

PINNACLE FINANCIAL PARTNERS INC

Form S-4/A

November 14, 2005

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**As filed with the Securities and Exchange Commission on November 14, 2005**

**Registration No. 333-129076.**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Amendment No. 1 to  
Form S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
PINNACLE FINANCIAL PARTNERS, INC.  
(Exact name of registrant as specified in its charter)**

**Tennessee**

*(State or other jurisdiction of  
incorporation or organization)*

**6021**

*(Primary Standard Industrial  
Classification Code Number)*

**62-1812853**

*(I.R.S. Employer  
Identification No.)*

**The Commerce Center  
211 Commerce Street  
Suite 300  
Nashville, TN 37201  
(615) 744-3700**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**M. Terry Turner  
President and Chief Executive Officer  
Pinnacle Financial Partners, Inc.  
211 Commerce Street  
Suite 300  
Nashville, TN 37201  
(615) 744-3700**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***With copies to:***

**Mary Neil Price, Esq.  
Miller & Martin PLLC  
150 Fourth Avenue North  
Suite 1200  
Nashville, Tennessee 37219**

**Gary M. Brown, Esq.  
Baker, Donelson, Bearman,  
Caldwell, & Berkowitz PC  
211 Commerce Street  
Suite 1000  
Nashville, Tennessee 37201**

**Bob F. Thompson, Esq.  
Bass, Berry & Sims PLC  
315 Deaderick Street  
Suite 2700  
Nashville, Tennessee 37238**

**Approximate date of commencement of the proposed sale to the public:** As soon as practicable after the merger described in this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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The information in this joint proxy statement/ prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary joint proxy statement/ prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion, dated November 14, 2005**  
**MERGER PROPOSAL YOUR VOTE IS IMPORTANT**

The boards of directors of Pinnacle Financial Partners, Inc. ( Pinnacle ) and Cavalry Bancorp, Inc. ( Cavalry ) have adopted an agreement to merge our two companies.

If the merger is completed, Cavalry shareholders will receive, for each share of Cavalry common stock owned by such shareholders, 0.95 shares of Pinnacle common stock. Pinnacle shareholders will continue to own their existing Pinnacle shares. Upon completion of the merger, Pinnacle shareholders will own approximately 58% of the combined company on a fully diluted basis, and Cavalry shareholders will own approximately 42% of the combined company on a fully diluted basis. The shares of the combined company will be traded on the Nasdaq National Market under the symbol PNFP .

We are asking the **Pinnacle** shareholders to approve the merger agreement and the issuance of Pinnacle common stock in connection with the merger. Pinnacle s special meeting will be held:

*December 21, 2005*  
*10:00 a.m., local time*  
*211 Commerce Street, Suite 100*  
*Nashville, Tennessee 37201*

Pinnacle s board of directors unanimously recommends that Pinnacle shareholders vote FOR the approval of the merger agreement and the issuance of Pinnacle common stock in connection with the merger.

We are asking the **Cavalry** shareholders to approve the merger agreement. Cavalry s special meeting will be held:

*December 22, 2005*  
*10:00 a.m., local time*  
*114 West College Street*  
*Murfreesboro, Tennessee 37130*

Cavalry s board of directors unanimously recommends that Cavalry shareholders vote FOR the approval of the merger agreement.

We cannot complete the merger unless the shareholders of Cavalry approve the merger agreement and the shareholders of Pinnacle approve the merger agreement and the issuance of Pinnacle common stock in connection with the merger. **Your vote is important.** Whether or not you plan to attend your meeting, to ensure your shares are represented at the meeting, please vote as soon as possible by completing and submitting the enclosed proxy card.

The board of directors of each of Pinnacle and Cavalry believe this merger will create a strong combined company that will deliver important benefits to its shareholders, customers and employees.

M. Terry Turner  
*President and Chief Executive Officer*  
*Pinnacle Financial Partners, Inc.*

Ed C. Loughry, Jr.  
*Chairman of the Board and Chief Executive Officer*  
*Cavalry Bancorp, Inc.*

**You are encouraged to carefully consider the risks described on pages 13 through 16 of this joint proxy statement/prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this joint proxy statement/ prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities Pinnacle is offering through this joint proxy statement/ prospectus are not savings or deposit accounts or other obligations of any bank or savings association, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

**This joint proxy statement/ prospectus is dated November 14, 2005, and is first being mailed to the shareholders of Pinnacle and Cavalry on or about November 16, 2005.**

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**211 Commerce Street, Suite 300, Nashville, Tennessee 37201  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held on December 21, 2005**

NOTICE IS HEREBY GIVEN that Pinnacle Financial Partners, Inc. ( Pinnacle ) will hold a special meeting of shareholders at 211 Commerce Street, Suite 100, Nashville, Tennessee 37201, at 10:00 a.m. local time on December 21, 2005, to consider and vote on the following matters:

1. A proposal to approve the merger agreement, dated as of September 30, 2005, between Pinnacle and Cavalry Bancorp, Inc. ( Cavalry ), pursuant to which Cavalry will merge with and into Pinnacle and the issuance of Pinnacle common stock in connection with the merger. A copy of the merger agreement is attached as *Appendix A* to the joint proxy statement/prospectus accompanying this notice;
2. A proposal to approve the adjournment of the Pinnacle special meeting, if necessary, to permit Pinnacle to solicit additional proxies if there are insufficient votes at the special meeting to constitute a quorum or to approve the merger agreement and the issuance of Pinnacle common in connection with the merger; and
3. To transact any other business that properly comes before the special meeting or any adjournment or postponement of the special meeting.

We have fixed November 11, 2005 as the record date for determining those Pinnacle shareholders entitled to receive this notice of and to vote their shares at the special meeting, including any adjournment or postponement of the special meeting.

**The Pinnacle board of directors has adopted unanimously the proposed merger agreement with Cavalry and the issuance of Pinnacle common stock in connection with the merger and strongly encourages you to vote for the approval of the merger agreement and the issuance of Pinnacle common stock in connection with the merger and for adjournment of the special meeting, if necessary, to permit Pinnacle to solicit additional proxies. Whether or not you plan to attend the special meeting, please mark, sign, date and return your proxy promptly.**

**BY ORDER OF THE BOARD OF DIRECTORS**

Hugh M. Queener  
*Corporate Secretary*

Nashville, Tennessee  
November 14, 2005

**IMPORTANT**

Your vote is important. Please mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-paid envelope. **Remember, your vote is important, so please act today! This will not prevent you from voting in person but will help to secure a quorum and avoid added solicitation costs. Your proxy may be revoked at any time.**

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**114 West College Street, Murfreesboro, Tennessee 37130  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held on December 22, 2005**

NOTICE IS HEREBY GIVEN that Cavalry Bancorp, Inc. ( Cavalry ) will hold a special meeting of shareholders at its corporate offices located at 114 West College Street, Murfreesboro, Tennessee 37130, at 10:00 a.m. local time on December 22, 2005, to consider and vote on the following matters:

1. A proposal to approve the merger agreement, dated as of September 30, 2005, between Pinnacle Financial Partners, Inc. ( Pinnacle ) and Cavalry, pursuant to which Cavalry will merge with and into Pinnacle. A copy of the merger agreement is attached as *Appendix A* to the joint proxy statement/prospectus accompanying this notice;
2. A proposal to approve the adjournment of the Cavalry special meeting, if necessary, to permit Cavalry to solicit additional proxies if there are insufficient votes at the special meeting to constitute a quorum or to approve the merger agreement; and
3. To transact any other business that properly comes before the special meeting or any adjournment or postponement of the special meeting.

We have fixed November 7, 2005 as the record date for determining those Cavalry shareholders entitled to receive this notice of and to vote their shares at the special meeting, including any adjournment or postponement of the special meeting.

**The Cavalry board of directors has adopted unanimously the proposed merger agreement with Pinnacle and strongly encourages you to vote for approval of the merger agreement and for adjournment of the special meeting, if necessary, to permit Cavalry to solicit additional proxies. Whether or not you plan to attend the special meeting, please mark, sign, date and return your proxy promptly.**

**BY ORDER OF THE BOARD OF DIRECTORS**

Ira B. Lewis, Jr.  
*Secretary*

Murfreesboro, Tennessee  
November 14, 2005

**IMPORTANT**

Your vote is important. Please mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-paid envelope. **Remember, your vote is important, so please act today! This will not prevent you from voting in person but will help to secure a quorum and avoid added solicitation costs. Your proxy may be revoked at any time.**

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus serves two purposes: it is a proxy statement being used by both the Pinnacle Financial Partners, Inc. board of directors and the Cavalry Bancorp, Inc. board of directors to solicit proxies for use at their respective special meetings. It is also the prospectus of Pinnacle regarding the Pinnacle common stock to be issued to Cavalry shareholders if the merger is completed. This joint proxy statement/prospectus provides you with detailed information about the proposed merger of Cavalry into Pinnacle. We encourage you to read this entire joint proxy statement/prospectus carefully. Pinnacle has filed with the Securities and Exchange Commission a registration statement on Form S-4, as amended, under the Securities Act of 1933, as amended, and this joint proxy statement/prospectus is the prospectus filed as part of that registration statement. This joint proxy statement/prospectus does not contain all of the information in the registration statement nor does it include the exhibits to the registration statement. Please see **WHERE YOU CAN FIND MORE INFORMATION** on page 91.

When used in this joint proxy statement/prospectus, the terms **Pinnacle** and **Cavalry** refer to Pinnacle Financial Partners, Inc. and Cavalry Bancorp, Inc., respectively, and, when the context requires, to Pinnacle Financial Partners, Inc. and Cavalry Bancorp, Inc. and their respective predecessors and subsidiaries. **We** or **us** refer to both Pinnacle and Cavalry.

This joint proxy statement/prospectus incorporates by reference important business and financial information about Pinnacle and Cavalry that is not included in or delivered with this document. You should refer to **WHERE YOU CAN FIND MORE INFORMATION** on page 91 for a description of the documents incorporated by reference into this joint proxy statement/prospectus. You can obtain documents related to Pinnacle and Cavalry that are incorporated by reference into this document through the SEC's web site at [www.sec.gov](http://www.sec.gov). You may also obtain copies of these documents, other than exhibits, unless such exhibits are specifically incorporated by reference into the information that this joint proxy statement/prospectus incorporates, without charge by requesting them in writing or by telephone from the appropriate company:

If you are a Pinnacle shareholder:

Pinnacle Financial Partners, Inc.  
211 Commerce Street, Suite 300  
Nashville, TN 37201  
Attention: Investor Relations  
(615) 744-3700

**TO OBTAIN TIMELY DELIVERY OF  
PINNACLE FINANCIAL PARTNERS, INC.  
DOCUMENTS, YOU MUST MAKE YOUR  
REQUEST ON OR BEFORE  
DECEMBER 5, 2005.**

Pinnacle maintains a website at [www.pnfp.com](http://www.pnfp.com) and Cavalry maintains a website at [www.cavb.com](http://www.cavb.com). The information contained on these websites is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider it a part of this joint proxy statement/prospectus.

**You should rely only on the information incorporated by reference into or provided in or with this joint proxy statement/prospectus to vote at your special meeting. We have not authorized anyone to give you different information. You should not assume that the information in this joint proxy statement/prospectus, or in any documents delivered with this joint proxy statement/prospectus, or any supplement, is accurate as of any date other than the date on the front of such documents, and neither the mailing of the joint proxy statement/prospectus to you nor the issuance of Pinnacle common stock in connection with the merger shall create any implication to the contrary.**

If you are a Cavalry shareholder:

Cavalry Bancorp, Inc.  
114 West College Street  
Murfreesboro, TN 37133  
Attention: Investor Relations  
(615) 893-1234

**TO OBTAIN TIMELY DELIVERY OF  
CAVALRY BANCORP, INC.  
DOCUMENTS, YOU MUST MAKE YOUR  
REQUEST ON OR BEFORE  
DECEMBER 5, 2005.**



This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any state in which or from any person to whom it is not lawful to make any such offer or solicitation.

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**QUESTIONS AND ANSWERS ABOUT VOTING AND THE MERGER**

**Q: Why is my vote important?**

A: Under the Tennessee Business Corporation Act, or TBCA, which governs both Pinnacle and Cavalry, the merger agreement must be approved by the holders of a majority of the outstanding shares of both Pinnacle and Cavalry common stock entitled to vote. Accordingly, if a Pinnacle or Cavalry shareholder fails to vote, or if a Pinnacle or Cavalry shareholder abstains, that will make it more difficult for Pinnacle and Cavalry to obtain the approval of the merger agreement. In addition, if you are a Pinnacle shareholder, your failure to vote will have the same effect as a vote against the approval of the merger agreement and the issuance of Pinnacle stock in connection with the merger. If you are a Cavalry shareholder, your failure to vote will have the same effect as a vote against the approval of the merger agreement.

**Q: What do I need to do now?**

A: After you carefully read this joint proxy statement/ prospectus, please respond as soon as possible by completing, signing and dating your proxy card and returning it in the enclosed postage-paid return envelope so that your shares will be represented and voted at your respective special meeting.

**The boards of directors of Pinnacle and Cavalry each unanimously recommend that you vote in favor of each of the proposals on which you will be voting at your respective special meeting.**

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: No. If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them, in the case of Cavalry shareholders, on the approval of the merger agreement, or, in the case of Pinnacle shareholders, on the approval of the merger agreement and the issuance of Pinnacle common stock in connection with the merger. You should therefore be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

**Q: What if I fail to instruct my broker?**

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the respective special meeting, but it will otherwise have the consequence of a vote Against approval of the merger agreement, and, for Pinnacle shareholders, it also will have the consequence of a vote Against the issuance of Pinnacle common stock in connection with the merger.

**Q: How do I vote my shares if I am a participant in the Cavalry Employee Stock Ownership Plan, or ESOP?**

A: If you are a participant in the Cavalry ESOP, you can instruct the trustees how to vote the shares of stock that are allocated to your account. If you do not vote your shares, the trustees will vote them in the manner directed by the majority of participants from whom they have received voting instructions. The trustees will vote shares that have not been allocated to any account in the same manner.

**Q: Can I change my vote after I have delivered my proxy card?**

A: Yes. You may change your vote at any time before your proxy is voted at your meeting. You can do this in any of the three following ways:

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by sending a written notice to the corporate secretary of Pinnacle or Cavalry, as appropriate, in time to be received before your special meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card bearing a later date and returning it by mail in time to be received before your special meeting, you can change your vote by submitting a proxy

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card at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or  
if you are a holder of record, by attending the special meeting and voting in person.

If your shares are held in an account at a broker or bank, you should contact your broker or bank to change your vote.

**Q: What am I being asked to vote upon and how does my board recommend I vote?**

A: Shareholders of both Pinnacle and Cavalry are being asked to (i) approve the merger agreement pursuant to which Pinnacle will acquire Cavalry by merger, with Pinnacle being the surviving corporation, and (ii) to permit adjournment of their respective meetings to permit the solicitation of additional proxies in the event there are insufficient votes to constitute a quorum or to approve the matters presented at such special meetings. Additionally, Pinnacle shareholders are being asked to approve the issuance of Pinnacle common stock in connection with the merger.

Both the Pinnacle and Cavalry boards of directors have determined unanimously that the proposed merger is advisable and in the best interests of the Pinnacle and Cavalry shareholders, respectively, and each board recommends that its respective shareholders vote For approval of the merger agreement and For the adjournment proposals. Pinnacle's board also recommends unanimously that its shareholders approve the issuance of Pinnacle common stock in connection with the merger.

Neither Pinnacle's board of directors nor Cavalry's board of directors is aware of any other business to be considered at their respective special meetings.

**Q: What vote is required to approve the transaction?**

A: The approval of the merger agreement and, in the case of the Pinnacle shareholders, the approval of the issuance of Pinnacle common stock in connection with the merger requires: (1) the affirmative vote of a majority of the shares of Pinnacle's common stock outstanding on November 11, 2005, and (2) the affirmative vote of a majority of the shares of Cavalry's common stock outstanding on November 7, 2005.

If a quorum does not exist at the Pinnacle special meeting, adjournment requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting. If a quorum exists at the Pinnacle special meeting but there are not enough affirmative votes to approve the merger agreement and issuance of Pinnacle common stock in connection with the merger, the special meeting may be adjourned if the votes cast, in person or by proxy, at the Pinnacle special meeting favoring the proposal to adjourn exceed the votes cast, in person or by proxy, opposing the proposal to adjourn.

Similarly, if a quorum does not exist at the Cavalry special meeting, adjournment requires the affirmative vote of a majority of the votes cast, in person or by proxy, at the special meeting. If a quorum exists at the Cavalry special meeting but there are not enough affirmative votes to approve the merger agreement, the special meeting may be adjourned if the votes cast, in person or by proxy, at the Cavalry special meeting favoring the proposal to adjourn exceed the votes cast, in person or by proxy, opposing the proposal to adjourn.

**Q: Why are Pinnacle and Cavalry proposing to merge?**

A: The boards of directors of both Pinnacle and Cavalry believe that, among other things, the merger will provide the resulting company with expanded opportunities for profitable growth. In addition, the boards believe that by



combining the resources of the two companies, the resulting company will have an improved ability to compete in the changing and competitive financial services industry.

**Q: What will Cavalry shareholders receive as a result of the merger?**

A: As a shareholder of Cavalry, you will receive shares of Pinnacle common stock based on a formula in which each share of Cavalry common stock you own at the effective time of the merger will be converted into the right to receive 0.95 shares of Pinnacle common stock. Fractional shares will be converted into cash based on the average closing price of Pinnacle's common stock for the five trading days preceding the effective date of the merger.

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**Q: How will the value of the consideration Cavalry shareholders may receive be determined?**

A: Because the merger is based upon a fixed exchange ratio, the value Cavalry shareholders receive will fluctuate based upon fluctuations in the market price of Pinnacle's common stock. As of November 10, 2005, the most recent practical date prior to the date of this joint proxy statement/ prospectus, Pinnacle's closing stock price was \$24.50. Accordingly, based upon that price, each share of Cavalry would receive value of \$23.28 (\$24.50 times 0.95). Any resulting fractional shares will be converted into cash. **You should obtain current stock price quotations for Pinnacle common stock and Cavalry common stock.** You can get these quotations from a newspaper, on the Internet or by calling your broker.

**Q: I am a Cavalry shareholder. Should I send in my stock certificates now?**

A: No. After the merger is completed, Pinnacle will send Cavalry shareholders written instructions for exchanging their stock certificates for merger consideration. You should not send in your stock certificates until you receive these instructions.

**Q: I am a Pinnacle shareholder. Should I send in my common stock certificates?**

A: No. Outstanding shares of Pinnacle common stock will remain outstanding following the merger with Cavalry, with no additional action required by Pinnacle shareholders.

**Q: Will shareholders have dissenters and appraisal rights?**

A: Neither Cavalry nor Pinnacle shareholders will have any right to dissent from the merger and demand an appraisal of their shares of either Cavalry or Pinnacle common stock, as the case may be.

**Q: What are the federal income tax consequences to Cavalry shareholders?**

A: For federal income tax purposes, Cavalry shareholders who exchange their shares for Pinnacle common stock will generally not recognize gain or loss on the exchange, except with respect to any cash paid for fractional shares.

Please see page 41 of this joint proxy statement/ prospectus for a description of the material United States federal income tax consequences of the merger.

**Q: I am a Cavalry shareholder. May I sell the shares of Pinnacle common stock that I will receive in the merger?**

A: Generally, yes. Shares of Pinnacle common stock that you receive in the merger will be freely transferable, unless you are an affiliate of Cavalry under applicable federal securities laws. Affiliates generally include directors, certain executive officers and holders of 10% or more of Cavalry common stock. Generally, all shares of Pinnacle common stock received by affiliates of Cavalry (including shares they beneficially own for others) may not be sold by them, except in compliance with the Securities Act of 1933, as amended. For more detail regarding this subject, see page 47.

**Q: When do you expect the merger to be completed?**

A: We anticipate that the merger will be completed in the first quarter of 2006. In addition to shareholder approvals, we must also obtain certain regulatory approvals. Any delay in obtaining such approvals may delay the

consummation of the merger.

**Q: If I ve lost my Cavalry stock certificate, can I receive consideration in the merger?**

A: Yes. However, you will have to provide an affidavit attesting to the fact that you lost your Cavalry stock certificate. Additionally, you may have to give Pinnacle or the exchange agent a bond to indemnify Pinnacle against a loss in the event someone finds or has your lost certificate and is able to transfer it. To avoid these measures, you should do everything you can to find your lost certificate before the time comes to send it in.

**Q: Where will my shares be listed after the merger?**

A: Shares of Pinnacle s common stock issued in the transaction will be listed on the Nasdaq National Market and will trade under the symbol PNFP.

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**Q: Who can help answer my questions?**

A: If you want additional copies of this document, or if you want to ask any questions about the merger, you should contact:

Investor Relations  
Pinnacle Financial Partners, Inc.  
211 Commerce Street, Suite 300  
Nashville, TN 37201  
(615) 744-3700

or

Investor Relations  
Cavalry Bancorp, Inc.  
114 West College Street  
Murfreesboro, Tennessee 37130  
(615) 893-1234

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**SUMMARY**

This brief summary highlights selected information from this joint proxy statement/ prospectus. It does not contain all of the information that may be important to you. You should read carefully this entire document and the other documents to which this joint proxy statement/ prospectus refers you to fully understand the merger. See WHERE YOU CAN FIND MORE INFORMATION on page 91. Each item in this summary refers to the page where that subject is discussed in more detail.

**Information about Pinnacle and Cavalry (Pages 86 and 88)**

**Pinnacle Financial Partners, Inc.**

**211 Commerce Street**

**Suite 300**

**Nashville, TN 37201**

**(615) 744-3700**

Pinnacle is a Tennessee corporation that was incorporated in 2000 to organize and serve as the holding company for Pinnacle National Bank, a national banking association chartered under the laws of the United States. Pinnacle National Bank commenced its banking operations on October 27, 2000 and operates as a community bank in an urban market emphasizing personalized banking relationships with individuals and businesses located within the Nashville metropolitan statistical area, or MSA. Pinnacle owns 100% of the capital stock of Pinnacle National Bank.

Pinnacle National Bank's primary service area is Davidson, Williamson and Sumner Counties within the Nashville MSA. This area represents a geographic area that covers approximately 4,000 square miles and a population in excess of 1.3 million people.

Federal Deposit Insurance Corporation information as of June 30, 2005 reflects that there are 175 commercial banks that are currently active and also were chartered in the United States in 2000, excluding those institutions that appear to have transferred an existing charter to a new charter. Based on this information, Pinnacle National Bank was the largest and fastest growing of these banks in terms of total assets. We believe that one of the principal factors contributing to our rapid growth thus far has been our ability to effectively position ourselves as a locally managed community bank committed to providing outstanding service and trusted financial advice. As of September 30, 2005, Pinnacle had total assets of approximately \$978.5 million, total deposits of approximately \$788.6 million and total shareholders' equity of approximately \$62.9 million.

**Cavalry Bancorp, Inc**

**114 West College Street**

**Murfreesboro, Tennessee 37130**

**(615) 893-1234**

Cavalry is a Tennessee corporation that was organized in 1997 for the purpose of becoming the bank holding company for Cavalry Banking upon the bank's conversion from a federally chartered mutual association (formed in 1936) to a federally chartered stock savings bank. That conversion was completed on March 16, 1998. In 2002, Cavalry Banking converted to a state chartered commercial bank and became a member of the Federal Reserve System. As of that date, Cavalry became a bank holding company registered with the Federal Reserve Board, or FRB.

Cavalry Banking's primary market areas are Rutherford, Davidson, Bedford and Williamson Counties in Middle Tennessee. A large number of its depositors and borrowers reside in, and a substantial portion of its loan portfolio is secured by properties located in, Rutherford County.

Cavalry Banking is a community-oriented financial institution whose primary business is attracting deposits from the general public and using those funds to originate a variety of loans to individuals residing within its primary market area, and to businesses owned and operated by such individuals. Cavalry Banking actively makes construction and acquisition and development loans, commercial real estate loans,

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commercial business loans, and consumer and other non-real estate loans. In addition, Cavalry Banking originates both adjustable-rate mortgage loans and fixed-rate mortgage loans. Generally, adjustable-rate mortgage loans are retained in Cavalry Banking's portfolio and long-term fixed-rate mortgage loans are sold in the secondary market. Cavalry Banking also provides trust and investment services through its trust division and brokerage and investment products through its brokerage division, Cavalry Investment Services. Cavalry Banking's subsidiary, Miller & Loughry Insurance and Services, Inc., an independent insurance agency, offers a full line of insurance products and services as well as human resources management services.

At September 30, 2005, Cavalry had total assets of approximately \$632.0 million, total deposits of approximately \$564.1 million and total shareholders' equity of approximately \$58.2 million. Cavalry has not engaged in any significant activity other than holding the stock of Cavalry Banking, and Cavalry owns 100% of the capital stock of Cavalry Banking. Accordingly, the information set forth in this report, including financial statements and related data, relates primarily to Cavalry Banking.

### **Cavalry Will Merge With and Into Pinnacle (Page 65)**

We propose a merger of Cavalry with and into Pinnacle. Pinnacle will survive the merger. We have attached the merger agreement to this joint proxy statement/prospectus as *Appendix A*. Please read the merger agreement carefully. It is the legal document that governs the merger.

### **What Cavalry Shareholders Will Receive In the Merger (Page 65)**

Cavalry shareholders will receive 0.95 shares of Pinnacle common stock for each share of Cavalry common stock owned by them at the effective time of the merger. Pinnacle will not issue fractional shares in the merger. As a result, the total number of shares of Pinnacle common stock that each Cavalry shareholder will receive in the merger will be rounded down to the nearest whole number, and each Cavalry shareholder will receive a cash payment for the remaining fraction of a share of Pinnacle stock that he or she would otherwise receive, if any, based on the average closing market value of Pinnacle common stock for the five trading days preceding the effective date of the merger.

*Example: If you currently own 150 shares of Cavalry common stock, you will be entitled to receive 142 shares of Pinnacle common stock and a check for the market value of 0.5 shares of Pinnacle common stock based on the average closing market value of Pinnacle common stock for the five trading days preceding the effective date of the merger.*

The number of shares of Pinnacle common stock to be issued in connection with the merger for each share of Cavalry common stock is fixed. Accordingly, shareholders of Cavalry may receive more or less value depending on fluctuations in the market price of Pinnacle common stock. The merger may not be completed until a significant period of time has passed after the Pinnacle and Cavalry special meetings. At the time of their respective special meetings, Pinnacle and Cavalry shareholders will not know the exact value of the Pinnacle common stock that will be issued in connection with the merger.

**You should obtain current stock price quotations for Pinnacle common stock and Cavalry common stock.** You can obtain these quotations from a newspaper, on the Internet or by calling your broker.

### **Dividend Policy of Pinnacle (Page 31)**

Pinnacle has not paid any cash dividends since inception and it does not anticipate that it will consider paying cash dividends at any point in the near future and until Pinnacle National Bank has achieved a level of profitability appropriate to fund such dividends and support asset growth. Otherwise, the declaration and payment of dividends will depend upon business conditions, operating results, capital and reserve requirements, regulatory requirements and consideration by the Pinnacle board of directors of other relevant factors.

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**Pinnacle's Financial Advisor Has Provided an Opinion to the Pinnacle Board as to the Fairness of the Merger Consideration from a Financial Point of View (Page 50)**

In connection with the merger, Pinnacle retained Raymond James & Associates, Inc., or Raymond James, as its financial advisor. In deciding to adopt the merger agreement, the Pinnacle board of directors considered the oral opinion of Raymond James provided to the Pinnacle board of directors on September 30, 2005, subsequently confirmed in writing, that, as of the date of the opinion and based upon and subject to the considerations described in its opinion and other matters as Raymond James considered relevant, the aggregate merger consideration to be paid by Pinnacle pursuant to the merger agreement was fair from a financial point of view to Pinnacle.

The full text of the written opinion of Raymond James, dated September 30, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Raymond James in connection with the opinion, is attached to this joint proxy statement/ prospectus as *Appendix B*. Raymond James provided its opinion for the information and assistance of the Pinnacle board of directors in connection with its consideration of the transaction contemplated by the merger agreement. You should read the opinion carefully, as well as the description of the opinion contained elsewhere in this joint proxy statement/ prospectus, to understand the procedures followed, assumptions made, matters considered and qualifications and limitations concerning the review undertaken by, and the opinion of, Raymond James. **The Raymond James opinion is addressed to the Pinnacle board of directors and is not a recommendation as to how any shareholder of either Pinnacle or Cavalry should vote with respect to the merger agreement and the issuance of Pinnacle common stock in connection with the merger.**

Pinnacle has paid \$350,000 to Raymond James and has agreed to pay Raymond James an additional \$150,000 upon the completion of the merger.

**Cavalry's Financial Advisor Has Provided an Opinion to the Cavalry Board as to the Fairness of the Merger Consideration from a Financial Point of View (Page 56)**

In connection with the merger, Cavalry retained Hovde Financial LLC, or Hovde, as its financial advisor. In deciding to adopt the merger agreement, the Cavalry board of directors considered the oral opinion of Hovde that, as of September 29, 2005, and subsequently confirmed in writing on September 30, 2005, and based upon and subject to the assumptions made, matters considered and limitations described in their opinion, the merger consideration was fair, from a financial point of view, to the holders of Cavalry common stock.

The full text of the written opinion of Hovde, dated September 30, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Hovde in connection with the opinion, is attached to this joint proxy statement/ prospectus as *Appendix C*. Hovde provided its opinion for the information and assistance of the Cavalry board of directors in connection with its consideration of the transaction contemplated by the merger agreement. You should read the opinion carefully, as well as the description of the opinion contained elsewhere in this joint proxy statement/ prospectus, to understand the procedures followed, assumptions made, matters considered and qualifications and limitations concerning the review undertaken by, and the opinion of, Hovde. **The Hovde opinion is addressed to the Cavalry board of directors and is not a recommendation as to how any shareholder of either Cavalry or Pinnacle should vote with respect to the merger agreement.**

Cavalry has agreed to pay Hovde, upon completion of the merger, a fee of approximately \$1.63 million based on the transaction consideration value as of the date of the merger agreement.

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**The Merger Generally Will Be Tax-Free to Holders of Cavalry Common Stock to the Extent They Receive Pinnacle Common Stock (Page 43)**

A Cavalry shareholder's receipt of Pinnacle common stock in the merger will be tax-free for United States federal income tax purposes, except for taxes which may result from any receipt of cash in lieu of fractional shares of Pinnacle common stock.

There will be no United States federal income tax consequences to a holder of Pinnacle common stock as a result of the merger.

**The United States federal income tax consequences described above may not apply to some holders of Pinnacle and Cavalry common stock, including some types of holders specifically referred to on page 42. Accordingly, please consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.**

**Cavalry Directors and Executive Officers Have Some Financial Interests in the Merger That are Different From or in Addition to Their Interests as Shareholders (Page 44)**

Cavalry directors and executive officers have financial and other interests in the merger in addition to their interests as shareholders of Cavalry. These interests include:

Cavalry has employment agreements and change in control agreements with its executive officers that provide for lump-sum payments and other benefits following a change in control and the subsequent termination of the employee without cause or voluntary termination for good reason. As specified in the merger agreement, the merger will constitute a change in control under these agreements and the lump-sum payment will be made if the employee voluntarily terminates his or her employment within twelve months of the closing of the merger. These payments and benefits are estimated to total \$5.1 million in the aggregate and may be made in 2005 to avoid certain adverse tax consequences, even if the merger is not then consummated. See **RISK FACTORS RELATING TO THE MERGER – Cavalry May Make Some Change of Control or Other Payments to Its Directors or Executive Officers Prior to the Merger** on page 15 for more information about these payments.

Partial distributions under Cavalry's Supplemental Executive Retirement Plan and Supplemental Director Retirement Plan may be made to certain of Cavalry's directors and executive officers in conjunction with the merger. In addition, vesting of benefits under these plans may be accelerated to occur in 2005 prior to the consummation of the merger.

Certain executive officers of Cavalry will enter into new employment, consulting or change of control agreements with Pinnacle or Pinnacle National Bank, which become effective as of the closing of the merger. These agreements provide for the payment of additional payments and benefits to these officers and contain covenants not to compete.

Pinnacle has agreed to indemnify and hold harmless each present and former director, officer and employee of Cavalry and its subsidiaries following completion of the merger. This indemnification covers liability and expenses arising out of matters existing or occurring at or prior to the completion of the merger to the fullest extent such persons would have been indemnified as directors, officers or employees of Cavalry or any of its subsidiaries under existing indemnification agreements and/or applicable law. This indemnification extends to liability arising out of the transactions contemplated by the merger agreement. Pinnacle also has agreed that it will maintain a policy of directors' and officers' liability insurance coverage for the benefit of Cavalry's directors and officers for six years following completion of the merger.

At the effective time of the merger, Pinnacle's board of directors will be expanded by three members, and three members of the existing Cavalry board of directors who are proposed by Cavalry and reasonably acceptable to Pinnacle will fill such vacancies. One of the new directors shall be Ed C. Loughry, Jr., who currently serves as chairman and chief executive officer of





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Cavalry. Mr. Loughry will become vice chairman of the Pinnacle board when the merger is complete. As members of the Pinnacle board of directors, the new directors who are not employees of Pinnacle can be expected to receive \$1,200 for each board meeting attended and \$900 for each committee meeting attended. In addition, committee members receive quarterly retainers ranging from \$625 (Community Affairs Committee) to \$1,875 (Audit Committee). Members of the Human Resources, Nominating and Compensation Committee receive a quarterly retainer of \$1,250. Directors also may receive equity awards under the Pinnacle 2004 Equity Incentive Plan.

The Cavalry board of directors knew about these additional interests, and considered them, when it adopted the merger agreement.

**Pinnacle's Board of Directors Recommends that You Vote FOR Approval of the Merger Agreement and the Stock Issuance in Connection With the Merger (Page 38)**

Pinnacle's board of directors believes that the merger is fair to and in the best interests of the Pinnacle shareholders, and recommends that Pinnacle shareholders vote FOR the approval of the merger agreement and the issuance of Pinnacle common stock in connection with the merger.

In determining whether to adopt the merger agreement, Pinnacle's board of directors consulted with its senior management and legal and financial advisors. In arriving at its determination, the Pinnacle board of directors also considered a number of factors, including the following material factors:

accelerated entry in the Rutherford County market;

increased size and scale the combined company is expected to have pro forma assets of approximately \$1.7 billion and 17 offices in some of the fastest growing areas in the Nashville MSA;

enhanced franchise value the increased size and scale of the combined company will potentially attract the largest acquirers and potentially enhance a take-over premium;

enhanced geographic market Rutherford County is the 5th largest and fastest growing county in terms of population in Tennessee, and Pinnacle, prior to entering into the merger agreement, had plans to enter this area on a de novo basis before 2005 year-end;

accretive to earnings applying the potential cost savings and other assumptions (described under OPINIONS OF FINANCIAL ADVISORS Opinion of Pinnacle's Financial Advisor beginning on page 50), the merger would result in accretion to Pinnacle's earnings per share beginning in 2006;

increased float pro forma shares outstanding of the combined company would increase from 8.4 million shares to 15.3 million shares; and

improved revenue diversification although both Pinnacle and Cavalry are engaged primarily in banking activities, approximately 10% of Cavalry's revenues are comprised of insurance sales commissions and fiduciary fees, which currently are not a source of revenue for Pinnacle.

**Cavalry's Board of Directors Recommends that You Vote FOR the Approval of the Merger Agreement (Page 40)**

Cavalry's board of directors believes that the merger is fair to and in the best interests of the Cavalry shareholders, and recommends that Cavalry shareholders vote FOR the approval of the merger agreement.

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In determining whether to adopt the merger agreement, Cavalry's board of directors consulted with its senior management and legal and financial advisors. In arriving at its determination, the Cavalry board of directors also considered a number of factors, including the following material factors:

the value of the consideration to be received by Cavalry shareholders, including the opinion of Hovde that such consideration is fair, from a financial point of view;

the alternatives to the merger, including Cavalry remaining an independent financial institution;

the fact that even though Cavalry shareholders will own only 42% of the combined institution, some existing Cavalry officers and directors will continue to serve in comparable positions with the surviving corporation;

the potential long-term benefits of the merger to Cavalry shareholders and customers; and

the impact of the merger on Cavalry's employees.

**Board of Directors After the Merger (Page 46)**

After the merger, the board of directors of the combined company will have 13 members, consisting of 10 current members of Pinnacle's board of directors and three members (one of whom will be Ed C. Loughry, Jr., current chairman and chief executive officer of Cavalry) of the existing Cavalry board of directors who are proposed by Cavalry and reasonably acceptable to Pinnacle.

**Pinnacle Shareholder Meeting to be Held on December 21, 2005 (Page 32)**

The Pinnacle special meeting will be held at 211 Commerce Street, Suite 100, Nashville, Tennessee 37201 on December 21, 2005 at 10:00 a.m., local time. At the special meeting, Pinnacle shareholders will be asked:

1. to approve the merger agreement between Pinnacle and Cavalry and the issuance of Pinnacle common stock in connection with the merger;

2. to vote upon an adjournment or postponement of the special meeting, if necessary, to solicit additional proxies; and

3. to transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

You can vote at the Pinnacle special meeting if you owned Pinnacle common stock at the close of business on November 11, 2005. On that date, there were 8,425,205 shares of Pinnacle common stock outstanding and entitled to vote, approximately 12.75% of which were owned and entitled to be voted by Pinnacle directors and executive officers and their affiliates. You can cast one vote for each share of Pinnacle common stock you owned on that date. The approval of the merger agreement with Cavalry and the issuance of Pinnacle common stock in connection with the merger requires the affirmative vote of the holders of a majority of Pinnacle's outstanding shares. Approval of the proposal to adjourn or postpone the meeting, if necessary, requires that the number of votes cast in favor of the proposal exceed the number of votes cast opposing the proposal.

**Cavalry Shareholder Meeting to be Held on December 22, 2005 (Page 34)**

The Cavalry special meeting will be held at 114 West College Street, Murfreesboro, Tennessee 37130 on December 22, 2005 at 10:00 a.m., local time. At the special meeting, Cavalry shareholders will be asked:

1. to approve the merger agreement between Pinnacle and Cavalry;

2. to vote upon an adjournment or postponement of the special meeting, if necessary, to solicit additional proxies; and

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3. to transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting.

You can vote at the Cavalry special meeting if you owned Cavalry common stock at the close of business on November 7, 2005. On that date, there were 7,217,565 shares of Cavalry common stock outstanding and entitled to vote, approximately 22.48% of which were owned and entitled to be voted by Cavalry directors and executive officers and their affiliates. You can cast one vote for each share of Cavalry common stock you owned on that date. In order to approve the merger agreement, the holders of a majority of the outstanding shares of Cavalry common stock entitled to vote must vote in favor of the merger. Approval of the proposal to adjourn or postpone the meeting, if necessary, requires that the number of votes cast in favor of the proposal exceed the number of votes cast opposing the proposal.

**Treatment of Cavalry Stock Options (Page 65)**

Each outstanding Cavalry stock option will be assumed by Pinnacle as of the completion of the merger and will be converted automatically into an option to purchase common stock of Pinnacle. The number of shares of common stock underlying the new option will equal the number of shares of Cavalry common stock for which the corresponding Cavalry option was exercisable, multiplied by 0.95 and rounded down to the nearest whole share. The per share exercise price of each new Pinnacle option will equal the exercise price of the corresponding Cavalry option divided by 0.95 and rounded down to the nearest one cent. All other terms of the Cavalry stock options will remain unchanged after the conversion.

**The Merger is Expected to Occur in the First Quarter of 2006 (Page 66)**

The merger will occur after all the conditions to its completion have been satisfied or, if permissible, waived. Currently, we anticipate that the merger will occur in the first quarter of 2006. However, we cannot assure you when or if the merger will occur. We must first obtain approval of Pinnacle's shareholders of the merger agreement and the issuance of Pinnacle common stock in connection with the merger and approval of the merger agreement by Cavalry shareholders, at the respective special meetings. We also must obtain necessary regulatory approvals. If the merger has not been completed by March 31, 2006, either Pinnacle or Cavalry may terminate the merger agreement so long as the party electing to terminate has not caused the failure of the merger to close by failing to comply with the merger agreement.

**Completion of the Merger is Subject to Customary Conditions (Page 67)**

The completion of the merger is subject to a number of customary conditions being met, including the approval by Cavalry shareholders of the merger agreement and the approval by Pinnacle shareholders of the merger agreement and the issuance of Pinnacle common stock in connection with the merger, as well as receipt of all required regulatory approvals.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger, even if that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

**We May Not Complete the Merger Without All Required Regulatory Approvals (Page 47)**

We cannot complete the merger unless we receive the prior approval of the FRB. In addition, we need to obtain approvals or consents from, or make filings with, a number of federal and state bank, insurance and other regulatory authorities.

**Termination of the Merger Agreement; Fees Payable (Page 72)**

We may jointly agree to terminate the merger agreement at any time. Either of us also may terminate the merger agreement if:

a governmental authority that must grant a regulatory approval denies approval of the merger (although this termination right is not available to a party whose failure to comply with the merger agreement resulted in those actions by a governmental authority);

a governmental entity of competent jurisdiction issues a final nonappealable order enjoining or otherwise prohibiting the merger;



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the merger is not completed on or before March 31, 2006 (although this termination right is not available to a party whose failure to comply with the merger agreement resulted in the failure to complete the merger by that date);

the other party's board of directors adversely changes its recommendation that its shareholders vote FOR approval of the merger agreement (in the case of Cavalry) or the approval of the merger agreement and the issuance of Pinnacle common stock in connection with the merger (in the case of Pinnacle), or the other party breaches its obligation to hold its shareholders' meeting to approve the transactions contemplated by the merger agreement;

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach rises to a level that would excuse the terminating party's obligation to complete the merger and is either incurable or is not cured within 30 days;

the shareholders of Cavalry do not approve the merger agreement at the Cavalry shareholder meeting; or

the shareholders of Pinnacle do not approve the merger agreement and the issuance of Pinnacle common stock in connection with the merger at the Pinnacle shareholder meeting.

The merger agreement provides that in limited circumstances, described more fully beginning on page 72, involving a change in the recommendation of Cavalry's board that Cavalry's shareholders approve the merger agreement, Cavalry's failure to hold a shareholders' meeting to vote on the merger agreement, Cavalry's authorization, recommendation or proposal of a third party acquisition proposal or if the merger agreement is otherwise terminated (other than by Cavalry for Pinnacle's material breach) after Cavalry shall have received a third party acquisition proposal, Cavalry may be required to pay a termination fee to Pinnacle of \$5 million. The purpose of the termination fee is to encourage the commitment of Cavalry to the merger, and to compensate Pinnacle if Cavalry engages in certain conduct which would make the merger less likely to occur. The effect of the termination fee likely will be to discourage other companies from seeking to acquire or merge with Cavalry prior to completion of the merger and could cause Cavalry to reject any acquisition proposal from a third party which does not take into account the termination fee.

Alternatively, in the event of a willful breach by either Pinnacle or Cavalry that results in the termination of the merger agreement, the breaching party will be liable to the non-breaching party for damages in the amount of \$2.5 million.

### **We May Amend the Terms of the Merger and Waive Rights Under the Merger Agreement (Page 74)**

We may jointly amend the terms of the merger agreement, and either party may waive its right to require the other party to adhere to any of those terms, to the extent legally permissible. However, after the approval of the merger agreement by the respective shareholders of Pinnacle or Cavalry, no amendment or waiver that reduces or changes the form of the consideration that will be received by Cavalry shareholders may be accomplished without the further approval of such shareholders.

### **Pinnacle Will Account for the Merger Using the Purchase Method (Page 44)**

Pinnacle will account for the merger as a purchase for financial reporting purposes.

### **No Dissenters' and Appraisal Rights (Page 44)**

Under Tennessee law, neither Pinnacle's nor Cavalry's shareholders are entitled to dissenters' and appraisal rights in connection with the merger.

### **Comparison of the Rights of Cavalry Shareholders and Pinnacle Shareholders (Page 77)**

Both Pinnacle and Cavalry are incorporated under Tennessee law. Cavalry shareholders, upon completion of the merger will become Pinnacle shareholders, and their rights as such will be governed by Pinnacle's charter and bylaws. See COMPARISON OF THE RIGHTS OF SHAREHOLDERS beginning on page 77 for the material differences between the rights of Cavalry shareholders and Pinnacle shareholders.



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**RISK FACTORS RELATING TO THE MERGER**

*In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including without limitation, Pinnacle's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, Pinnacle's Quarterly Report on Form 10-Q for the nine months ended September 30, 2005, Cavalry's Annual Report on Form 10-K as amended by Amendment No. 1 to Annual Report on Form 10-K/A, each for the fiscal year ended December 31, 2004, and Cavalry's Quarterly Report on Form 10-Q for the nine months ended September 30, 2005, you should carefully consider the following risk factors in deciding whether to vote to approve the merger agreement and, in the case of the Pinnacle shareholders, the stock issuance in connection with the merger.*

**The Value of Pinnacle Shares Received Will Fluctuate; Shareholders of Cavalry May Receive More or Less Value Depending on Fluctuations In the Price of Pinnacle Common Stock**

The number of shares of Pinnacle common stock issued to Cavalry shareholders in exchange for each share of Cavalry common stock is fixed. The market prices of Pinnacle common stock and Cavalry common stock when the merger is completed may vary from their market prices at the date of this document and at the date of the special meetings of Pinnacle and Cavalry. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Pinnacle common stock, the market value of Pinnacle common stock issued in the merger may be higher or lower than the value of such shares on earlier dates. If the price of Pinnacle common stock declines prior to completion of the merger, the value of the merger consideration to be received by Cavalry's shareholders will decrease. During the 12-month period ending on November 10, 2005, the most recent practical date prior to the date of this joint proxy statement/prospectus, Pinnacle common stock traded in a range from a low of \$20.50 to a high of \$26.65 and ended that period at \$24.50, and Cavalry common stock traded in a range from a low of \$17.60 to a high of \$26.25 and ended that period at \$23.27. See **COMPARATIVE MARKET PRICES** beginning on page 29 for more detailed share price information.

These variations may be the result of various factors, many of which are beyond the control of Cavalry and Pinnacle, including:

changes in the business, operations or prospects of Pinnacle, Cavalry or the combined company;

governmental and/or litigation developments and/or regulatory considerations;

market assessments as to whether and when the merger will be consummated and the anticipated benefits of the merger;

governmental action affecting the banking and financial industry generally;

market assessments of the potential integration or other costs; and

general market and economic conditions.

The merger may not be completed until a significant period of time has passed after the Pinnacle and Cavalry special shareholder meetings. At the time of their respective special shareholder meetings, Pinnacle and Cavalry shareholders will not know the exact value of the Pinnacle common stock that will be issued in connection with the merger.

Shareholders of Pinnacle and Cavalry are urged to obtain current market quotations for Pinnacle and Cavalry common stock, and they may obtain such quotations from a newspaper, the Internet or by calling their broker. The price of Pinnacle common stock and Cavalry common stock at the effective time of the merger may vary from their prices on the date of this joint proxy statement/prospectus. The historical prices of Pinnacle common stock and Cavalry common stock included in this joint proxy statement/prospectus may not be indicative of their prices on the date the merger becomes effective. The future market prices of Pinnacle common stock and Cavalry common stock cannot be guaranteed or predicted.





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**Pinnacle May Not Be Able To Successfully Integrate Cavalry or To Realize the Anticipated Benefits of the Merger**

The merger involves the combination of two bank holding companies that previously have operated independently. A successful combination of the operations of the two entities will depend substantially on Pinnacle's ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. Pinnacle may not be able to combine the operations of Cavalry and Pinnacle without encountering difficulties, such as:

the loss of key employees and customers;

the disruption of operations and business;

inability to maintain and increase competitive presence;

deposit attrition, customer loss and revenue loss;

possible inconsistencies in standards, control procedures and policies;

unexpected problems with costs, operations, personnel, technology and credit; and/or

problems with the assimilation of new operations, sites or personnel, which could divert resources from regular banking operations.

Additionally, general market and economic conditions or governmental actions affecting the financial industry generally may inhibit the successful integration of Cavalry and Pinnacle.

Further, Pinnacle and Cavalry entered into the merger agreement with the expectation that the merger will result in various benefits including, among other things, benefits relating to enhanced revenues, a strengthened market position for the combined company, cross selling opportunities, technology, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether Pinnacle integrates Cavalry in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially impact Pinnacle's business, financial condition and operating results. Finally, any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

**Cavalry Shareholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management**

After the merger's completion, Cavalry shareholders will own a significantly smaller percentage of Pinnacle than they currently own of Cavalry. Following completion of the merger, Cavalry shareholders will own approximately 42% of the combined company on a fully-diluted basis. Additionally, former Cavalry directors initially will hold only three out of 13 seats on Pinnacle's board. Consequently, Cavalry shareholders likely will be able to exercise less influence over the management and policies of Pinnacle than they currently exercise over the management and policies of Cavalry.

**The Combined Company Will Incur Significant Transaction and Merger-Related Costs in Connection With the Merger**

Pinnacle and Cavalry expect to incur costs associated with combining the operations of the two companies. Pinnacle and Cavalry have just recently begun collecting information in order to formulate detailed integration plans to deliver planned synergies. Additional unanticipated costs may be incurred in the integration of the businesses of Pinnacle and Cavalry. Although Pinnacle and Cavalry expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

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Whether or not the merger is consummated, Pinnacle and Cavalry will incur substantial expenses, such as legal, accounting and financial advisory fees, in pursuing the merger. Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including approval by federal and state banking regulators. Pinnacle and Cavalry intend to pursue all required approvals in accordance with the merger agreement. See THE MERGER AGREEMENT Conditions to the Completion of the Merger beginning on page 67 for a discussion of the conditions to the completion of the merger and PROPOSAL #1 FOR SHAREHOLDERS OF PINNACLE FINANCIAL PARTNERS, INC. AND CAVALRY BANCORP, INC.: THE PROPOSED MERGER Regulatory Approval on page 47 for a description of the regulatory approvals necessary in connection with the merger.

**Directors and Officers of Cavalry Have Potential Conflicts of Interest in the Merger**

You should be aware that some directors and officers of Cavalry have interests in the merger that are different from, or in addition to, the interests of Cavalry shareholders generally. For example, certain Cavalry executive officers have agreements that provide for payments following consummation of the merger if they are subsequently terminated without cause or voluntarily terminate their employment for good reason within twelve months following the closing of the merger. The merger agreement provides that the merger shall be considered a change in control for purposes of these agreements and that any voluntary termination by an employee of his or her employment with Pinnacle or Pinnacle National Bank, as the case may be, within twelve months of the closing of the merger shall trigger Pinnacle's obligation to make any payments under these employment or change in control agreements. Pinnacle and Cavalry have agreed that such payments may be made prior to the consummation of the merger (see Cavalry May Make Some Change of Control or Other Payments to Its Directors or Executive Officers Prior to the Merger immediately below).

In addition, certain of the executive officers of Cavalry have been offered employment, consulting or change in control agreements by Pinnacle National Bank that provide the executive officer with payment for services provided to Pinnacle or Pinnacle National Bank as well as, in some instances, payments upon a change in control of Pinnacle or Pinnacle National Bank. These agreements may create potential conflicts of interest. In addition, Pinnacle agreed in the merger agreement to indemnify and provide liability insurance to Cavalry's officers and directors. These and certain other additional interests of Cavalry's directors and officers may cause some of these persons to view the proposed transaction differently than you view it. For more information about these interests, please see

PROPOSAL #1 FOR SHAREHOLDERS OF PINNACLE FINANCIAL PARTNERS, INC. AND CAVALRY BANCORP, INC.: THE PROPOSED MERGER Interests of Certain Cavalry Executive Officers and Directors in the Merger beginning on page 44.

**Cavalry May Make Some Change of Control or Other Payments to Its Directors or Executive Officers Prior to the Merger**

Cavalry has represented to Pinnacle that the payment of any change in control or severance payments or the payment or acceleration of any benefits under any of Cavalry's benefit plans as a result of the merger would not be treated as an excess parachute payment under Section 280G of the Internal Revenue Code of 1986, as amended. The merger agreement permits Cavalry to take certain actions so that these payments or the acceleration of these benefits would not be treated as excess parachute payments under the Code, which actions may include Cavalry's payment of all or a portion of these amounts prior to both December 31, 2005 and the closing of the merger. The payment of these amounts in 2005, which will not have an impact on the consideration to be received by Cavalry shareholders in the merger, would have a significant negative impact on Cavalry's results of operations and financial condition for the year ending December 31, 2005 but would not constitute a material adverse effect or a default by Cavalry under the terms of the merger agreement. While Cavalry is hopeful that all conditions to the closing of the merger will be satisfied prior to its making these payments, a delay in the receipt of any required regulatory approval or any other delay in the closing of the transaction could require that Cavalry make these

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payments prior to the satisfaction of all required closing conditions and at a time when it cannot be certain that the merger with Pinnacle will close. If these payments are made by Cavalry, and the merger of Cavalry and Pinnacle is not subsequently consummated, Cavalry's stock price will likely decline and the substantial negative impact that these payments have on Cavalry's earnings and financial condition for 2005 may make it more difficult for Cavalry to find a third party willing to acquire Cavalry at a value comparable to the value being offered in the merger with Pinnacle.

**The Opinion Obtained by Cavalry From its Financial Advisor Will Not Reflect Changes in Circumstances Prior to the Merger**

On September 29, 2005, Hovde delivered to the Cavalry board its oral opinion (which was confirmed in writing on September 30, 2005) as to the fairness from a financial point of view to the shareholders of Cavalry, as of that date, of the aggregate merger consideration to be received by them under the merger agreement. A copy of this opinion is attached hereto as *Appendix C*. The opinion does not reflect changes that may occur or may have occurred after the date of such opinion, to the operations and prospects of Pinnacle or Cavalry, general market and economic conditions and other factors. As a result of the foregoing, Cavalry shareholders should be aware that the opinion of Hovde attached hereto does not address the fairness of the aggregate merger consideration at any time other than as of September 30, 2005.

**Failure To Complete the Merger Could Cause Pinnacle's or Cavalry's Stock Price To Decline**

If the merger is not completed for any reason, Pinnacle's or Cavalry's stock price may decline because costs related to the merger, such as legal, accounting and financial advisory fees, must be paid even if the merger is not completed. In addition, if the merger is not completed, Pinnacle's or Cavalry's stock price may decline to the extent that the current market price reflects a market assumption that the merger will be completed.

**Risks Related to Pinnacle's Business**

For risks related to Pinnacle's business, please see Pinnacle's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, which is incorporated by reference into this joint proxy statement/prospectus.

**Risks Related to Cavalry's Business**

For risks related to Cavalry's business, please see Cavalry's Annual Report on Form 10-K, as amended by Amendment No. 1 to Annual Report on Form 10-K/A, for the fiscal year ended December 31, 2004, which is incorporated by reference into this joint proxy statement/prospectus.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/ prospectus including the Appendices hereto contains forward-looking statements about Pinnacle and Cavalry and the combined company following the merger. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ), are statements that represent our judgment concerning the future and are subject to risks and uncertainties that could cause our actual operating results and financial position to differ materially from the forward-looking statements. Such forward-looking statements can generally be identified by the use of forward-looking terminology such as may, will, expect, anticipate, estimate, believe, or continue, or the negative thereof or other variations thereof or comparable terminology. You should note that the discussion of Pinnacle's and Cavalry's reasons for the merger and the description of the opinion of Cavalry's financial advisor contain many forward-looking statements that describe beliefs, assumptions and estimates of the management of each of Cavalry and Pinnacle and public sources as of the indicated dates and those forward-looking expectations may have changed as of the date of this joint proxy statement/ prospectus. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

The ability of Pinnacle and Cavalry to predict results or the actual effects of the combined company's plans and strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the RISK FACTORS RELATING TO THE MERGER discussed immediately above as well as the following:

difficulties in obtaining required shareholder and regulatory approvals for the merger and related transactions;

the level and timeliness of realization, if any, of expected cost savings from the merger;

difficulties related to the consummation of the merger and the integration of the businesses of Pinnacle and Cavalry;

a materially adverse change in the financial condition of Pinnacle or Cavalry;

greater than expected deposit attrition, customer loss, or revenue loss following the merger;

loan losses that exceed the level of allowance for loan losses of the combined company;

lower than expected revenue following the merger;

management of the combined company's growth;

the risks inherent or associated with possible or completed acquisitions;

increases in competitive pressure in the banking industry;

changes in the interest rate environment that reduce margins;

changes in deposit flows, loan demand or real estate values;

changes in accounting principles, policies or guidelines;

legislative or regulatory changes;

general economic conditions, either nationally or in Tennessee, that are less favorable than expected resulting in, among other things, a deterioration of the quality of the combined company's loan portfolio and the demand for its products and services;

dependence on key personnel;

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changes in business conditions and inflation; and

changes in the securities markets.

Additional factors are discussed in the reports filed with the Securities and Exchange Commission ( SEC ) by Pinnacle and Cavalry. See WHERE YOU CAN FIND MORE INFORMATION on page 91.

The above list is not intended to be exhaustive and there may be other factors that would preclude us from realizing the predictions made in the forward-looking statements. Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Pinnacle shareholders and Cavalry shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this joint proxy statement/ prospectus or the date of any document incorporated by reference.

**All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this joint proxy statement/ prospectus and attributable to Pinnacle or Cavalry or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Pinnacle and Cavalry undertake no obligation to update such forward-looking statements to reflect events or circumstances after the date of this joint proxy statement/ prospectus or to reflect the occurrence of unanticipated events.**

**Table of Contents****SELECTED FINANCIAL DATA****Selected Historical Financial Data**

The following tables present selected historical financial data for Pinnacle for each of the years ended December 31, 2004, 2003, 2002 and 2001 and the period from February 28, 2000 (inception) to December 31, 2000 and for the nine-month periods ended September 30, 2005 and 2004. In addition, the tables present selected historical financial data for Cavalry for each of the years in the five-year period ended December 31, 2004 and for the nine-month periods ended September 30, 2005 and 2004.

***Pinnacle Financial Partners, Inc. Selected Historical Financial Data***

Set forth below is selected consolidated financial data for Pinnacle as of December 31, 2004, 2003, 2002, 2001 and 2000 and for the years ended December 31, 2004, 2003, 2002 and 2001 and the period from February 28, 2000 (inception) to December 31, 2000, and Pinnacle's unaudited consolidated financial data as of and for the nine months ended September 30, 2005 and 2004. Except for the data under Performance Ratios and Other Data and Asset Quality Ratios, the summary historical consolidated financial data as of December 31, 2004, 2003, 2002, 2001 and 2000 and for the years ended December 31, 2004, 2003, 2002 and 2001 and the period from February 28, 2000 (inception) to December 31, 2000 is derived from our audited consolidated financial statements, which were audited by KPMG LLP, an independent registered public accounting firm. The summary historical consolidated financial data as of and for the nine months ended September 30, 2005 and September 30, 2004, is derived from unaudited consolidated financial statements for those periods. The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of the results of operations for the full year or any other interim period. Pinnacle prepared the unaudited information on the same basis as it prepared its audited consolidated financial statements. In the opinion of Pinnacle, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. This information should be read together with Pinnacle's consolidated financial statements and related notes and Management's Discussions and Analysis of Financial Condition and Results of Operations included in Pinnacle's Annual Report on Form 10-K for the year ended December 31, 2004 and Pinnacle's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, which are incorporated by reference into this joint proxy statement/prospectus.

**Selected Historical Condensed Financial Data of Pinnacle Financial Partners, Inc.**

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)						
	(In thousands, except per share data, ratios and percentages)						
<b>Statement of Financial Condition Data:</b>							
Total assets	\$ 978,539	\$ 685,408	\$ 727,139	\$ 498,421	\$ 305,279	\$ 175,439	\$ 39,042
Loans, net of unearned income	604,225	434,909	472,362	297,004	209,743	134,440	12,407
Allowance for loan losses	(7,231)	(5,434)	(5,650)	(3,719)	(2,677)	(1,832)	(162)
Total securities	246,914	191,323	208,170	139,944	73,980	19,886	7,116
Deposits and securities sold under agreements	856,280	564,817	602,655	405,619	249,067	147,917	22,945



to repurchase

Advances from							
FHLB	24,500	51,500	53,500	44,500	21,500	8,500	
Subordinated debt	30,929	10,310	10,310	10,310			
Stockholders							
equity	62,891	56,668	57,880	34,336	32,404	18,291	15,771

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	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)						
	(In thousands, except per share data, ratios and percentages)						
<b>Income Statement Data:</b>							
Interest income	\$ 32,189	\$ 19,105	\$ 27,679	\$ 18,262	\$ 12,561	\$ 6,069	\$ 506
Interest expense	11,438	5,119	7,415	5,363	4,362	2,579	125
Net interest income	20,751	13,986	20,264	12,899	8,199	3,490	381
Provision for loan losses	1,450	1,814	2,948	1,157	938	1,670	162
Net interest income after provision for loan losses	19,301	12,172	17,316	11,742	7,261	1,820	219
Noninterest income	3,893	3,732	5,473	3,287	1,732	1,341	115
Noninterest expense	15,065	10,676	15,298	11,049	7,989	6,363	2,589
Income (loss) before income taxes	8,129	5,228	7,491	3,980	1,004	(3,202)	(2,255)
Income tax expense (benefit)	2,312	1,598	2,172	1,425	356	(2,065)	
Net income (loss)	\$ 5,817	\$ 3,630	\$ 5,319	\$ 2,555	\$ 648	\$ (1,137)	\$ (2,255)

**Per Share****Data(1):**

Earnings (loss) per share basic	\$ 0.69	\$ 0.48	\$ 0.69	\$ 0.35	\$ 0.11	\$ (0.29)	\$ (1.39)
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Weighted average shares outstanding basic	8,402,916	7,537,856	7,750,943	7,384,106	6,108,942	3,963,196	1,617,616
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Earnings (loss) per share diluted	\$ 0.62	\$ 0.43	\$ 0.61	\$ 0.32	\$ 0.10	\$ (0.29)	\$ (1.39)
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Weighted average shares outstanding diluted	9,455,756	8,451,439	8,698,139	7,876,006	6,236,844	3,963,196	1,617,616
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Common shares outstanding at end of period	8,424,217	8,389,232	8,389,232	7,384,106	7,384,106	4,624,106	3,820,000
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**Performance****Ratios and****Other****Data(2)**

Return on average assets(3)	0.94%	0.87%	0.89%	0.66%	0.29%	(1.19)%	(4.70)%
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Return on average stockholders equity(3)	12.94%	12.66%	12.31%	7.70%	2.47%	(7.80)%	(7.70)%
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Net interest margin(4)	3.60%	3.55%	3.62%	3.53%	3.81%	3.95%	5.71%
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Net interest spread(5)	3.20%	3.29%	3.34%	3.23%	3.42%	3.29%	2.33%
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Noninterest income to average assets(3)	0.62%	0.89%	0.92%	0.85%	0.76%	1.41%	0.42%
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Noninterest expense to average assets(3)	2.42%	2.54%	2.56%	2.85%	3.50%	6.70%	5.92%
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Efficiency ratio(6)	61.13%	60.26%	59.40%	68.30%	80.40%	131.70%	402.50%
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Average loan to	81.97%	78.66%	79.00%	85.50%	98.50%	94.90%	98.60%
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average  
deposit  
ratio

Average interest-earning assets to average interest-bearing liabilities	119.58%	119.23%	120.00%	118.90%	119.60%	122.70%	248.00%
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Book value per share	\$	7.47	\$	6.75	\$	6.90	\$	4.65	\$	4.39	\$	3.96	\$	4.13
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**Asset  
Quality  
Ratios:**

Allowance for loan losses to nonperforming assets	11,854.10%	407.96%	1,006.90%	981.30%	143.40%	732.80%	0.00%
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Allowance for loan losses to total loans	1.20%	1.25%	1.20%	1.25%	1.28%	1.36%	1.31%
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Nonperforming assets to total assets	0.01%	0.19%	0.08%	0.08%	0.61%	0.14%	0.00%
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Nonaccrual loans to total loans	0.01%	0.31%	0.12%	0.13%	0.89%	0.19%	0.00%
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	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Unaudited)						
	(In thousands, except per share data, ratios and percentages)						
Net loan charge-offs (recoveries) to average loans(3)	(0.07)%	0.08%	0.27%	0.05%	0.05%	0.00%	0.00%
Net charge-offs (recoveries) as a percentage of:							
Provision for loan losses	(9.03)%	5.46%	34.49%	9.94%	9.91%	0.00%	0.00%
Allowance for loan losses(3)	(4.84)%	4.87%	18.00%	3.09%	3.47%	0.00%	0.00%
<b>Capital Ratios:</b>							
Leverage(7)	9.3%	10.9%	9.70%	9.70%	11.10%	11.60%	82.50%
Tier 1 risk-based capital	10.9%	12.4%	11.70%	11.80%	12.70%	10.10%	58.80%
Total risk-based capital	13.0%	13.4%	12.70%	12.80%	13.80%	11.20%	59.40%

- (1) Earnings per share information reflects the impact of a two for one stock split which was effective on May 10, 2004.
- (2) Performance ratios and other data for the period ended December 31, 2000, are for the period from October 27, 2000, (commencement of banking operations) through December 31, 2000.
- (3) Ratios and data for the nine months ended September 30, 2005 and September 30, 2004, are annualized.
- (4) Net interest margin is the result of net interest income for the period divided by average interest earning assets.
- (5) Net interest spread is the result of the difference between the interest yield earned on interest earning assets less the interest paid on interest bearing liabilities.
- (6) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.
- (7) Leverage ratio is defined as Tier 1 capital (pursuant to risk-based capital guidelines) as percentage of adjusted average assets.

**Cavalry Bancorp, Inc. Selected Historical Financial Data**

Set forth below is selected consolidated financial data for Cavalry as of December 31, 2004, 2003, 2002, 2001 and 2000 and for the years ended December 31, 2004, 2003, 2002, 2001 and 2000, and Cavalry's unaudited consolidated

financial data as of and for the nine months ended September 30, 2005 and 2004. Except for the data under Performance Ratios and Asset Quality Ratios, the summary historical consolidated financial data as of December 31, 2004, 2003, 2002, 2001 and 2000 and for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 is derived from our audited consolidated financial statements, which were audited by Rayburn, Bates & Fitzgerald, P.C., an independent registered public accounting firm. The summary historical consolidated financial data as of and for the nine months ended September 30, 2005 and September 30, 2004, is derived from unaudited consolidated financial statements for those periods. The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of the results of operations for the full year or any other interim period. Cavalry prepared the unaudited information on the same basis as it prepared its audited consolidated financial statements. In the opinion of Cavalry, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. This information should be read together with Cavalry's consolidated financial statements and related notes and Management's Discussions and Analysis of Financial Condition and Results of Operations included in Cavalry's Annual Report on Form 10-K as amended by Amendment No. 1 to Annual Report on Form 10-K/ A, each for the year ended December 31, 2004 and Cavalry's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, which are incorporated by reference into this joint proxy statement/ prospectus.

**Table of Contents****Selected Historical Condensed Financial Data of Cavalry Bancorp, Inc.**

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(Unaudited)							
(In thousands, except per share data, ratios and percentages)							
<b>Financial Condition Data:</b>							
Total assets	\$ 632,006	\$ 551,902	\$ 578,670	\$ 515,172	\$ 464,365	\$ 432,874	\$ 384,285
Loans receivable, net	476,354	413,788	430,526	350,412	300,524	280,239	279,478
Loans held-for-sale	1,067	2,438	2,501	2,648	17,800	10,423	4,183
Investment securities held-to-maturity						637	594
Investment securities available-for-sale	42,934	43,707	42,183	55,123	37,926	41,808	32,247
Cash and cash equivalents	67,458	56,040	63,135	70,913	73,162	69,281	45,025
Deposits	564,055	486,346	506,534	454,257	407,752	380,990	336,534
Borrowings	2,794	2,848	2,835	2,889	2,944	998	1,578
Total shareholders equity	58,164	56,636	53,833	54,427	49,746	48,806	43,971
<b>Operating Data:</b>							
Interest and dividend income	\$ 23,415	\$ 18,153	\$ 25,068	\$ 21,936	\$ 23,257	\$ 28,108	\$ 29,436
Interest expense	6,457	3,953	5,555	5,616	7,193	12,649	13,070
Net interest income	16,958	14,200	19,513	16,320	16,064	15,459	16,366
Provision for loan losses	211	352	875	101	497	661	306
Net interest income after provision for loan losses	16,747	13,848	18,638	16,219	15,567	14,798	16,060
Gains on sale of loans, net	984	2,281	2,773	5,473	3,401	2,537	1,548
Other non-interest income	8,174	7,617	10,125	9,138	8,217	5,763	4,147
Non-interest expense	16,370	17,608	28,573	23,371	20,177	18,664	14,700
Income before income taxes	9,535	6,138	2,963	7,459	7,008	4,434	7,055
Income tax expense	3,286	2,475	2,534	2,965	2,891	2,435	3,003
Net income	\$ 6,249	\$ 3,663	\$ 429	\$ 4,494	\$ 4,117	\$ 1,999	\$ 4,052

Basic earnings per share	\$ 0.87	\$ 0.57	\$ 0.07	\$ 0.70	\$ 0.64	\$ 0.31	\$ 0.64
Diluted earnings per share	0.85	0.55	0.06	0.67	0.62	0.31	0.64
Dividends declared per share	0.22	0.18	1.75	0.22	0.20	0.20	0.20
<b>Key Financial Ratios:</b>							
<b>Performance Ratios:</b>							
Return on average assets(1)	1.42%	0.95%	0.08%	0.96%	0.97%	0.50%	1.11%
Return on average equity(2)	14.77%	8.82%	0.77%	8.60%	8.36%	4.33%	9.90%
Interest rate spread (tax equivalent)(3)	3.83%	3.84%	3.84%	3.68%	4.00%	3.65%	4.22%
Net interest margin (tax equivalent)(4)	4.22%	4.09%	4.10%	3.93%	4.28%	4.24%	4.89%
Average interest-earning assets to average interest-bearing liabilities	124.07%	121.43%	122.41%	118.10%	114.94%	117.19%	117.19%
Non-interest expense as a percent of average total assets	3.71%	4.55%	5.40%	5.00%	4.77%	4.67%	4.02%
Efficiency ratio(5)	62.68%	73.06%	88.16%	75.56%	72.89%	78.56%	66.63%
Dividend payout ratio(6)	25.29%	31.58%	2,500.00%	31.43%	31.25%	64.52%	31.25%



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	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(Unaudited)							
(In thousands, except per share data, ratios and percentages)							
<b>Asset Quality Ratios:</b>							
Non-accrual and 90 days or more past due loans as a percent of total loans, net	0.22%	0.29%	0.17%	0.24%	0.17%	0.14%	0.04%
Non-performing assets as a percent of total assets	0.19%	0.22%	0.13%	0.17%	0.16%	0.13%	0.05%
Allowance for loan losses as a percent of total loans receivable	1.04%	1.14%	1.12%	1.28%	1.46%	1.38%	1.34%
Allowance for loan losses as a percent of non-performing loans	469.22%	386.59%	650.13%	526.78%	878.68%	1,134.52%	3,443.09%
Net charge-offs to average outstanding loans	0.03%	0.04%	0.14%	0.07%	0.10%	0.15%	0.07%
<b>Capital Ratios:(7)</b>							
Total equity-to-assets ratio	9.20%	10.26%	9.30%	10.56%	10.71%	11.27%	11.44%
Average equity to average assets(8)	9.59%	10.73%	10.50%	11.17%	11.64%	11.56%	11.19%

- (1) Net income divided by average total assets.
- (2) Net income divided by average equity.
- (3) Difference between weighted average yield on interest-earning assets and weighted average rate on interest-bearing liabilities.
- (4) Net interest income as a percentage of average interest-earning assets.

- (5) Other expenses divided by the sum of net interest income and other income.
- (6) Dividends per share divided by net income per share.
- (7) During 2001, Cavalry repurchased 25,000 shares for \$271,000. During 2002, Cavalry repurchased 250,064 shares for \$3.2 million. During 2003, Cavalry repurchased 28,112 shares for \$461,000. During 2004, Cavalry repurchased 132,043 shares for \$2.0 million.
- (8) Average total equity divided by average total assets.

**Table of Contents****Selected Unaudited Pro Forma Consolidated Financial Data**

The following unaudited pro forma condensed consolidated statement of financial condition as of September 30, 2005, and the unaudited pro forma condensed consolidated statements of operations for the nine-months ended September 30, 2005 and for the year ended December 31, 2004, have been prepared to reflect the proposed merger of Pinnacle and Cavalry. The unaudited pro forma condensed consolidated statement of financial condition is presented as if the merger occurred on September 30, 2005, while the unaudited pro forma condensed consolidated statements of operations are presented as if the merger occurred on January 1, 2004. The unaudited pro forma acquisition adjustments, including those to adjust Cavalry's net assets to fair value, are preliminary and subject to change as additional analyses are performed and as additional information becomes available.

The unaudited pro forma financial data set forth below is not necessarily indicative of results that would have actually been achieved if the merger transaction had been consummated as of the date indicated, or that may be achieved in the future. This information should be read in conjunction with the historical consolidated financial statements of each of Pinnacle and Cavalry (and the notes to them), which are incorporated by reference into this joint proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION on page 91.

Pinnacle anticipates that the merger will provide the combined company with some future financial benefits that include reduced operating expenses. However, Pinnacle does not reflect any of the anticipated cost savings in the following pro forma financial information. Therefore, the pro forma financial information, while helpful in illustrating the financial characteristics of the combined company under the assumptions set forth below, does not attempt to predict or suggest future results. The pro forma financial information does not attempt to show how the combined company would have actually performed had the companies been combined throughout the periods presented.

	<b>Pinnacle Financial Partners, Inc.</b>	<b>Cavalry Bancorp, Inc.</b>	<b>Pro Forma Acquisition Adjustments</b>	<b>Pro Forma Combined</b>
<b>(Dollars in thousands)</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 97,072	\$ 67,458	(A) \$ (7,082)	\$ 157,323
			(G) (125)	
Investment securities:				
Held to maturity	27,350			27,350
Available for sale	219,564	42,934		262,498
Loans held for sale	6,363	1,067		7,430
Loans	604,225	481,309	(D) (893)	1,083,231
			(E) (1,410)	
Allowance for loan losses	(7,231)	(4,955)	(D) 893	(11,293)
Loans, net	596,994	476,354		1,071,938
Goodwill		1,772	(B) 120,672	117,416
			(F) (6,478)	
			(E) 1,250	
			(C) 200	
Core deposit intangible			(F) 10,660	10,660