the Internet as described on the proxy card.

PROXY STATEMENT
COMMERCE BANCSHARES, INC.
Annual Meeting April 20, 2005

Solicitation

The Board of Directors of Commerce Bancshares, Inc. (the Company), P.O. Box 419248, Kansas City, Missouri 64141-6248 solicits your proxy, and asks that you vote, sign, date and promptly mail the enclosed proxy card for use at the annual meeting of shareholders to be held in the Auditorium on the 15th Floor of the Commerce Trust Building at 922 Walnut Street, Kansas City, Missouri on April 20, 2005, at 9:30 a.m. Most shareholders also have a choice of voting by using a toll-free telephone number or by voting over the Internet. Please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.

The cost of solicitation of proxies will be borne by the Company. In addition to solicitation by mail, proxies may be solicited personally or by telephone, telegram or via the Internet by regular employees of the Company. Morrow & Co. has been retained by the Company at an estimated cost of \$7,500 plus reasonable out-of-pocket expenses to aid in the solicitation of proxies. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to their principals and the Company will reimburse them for the expense of doing so. This proxy statement and proxy will be first sent to security holders on or about March 11, 2005.

If you wish, at any time before your proxy is voted, you may revoke it by written notice to the Company, or by delivery of a later-dated proxy (including a telephone or Internet vote), or by voting in person at the meeting.

The shares represented by all properly executed proxies will be voted as directed by you. In the absence of direction, properly executed proxies will be voted in accordance with the recommendations of the Board as set forth below.

Voting Securities and Ownership Thereof by Certain Beneficial Owners and Management

Only shares held of record at the close of business on February 18, 2005, are entitled to vote at the meeting, and at the close of business on said date there were outstanding 67,328,443 shares of common stock of the Company. Each holder of common stock is entitled to one vote for each share held. In the election of directors, abstentions and broker nonvotes will be considered solely for quorum purposes and are not counted for the election of directors. On all other matters presented for shareholder vote, abstentions will be treated as votes against such matters and broker nonvotes will be treated as not entitled to vote and have no effect on the outcome.

(a) Under applicable Securities and Exchange Commission Rules, beneficial ownership of shares includes shares as to which a person has or shares voting power and/or investment power.

As of December 31, 2004, the trust departments of the Company's subsidiary banks beneficially owned 5,874,289 shares representing 8.6% of the Company's outstanding common stock as of that date. Of those shares the subsidiary banks had (i) sole voting power over 4,437,625 shares; (ii) shared voting power over 1,406,298 shares; (iii) sole investment power over 3,677,867 shares and (iv) shared investment power over 1,721,954 shares. The Company has been advised by the subsidiary banks that the shares held by them and as to which they have sole voting power will be voted at the annual meeting for Proposals One, Two and Three. Shares held in all other fiduciary accounts will be voted as specifically directed by the co-trustees and co-executors. Shares held in custodial accounts will be voted by the owners.

(b) The following information pertains to the common stock of the Company beneficially owned, directly or indirectly, by all directors and nominees for director, the executive officers named in the Summary Compensation Table, and by all directors, nominees and executive officers of the Company as a group as of

December 31, 2004. This table also includes each person known to be the beneficial owner of 5% or more of the Company's outstanding common stock. Such persons have sole voting and sole investment power as to such shares unless otherwise noted.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class
Giorgio Balzer Kansas City, Missouri	8,474	*
Kevin G. Barth Leawood, Kansas	33,684 75,692(2)	*
John R. Capps Creve Coeur, Missouri	5,485	*
W. Thomas Grant, II Shawnee Mission, Kansas	2,899	*
James B. Hebenstreit Kansas City, Missouri	32,935 42,021(6)	*
David W. Kemper Ladue, Missouri	1,032,392 117,554(1) 234,649(2) 143,533(3) 856,057(4)	
Jonathan M. Kemper Kansas City, Missouri	2,002,562(5) 60,143 426,887(1)	6.3