

PINNACLE FINANCIAL PARTNERS INC

Form S-4

June 09, 2015

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As filed with the Securities and Exchange Commission on June 9, 2015

Registration No. 333-

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

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.)

**150 Third Avenue South**

**Suite 900**

**Nashville, Tennessee 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.**

**150 Third Avenue South**

**Suite 900**

**Nashville, Tennessee 37201**

**(615) 744-3700**

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

*With copies to:*

**Bob F. Thompson, Esq.**

**Bass, Berry & Sims PLC**

**150 Third Avenue South, Suite 2800**

**Nashville, Tennessee 37201**

**Cynthia W. Young, Esq.**

**Wyatt, Tarrant & Combs, LLP**

**500 W. Jefferson St., Suite 2800**

**Louisville, Kentucky 40202**

**Approximate date of commencement of the proposed sale to the public:** As soon as practicable following the effectiveness of this Registration Statement and the effective time of the merger described in this Registration Statement.

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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. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per unit</b>	<b>Proposed maximum aggregate offering price (1)(2)</b>	<b>Amount of registration fee (1)(2)</b>
Common stock, \$1.00 par value per share	(1)(2)	(1)(2)	\$34,995,325	\$4,067

(1) This Registration Statement relates to the common stock of Pinnacle Financial Partners, Inc. ( Pinnacle ) issuable to holders of common stock of Magna Bank ( Magna ) in the proposed merger of Magna with and into Pinnacle Bank, a wholly-owned subsidiary of Pinnacle (the Magna merger ). Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(f)(2) and (3) of the Securities Act of 1933, as amended (the Securities Act ) by multiplying \$9.86, the book value per share of Magna common stock as of March 31, 2015, the last practicable date prior to filing this Registration Statement by 5,572,504 shares, the maximum number of shares of Magna common stock (including shares of common stock issuable upon the automatic conversion of Magna Series D Preferred Stock which will convert into a like number of shares of Magna common stock immediately prior to the effective time of the merger of Magna and Pinnacle Bank) and all issued and outstanding options to acquire Magna common stock that may be exchanged for the shares being registered less \$19,949,564, the estimated aggregate amount of cash expected to be paid by Pinnacle in exchange for shares of Magna common stock (including shares of Magna common stock issuable upon the automatic conversion of Magna Series D Preferred Stock into shares of Magna common stock which will occur immediately prior to the effective time of the Magna merger). Pursuant to Rule 416, this Registration Statement also covers an indeterminate number of shares that may become issuable as a result of stock splits, stock dividends, or similar transactions.

(2) Pursuant to Rule 457(o), the registration fee has been calculated on the basis of the maximum offering price, and the number of shares being registered has been omitted. The fee has been determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$116.20 per \$1,000,000 of the proposed maximum aggregate offering price.

**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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**Information in this proxy statement/prospectus is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION DATED JUNE 9, 2015**

**PROXY STATEMENT FOR THE SPECIAL MEETING OF SHAREHOLDERS OF  
MAGNA BANK  
and  
PROSPECTUS OF  
PINNACLE FINANCIAL PARTNERS, INC.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

On behalf of the board of directors of Magna Bank, I am pleased to deliver this proxy statement/prospectus for the proposed merger of Magna with and into Pinnacle Bank, the subsidiary bank of Pinnacle Financial Partners, Inc. In this document we refer to this merger as the Magna merger.

As a holder of Magna common stock and/or Magna Perpetual Noncumulative Preferred Stock, Series D (which we refer to as the Magna Series D Preferred Stock), you will have the opportunity to elect, for each share of Magna common stock that you hold (including each share of Magna common stock issuable upon the automatic conversion of the Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger), to receive either (i) 0.3369 shares of Pinnacle common stock, (ii) an amount in cash equal to \$14.32, or (iii) a combination of stock and cash. The total number of shares of Magna common stock that can be converted into shares of Pinnacle common stock and cash will be capped at 75% and 25%, respectively, of Magna's outstanding shares of common stock as of the effective time of the Magna merger (including the shares of Magna common stock issuable upon conversion of the Magna Series D preferred stock). As a result, if Magna shareholders elect to receive either more Pinnacle common stock or more cash than is available as merger consideration under the merger agreement, the form of consideration that you elect may be proportionately reduced and substituted with consideration in the other form, despite your election.

Additionally, immediately prior to the effective time of the Magna merger, pursuant to Magna's equity incentive plan, each issued and outstanding unvested option to purchase shares of Magna common stock will accelerate and become fully vested and exercisable. At the closing of the Magna merger, Magna's outstanding unexercised stock options will be cancelled and settled in cash for the difference between the options' exercise price and \$14.32. In connection with

the Magna merger, Pinnacle or Pinnacle Bank intends to redeem the \$18.35 million of preferred stock Magna has issued to the U.S. Treasury pursuant to the Small Business Lending Fund program.

**This proxy statement/prospectus contains important information about the Magna merger. You should read this entire proxy statement/prospectus carefully, including all appendices, the documents incorporated by reference therein and the information under the section entitled RISK FACTORS RELATING TO THE MAGNA MERGER beginning on page 27.**

The Magna merger cannot be completed unless the proposal to approve the merger agreement is approved by the affirmative vote of a majority of the outstanding shares of Magna common stock and Magna Series D Preferred Stock, voting together as a single group. As a result, failing to vote will have the same effect as a vote against the approval of the merger agreement. Whether or not you plan to attend the Magna special meeting, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope.

The Magna board of directors unanimously recommends that you vote ***FOR*** the approval of the merger agreement. We look forward to seeing you at the Magna special meeting and we appreciate your continued support.

Sincerely yours,

Kirk P. Bailey

Chairman, President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities being issued by Pinnacle in connection with Magna merger or passed upon the adequacy or completeness of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. The securities to be issued in connection with the Magna merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

This document is dated [                      ], 2015, and is first being mailed on or about [                      ], 2015.

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6525 Quail Hollow Road, Suite 513

Memphis, Tennessee 38120

(901) 259-5670

**Notice of Special Meeting of Shareholders**

**To Be Held on July [ ], 2015**

To the Shareholders of Magna Bank:

We are pleased to notify you of and invite you to a special meeting of the shareholders of Magna Bank ( Magna ) to be held on [ ], July [ ], 2015, at 10:00 a.m., local time, at 6525 Quail Hollow Road, 4th Floor, Memphis, Tennessee, 38120, to consider and vote upon the following matters:

1. *Merger Proposal.* To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated April 28, 2015 (the merger agreement ) by and among Magna, Pinnacle Financial Partners, Inc. ( Pinnacle ) and Pinnacle Bank ( Pinnacle Bank ), pursuant to which Magna will merge with and into Pinnacle Bank, with Pinnacle Bank surviving the merger (the Magna merger ). A copy of the merger agreement is attached to the accompanying proxy statement/prospectus as **Appendix A**.
2. *Adjournment.* To consider and vote on a proposal to postpone or adjourn the special meeting to a later date or dates, if necessary, to allow time for further solicitation of proxies in the event there are insufficient votes present at the special shareholders meeting, in person or by proxy, and entitled to vote, to approve the merger agreement.

Only shareholders of record of Magna's common stock, par value \$1.00 per share ( Magna common stock ) and Magna's Perpetual Noncumulative Preferred Stock, Series D, par value \$1.00 per share ( Magna Series D Preferred Stock ), at the close of business on June [ ], 2015, will be entitled to notice of and to vote at the special shareholders meeting and at any adjournment or postponement of the special shareholders meeting.

**The board of directors of Magna unanimously recommends that Magna's shareholders vote FOR the approval and adoption of the merger agreement and the Magna merger, and FOR the proposal to postpone or adjourn the Magna special meeting, if necessary to solicit additional votes in favor of the approval of the merger agreement.**

**YOUR VOTE IS VERY IMPORTANT.** The merger agreement must be approved by the affirmative vote of holders of a majority of the issued and outstanding shares of Magna common stock and Magna Series D Preferred Stock (voting together as a single group) in order for the proposed Magna merger to be consummated. **IF YOU DO NOT RETURN YOUR PROXY CARD OR DO NOT VOTE IN PERSON AT THE SPECIAL MEETING, THE EFFECT WILL BE A VOTE AGAINST THE PROPOSED MAGNA MERGER.** Whether or not you plan to attend the special meeting in person, we urge you to date, sign, and return promptly the enclosed proxy card in the accompanying envelope. You may revoke your proxy at any time before the special meeting or by attending the special meeting and voting in person.



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As required by Chapter 23 of the Tennessee Business Corporation Act, Magna is notifying all shareholders entitled to vote on the merger agreement that you are or may be entitled to assert dissenters' rights under the dissenters' rights chapter of the Tennessee Business Corporation Act. A copy of the dissenters' rights chapter is included with the accompanying proxy statement/prospectus as Appendix B. See also **PROPOSAL #1: THE PROPOSED MAGNA MERGER Dissenters' Rights** beginning on page 47 in the accompanying proxy statement/prospectus.

BY ORDER OF THE BOARD OF DIRECTORS

OF MAGNA BANK

Catherine Stallings

Corporate Secretary

June , 2015

Memphis, Tennessee

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For a more detailed description of the information incorporated by reference in the enclosed proxy statement/prospectus and how you may obtain it, see the section entitled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 101 of the enclosed proxy statement/prospectus.

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This proxy statement/prospectus relates to an Agreement and Plan of Merger, dated April 28, 2015, as it may be amended from the time to time (which we refer to as the merger agreement), by and among Pinnacle Financial Partners, Inc., a Tennessee corporation (which we refer to as Pinnacle), Pinnacle Bank, a Tennessee state-chartered bank and a direct, wholly owned subsidiary of Pinnacle (which we refer to as Pinnacle Bank), and Magna Bank, a Tennessee state-chartered bank (which we refer to as Magna). A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A and incorporated by reference herein. Upon the terms and subject to the conditions of the merger agreement, Magna will merge with and into Pinnacle Bank, with Pinnacle Bank being the surviving company (which we refer to as the Magna merger).

Magna currently has outstanding shares of common stock, par value \$1.00 per share (which we refer to as the Magna common stock), shares of Series C Preferred Stock (which are held by the United States Treasury and are expected to be redeemed by the effective time of the Magna merger) and shares of Non-Cumulative Perpetual Preferred Stock, Series D, par value \$1.00 per share (which we refer to as the Magna Series D Preferred Stock). By its terms, the Magna Series D Preferred Stock will automatically convert into shares of Magna common stock, on a share-for-share basis, immediately prior to the effective time of the Magna merger. The Magna common stock and the Magna Series D Preferred Stock are sometimes referred to collectively as the Magna stock in this proxy statement/prospectus.

Pursuant to the terms of the merger agreement, upon consummation of the Magna merger each holder of Magna common stock, including Magna common stock that will be issued automatically upon conversion of the Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger, issued and outstanding, subject to certain exceptions, will have the right to elect to receive either (i) 0.3369 shares of Pinnacle common stock, par value \$1.00 per share (which we refer to as Pinnacle common stock), for each share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) owned by such Magna shareholder at the effective time of the Magna merger (which we refer to as the stock consideration), or (ii) an amount in cash equal to \$14.32 per share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding at the effective time of the Magna merger (which we refer to as the cash consideration), or (iii) a combination of stock consideration and cash consideration; provided, however, that the aggregate amount of stock consideration and cash consideration issued to Magna shareholders will be prorated such that 75% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into shares of Pinnacle common stock and 25% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into cash. Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price of Pinnacle common stock for the 10 trading days ending on the business day immediately preceding the closing date of the Magna merger. Collectively, the stock consideration and cash consideration are referred to in this proxy statement/prospectus as the merger consideration .

In addition, immediately prior to the effective time of the Magna merger, each outstanding unvested option to purchase shares of Magna common stock (which we refer to as the Magna options), will accelerate and become fully vested and exercisable. At the effective time of the Magna merger, any outstanding Magna options that are not exercised will be cancelled and the holders of any such Magna options will be entitled to receive an amount in cash equal to the product of (x) the excess, if any, of \$14.32 over the exercise price of each such Magna option and (y) the number of shares of Magna common stock subject to each such Magna option (which we refer to as the Stock Option Consideration).



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This proxy statement/prospectus serves as:

a proxy statement for a special meeting of Magna shareholders being held on [                      ], 2015 (which we refer to as the Magna special meeting), where Magna shareholders will vote on, among other things, a proposal to approve the merger agreement; and

a prospectus for Pinnacle common stock that Magna shareholders will receive as a result of the Magna merger.

Unless the context otherwise requires, all references in this proxy statement/prospectus to we , us , or our , refer to Pinnacle, Pinnacle Bank and Magna.

In addition to the foregoing, this proxy statement/prospectus references that certain Agreement and Plan of Merger, dated April 7, 2015, as amended from time to time, by and among CapitalMark Bank & Trust, a Tennessee state-chartered bank (which we refer to as CapitalMark), Pinnacle and Pinnacle Bank (which we refer to as the CapitalMark merger agreement). Upon the terms and subject to the conditions of the CapitalMark merger agreement, CapitalMark will merge with and into Pinnacle Bank, with Pinnacle Bank being the surviving company (which we refer to as the CapitalMark merger). See SUMMARY Pending Acquisition of CapitalMark Bank & Trust beginning on page 8. Collectively, the Magna merger and the CapitalMark merger are referred to in this proxy statement/prospectus as the mergers . Consummation of the Magna merger is not conditioned upon the consummation of the CapitalMark merger, nor is consummation of the CapitalMark merger conditioned upon consummation of the Magna merger.

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**QUESTIONS AND ANSWERS ABOUT VOTING AND THE MAGNA MERGER AND  
THE MAGNA SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the Magna special meeting, the merger agreement and the Magna merger. These questions and answers may not address all questions that may be important to you as a Magna shareholder. To better understand these matters, and for a description of the legal terms governing the Magna merger, you should carefully read this entire proxy statement/prospectus, including the appendices, as well as the documents that have been incorporated by reference in this proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 101.*

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

A: Shareholders of Magna are being asked to (1) approve the merger agreement pursuant to which Pinnacle Bank will acquire Magna by merger, with Pinnacle Bank being the surviving corporation and (2) permit the postponement or adjournment of the Magna special meeting, if necessary, to permit the solicitation of additional proxies in the event there are insufficient votes to approve the merger agreement.

Magna's board of directors has determined that the merger agreement and the transactions contemplated thereby, including the Magna merger, are advisable and in the best interests of Magna and its shareholders. The board of directors of Magna unanimously recommends that Magna shareholders vote **FOR** the proposal to approve the merger agreement and **FOR** the proposal to postpone or adjourn the Magna special meeting, if necessary, to allow time for further solicitation of proxies to approve the merger agreement. In addition, members of Magna's board of directors and executive officers have entered into agreements with Pinnacle in which they have agreed, among other things, to vote their shares of Magna common stock and Magna Series D Preferred Stock in favor of the proposal to approve the merger agreement.

No other business will be conducted at the Magna special meeting.

**Q: What vote is required to approve the merger agreement or the adjournment of the Magna special meeting?**

A: *Proposal to Approve the Merger Agreement by Magna Shareholders.* The approval of the merger agreement requires the affirmative vote of a majority of the shares of Magna common stock and Magna Series D Preferred Stock (voting together as a single group) outstanding on June [ ], 2015, the record date set by Magna's board of directors. **Accordingly, a Magna shareholder's failure to submit a proxy card or to vote in person at the Magna special meeting, or an abstention from voting, or the failure of a Magna shareholder who holds his or her shares in street name through a broker or other nominee to give voting instructions to such broker or other nominee, will have the same effect as a vote AGAINST the proposal to approve the merger agreement.**

*Proposal to Postpone or Adjourn the Magna Special Meeting.* Approving the proposal to postpone or adjourn the Magna special meeting to a later date or dates, if necessary, to allow time for further solicitation of proxies requires a vote of a majority of the shares of Magna common stock and Magna Series D Preferred Stock (voting together as a



single group) who are present and entitled to vote at the Magna special meeting, in person or by proxy. **Accordingly, abstentions will have the same effect as a vote AGAINST the proposal to postpone or adjourn the Magna special meeting, while shares not in attendance at the Magna special meeting will have no effect on the outcome of the vote on the proposal to postpone or adjourn the Magna special meeting.**

**Q: My shares of Magna stock are held in street name by my broker. Will my broker automatically vote my Magna stock for me?**

A: No. If your shares of Magna stock are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. If this is

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the case, this proxy statement/prospectus has been forwarded to you by your brokerage firm, bank or other nominee, or its agent. As the beneficial holder, you have the right to direct your broker, bank, nominee or other holder of record as to how to vote your shares of Magna stock. If you do not provide voting instructions to your broker on a particular proposal on which your broker does not have discretionary authority to vote, your shares of Magna stock will not be voted on that proposal. This is called a broker non-vote. Because brokers do not have discretionary voting authority with respect to any of the proposals described in this proxy statement/prospectus, if you, as a beneficial owner of shares of Magna stock held in street name do not give voting instructions to the broker, bank, nominee or other holder of record, then those shares of Magna stock will not be voted on any of the proposals described in this proxy statement/prospectus and will have the same effect as a vote against the proposal to approve the merger agreement, and will have no effect on the outcome of any vote to postpone or adjourn the Magna special meeting. If you hold shares of Magna stock through a broker, bank, nominee or other holder of record with custody of your shares, follow the voting instructions you receive from that organization.

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

A: Under the Tennessee Business Corporation Act (which we refer to as the TBCA) which governs Magna, and Magna's charter, the merger agreement must be approved by the holders of a majority of the outstanding shares of Magna common stock and Magna Series D Preferred Stock entitled to vote, voting together as a single group. Accordingly, if a Magna shareholder fails to vote, or abstains, that will make it more difficult for Magna to obtain the approval of the merger agreement. **If you are a Magna 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 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 (or in any of the other permitted manners described herein) so that your shares of Magna stock will be represented and voted at the Magna special meeting.

The board of directors of Magna unanimously recommends that the shareholders of Magna vote in favor of each of the proposals on which they will be voting at the Magna special meeting.

### **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 the Magna special meeting. You can do this in any of the three following ways:

by sending written notice to Catherine Stallings, Magna's Corporate Secretary, in time to be received before the Magna 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 or by fax in time to be received before the Magna special meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

by attending the Magna special meeting and voting in person.

**Q: Why are Pinnacle Bank and Magna proposing to merge?**

A: The boards of directors of each of Pinnacle, Pinnacle Bank and Magna believe that, among other things, the Magna 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.

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

A: Pursuant to the terms of the merger agreement, upon the consummation of the Magna merger each holder of Magna common stock (including holders of the Magna Series D Preferred Stock, whose shares will automatically convert into shares of Magna common stock immediately prior to the Magna merger) issued and outstanding will have the right to elect to receive for each share of Magna stock owned at the effective time of the Magna merger: either (i) 0.3369 shares of Pinnacle common stock for each share of Magna common stock, or (ii) an amount in cash equal to \$14.32 per share of Magna common stock, or (iii) a combination of stock consideration and cash consideration; provided, however, that the aggregate amount of stock consideration and cash consideration issued to Magna shareholders will be prorated such that 75% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into shares of Pinnacle common stock and 25% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into cash.

Cash will be paid in lieu of any fractional shares based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the Magna merger.

Additionally, any outstanding options to purchase shares of Magna common stock that are not exercised prior to the consummation of the Magna merger will be cancelled and the holders of any such options will be entitled to receive an amount in cash equal to the product of (x) the excess, if any, of the difference between \$14.32 and the exercise price of each such option and (y) the number of shares of Magna common stock subject to each such option.

See THE MERGER AGREEMENT Merger Consideration for a more complete discussion of the merger consideration to be paid in the Magna merger beginning on page 64.

**Q: Can I elect the type of merger consideration I will receive in the Magna merger?**

A: Yes, subject to the merger consideration requirements described under *Will I receive the form of merger consideration I elect to receive?* below, you may elect to receive all shares of Pinnacle common stock, all cash, or a combination of whole shares of Pinnacle common stock and cash, in exchange for your shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock). However, those Magna shareholders who hold unexercised options to purchase shares of Magna common stock at the effective time of the Magna merger will only be entitled to the Stock Option Consideration.

See THE MERGER AGREEMENT Merger Consideration for a more complete discussion of the merger consideration to be paid in the Magna merger beginning on page 64.

**Q: Will I receive the form of merger consideration I elect to receive?**

A: It is possible that you will not receive the exact form of merger consideration you elect in the Magna merger. Whether you will be entitled to receive stock consideration, cash consideration, or a combination of stock

consideration and cash consideration, in exchange for your shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) will be initially determined based on your election. Notwithstanding the particular election you make, the stock consideration and cash consideration to be paid by Pinnacle will be prorated such that 75% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into shares of Pinnacle common stock and 25% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into cash. If stock consideration elections made by all Magna shareholders, in the aggregate, total 75% of the shares of Magna common stock (including the

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shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger, then you will receive the form of consideration you elected to receive, subject to payment of cash in lieu any fractional shares of Pinnacle common stock you elect to receive. On the other hand, for example, if the elections made by Magna shareholders would result in an oversubscription for cash (i.e., holders of more than 25% of the outstanding shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) elect to receive cash), then the exchange agent will prorate the amount of stock consideration and cash consideration to be issued in the Magna merger in order to meet the stock consideration requirement. In that case, you may receive a combination of cash consideration and stock consideration in exchange for your shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) that is different from the amount you elected, depending on the elections made by other Magna shareholders.

The allocation of the mix of merger consideration payable to each Magna shareholder will not be finally determined until the exchange agent tallies the results of the elections made by Magna shareholders to receive (i) stock consideration, (ii) cash consideration or (iii) combination of stock and cash consideration, which will not occur until near the effective time of the Magna merger.

If Pinnacle's common stock is trading above \$42.50 per share, the stock consideration will be more valuable than the cash consideration. Because the closing price of Pinnacle's common stock on June 8, 2015 was \$52.52, the stock consideration is significantly more valuable as of the date of this proxy statement/prospectus. Accordingly, we expect that most of the Magna shareholders will elect to receive the stock consideration for all of their shares. If all Magna shareholders elect to receive the stock consideration, then, due to proration, all Magna shareholders will receive stock consideration for 75% of their Magna stock and cash consideration for 25% of their Magna stock. The following table illustrates at various price levels of Pinnacle common stock, the value per Magna share of the stock consideration, the cash consideration and a mix of 75% stock consideration and 25% cash consideration.

**Merger Consideration Per Share of Magna Common Stock**

<b>Pinnacle Common Stock Price</b>	<b>100% Stock Election</b>	<b>100% Cash Election</b>	<b>75% Stock/ 25% Cash Election</b>
\$42.00	\$ 14.150	\$ 14.32	\$ 14.193
\$44.00	\$ 14.824	\$ 14.32	\$ 14.698
\$46.00	\$ 15.497	\$ 14.32	\$ 15.203
\$48.00	\$ 16.171	\$ 14.32	\$ 15.708
\$50.00	\$ 16.845	\$ 14.32	\$ 16.214
\$52.00	\$ 17.519	\$ 14.32	\$ 16.719
\$54.00	\$ 18.193	\$ 14.32	\$ 17.225

Moreover, because the trading price for Pinnacle's common stock (adjusted for the exchange ratio) is significantly higher than the price Pinnacle has agreed to pay to cash out the Magna options, we expect that many of the individuals that hold vested Magna options will exercise those Magna options and elect to receive the stock consideration.

**Q: If the Magna merger is consummated, what will happen to outstanding options to purchase Magna common stock?**

- A: All unvested outstanding options to purchase shares of Magna common stock will accelerate and vest immediately prior to consummation of the Magna merger and any outstanding options to purchase shares of Magna common stock that are not exercised prior to the consummation of the Magna merger will be cancelled and the holders of any such options will be entitled to receive an amount in cash equal to the product of (x) the excess, if any, of \$14.32 over the exercise price of each such option and (y) the number of shares of Magna common stock subject to each such option.

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**Q: Should I send in my Magna stock certificates now?**

A: No. Shortly after or contemporaneously with receiving this proxy statement/prospectus you will receive a Form of Election (which we refer to as the Election Form), which will include stock certificate transmittal materials, from Magna and Pinnacle. The Election Form will allow you to elect the form of merger consideration you would like to receive following the effective time of the Magna merger. **In order for your Election Form to be timely, it must be received by the exchange agent no later than 5:00 p.m., eastern daylight time, on [            ], 2015. Magna shareholders failing to submit a timely Election Form will be deemed to have elected to receive a combination of stock consideration and cash consideration (i.e., 75% of such Magna shareholder s shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the shareholders Magna Series D Preferred Stock) will be converted into stock consideration and 25% of such Magna shareholder s shares of common stock (including the shares of Magna common stock issuable upon conversion of the shareholders Magna Series D Preferred Stock) will be converted into cash consideration).**

Concurrently with submitting your Election Form, you may surrender your Magna stock certificates. If you elect not to submit your Magna stock certificates with your Election Form, if the Magna merger is consummated, you will receive a letter of transmittal and instructions for surrendering your Magna certificates in exchange for the merger consideration. **You should not send in your Magna stock certificates until (i) you submit your Election Form or (ii) you receive the letter of transmittal and instructions for surrendering your Magna stock certificates following the consummation of the Magna merger.**

**Q: What will happen to my shares of Magna Series D Preferred Stock in connection with the Magna merger?**

A: All outstanding shares of Magna Series D Preferred Stock will, in accordance with the rights and preferences of such shares, automatically convert into shares of Magna common stock immediately before the effective time of the Magna merger. Additionally, holders of shares of Magna Series D Preferred Stock who have not prior to the effective time of the Magna merger received the certificates for such shares and therefore have yet to receive all dividends and distributions declared and paid by Magna on such shares prior to the effective time of the Magna merger shall retain the right to receive all such dividends and distributions.

**Q: Will Magna shareholders have dissenters rights?**

A: Yes. If you are a holder of shares of Magna common stock or Magna Series D Preferred Stock and if you follow the procedures prescribed by Tennessee law, you may dissent from the merger agreement and have the fair value of your Magna stock paid to you in cash. If you follow these procedures, you won t receive Pinnacle common stock. The fair value of your Magna stock, determined in the manner prescribed by Tennessee law, will be paid to you in cash. That amount could be more or less than the merger consideration or the market value of Pinnacle common stock as of the closing date of the Magna merger. For a more complete description of these dissenters rights, see PROPOSAL #1: THE PROPOSED MAGNA MERGER Dissenters Rights beginning on page 47 and Appendix B to this proxy statement/prospectus where the full text of the Tennessee Dissenters Rights Statute is set out.

Shareholders of Pinnacle are not entitled to dissenters rights or appraisal rights in connection with the Magna merger.



**Q: What are the tax consequences of the Magna merger to shareholders of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) and to holders of Magna options to acquire shares of Magna common stock who receive cash in cancellation of such Magna options?**

A: The Magna merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), and, thus, for United States

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federal income tax purposes, shareholders of Magna stock generally will not recognize gain or loss as a result of the exchange of their Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) for shares of Pinnacle common stock pursuant to the Magna merger. However, if any shareholder of Magna stock receives cash consideration for its shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock), including cash in lieu of fractional shares, such exchange generally will be treated as a taxable transaction causing such holder of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) to recognize gain or loss on the exchange.

A holder of Magna options who receives Stock Option Consideration in cancellation of such holder's Magna options will be treated as having received ordinary compensation income in an amount equal to such Stock Option Consideration.

Magna shareholders and holders of Magna options should consult their own tax advisors for an understanding of the tax consequences that may be particular to them.

See PROPOSAL #1: THE PROPOSED MAGNA MERGER Material United States Federal Income Tax Consequences beginning on page 44 for a more complete discussion of the United States federal income tax consequences of the Magna merger.

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

A: We anticipate that the Magna merger will be completed in the third quarter or fourth quarter of 2015. In addition to approval of the merger agreement by holders of Magna common stock and Magna Series D Preferred Stock (voting together as a single group), we must also obtain certain regulatory approvals. Any delay in obtaining such approvals may delay the consummation of the Magna merger.

### **Q: If I've lost my Magna stock certificate(s), can I receive consideration in the Magna merger?**

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

### **Q: If I receive Pinnacle common stock as a result of the Magna merger, where will my shares be listed?**

A: Shares of Pinnacle's common stock issued in the Magna merger will be listed on the Nasdaq Global Select Market and will trade under the symbol PNFP.

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

A: If you want additional copies of this proxy statement/prospectus, or if you want to ask questions about the merger agreement, including the Magna merger, or if you need assistance submitting your proxy or voting your shares of Magna common stock and/or Magna Series D Preferred Stock, you should contact:

Pinnacle Financial Partners, Inc.

or

Magna Bank

150 Third Avenue South, Suite 900

6525 Quail Hollow Road, Suite 513

Nashville, Tennessee 37201

Memphis, Tennessee 38210

Attention: Harold R. Carpenter

Attention: Beth Lawrence

Telephone: (615) 744-3700

Telephone: (901) 259-5670

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If your shares of Magna common stock and/or Magna Series D Preferred Stock are held by a broker, bank, nominee or other holder of record, you should contact your broker, bank, nominee or other holder of record for additional information about proxy materials or voting procedures.

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**SUMMARY**

*This brief summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. Accordingly, you are encouraged to carefully read this entire proxy statement/prospectus, its appendices and the documents incorporated by reference in this proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 101. You may obtain the information incorporated by reference into this document without charge by following the instructions in that section. Each item in this summary includes a page reference directing you to a more complete description of that item.*

**Parties to the Magna Merger (Pages 94 and 97)**

***Pinnacle Financial Partners, Inc.***

***Pinnacle Bank***

Pinnacle, a bank holding company under the laws of the United States is a Tennessee corporation that was incorporated on February 28, 2000. Pinnacle is the parent company of Pinnacle Bank, a Tennessee state-chartered bank, and owns 100% of the capital stock of Pinnacle Bank. Pinnacle Bank started operations on October 27, 2000, in Nashville, Tennessee, and has since grown to 34 offices, including 29 in eight Middle Tennessee counties. Pinnacle Bank also has five offices in Knoxville, Tennessee, the state's third-largest banking market. Prior to September 4, 2012, when it converted from a national bank to a state bank, Pinnacle Bank was known as Pinnacle National Bank.

As of March 31, 2015, Pinnacle had total consolidated assets of approximately \$6.31 billion, total deposits of approximately \$4.79 billion, and total shareholders' equity of approximately \$824.2 million.

The principal executive office of Pinnacle Financial Partners, Inc. and Pinnacle Bank is located at 150 Third Avenue South, Suite 900, Nashville, Tennessee 37201, and the telephone number is (615) 744-3700.

***Magna Bank***

Magna is a Tennessee state-chartered commercial bank with its principal offices in Memphis, Tennessee. Magna operates banking branches in Memphis, Germantown, and Cordova, Tennessee and mortgage origination offices in Shelby County, Tennessee, Middle Tennessee and in Desoto County, Mississippi.

At March 31 2015, Magna had total assets of approximately \$589.2 million, total deposits of approximately \$451.8 million, and total stockholders' equity of approximately \$70.1 million.

The principal executive office of Magna is located at 6525 Quail Hollow Road, Suite 513, Memphis, Tennessee 38120, and the telephone number is (901) 259-5670.

**Magna Will Merge With and Into Pinnacle Bank (Page 64)**

We propose a merger of Magna with and into Pinnacle Bank. Pinnacle Bank will survive the Magna merger. We have attached the merger agreement, which sets forth the terms and conditions of the Magna merger, to this proxy statement/prospectus as Appendix A. We encourage you to read the merger agreement carefully.

**What Magna Shareholders will Receive in the Magna Merger (Page 64)**

Pursuant to the terms of the merger agreement, upon consummation of the Magna merger each holder of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) issued and outstanding as of the effective time, subject to certain exceptions, will have

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the right to elect to receive either (i) 0.3369 shares of Pinnacle common stock for each share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) owned by such Magna shareholder at the effective time of the Magna merger, or (ii) an amount in cash equal to \$14.32 per share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) owned by such Magna shareholder at the effective time of the Magna merger, or (iii) a combination of stock consideration and cash consideration; provided, however, that the aggregate amount of stock consideration and cash consideration issued to holders of Magna common stock (including holders of the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) will be prorated such that 75% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into shares of Pinnacle common stock and 25% of the shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into cash. Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the Magna merger.

**Issued Shares of Pinnacle Common Stock Will be Eligible for Trading (page 79)**

The shares of Pinnacle common stock to be issued upon consummation of the Magna merger will be eligible for trading on the Nasdaq Global Select Market.

**Voting Agreements (Page 48)**

As of the record date, the directors and executive officers of Magna beneficially owned \_\_\_\_\_ shares of Magna common stock, including shares subject to Magna options currently exercisable but not exercised, and \_\_\_\_\_ shares of Magna Series D Preferred Stock, or approximately \_\_\_\_\_ % of the outstanding shares of Magna common stock, and \_\_\_\_\_ % of the outstanding shares of Magna Series D Preferred Stock. In connection with the execution of the merger agreement, each of the directors and executive officers of Magna executed a voting agreement pursuant to which he or she agreed, among other things, to vote his or her shares of Magna common stock and Magna Series D Preferred Stock for the approval of the merger agreement.

**Magna's Financial Adviser Has Provided an Opinion to the Magna Board as to the Fairness of the Merger Consideration from a Financial Point of View (Page 54)**

The Magna board of directors retained SunTrust Robinson Humphrey, Inc. (who we refer to as STRH) to render a fairness opinion in connection with the proposed Magna merger. At a meeting of the Magna board of directors on April 28, 2015, STRH delivered to the Magna board of directors (solely in its capacity as such) an oral opinion, which was confirmed by delivery of a written opinion, dated April 28, 2015, to the effect that, as of April 28, 2015 and based upon and subject to the conditions, limitations, qualifications and assumptions set forth in the opinion, the aggregate merger consideration to be received in the Magna merger by the holders, other than (i) any holders who properly perfect their dissenters' rights under the TBCA and (ii) Magna, Pinnacle or Pinnacle Bank in their capacity as holders of Magna common stock (including shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) other than any such shares held by Magna, Pinnacle or Pinnacle Bank on behalf of third parties or as a result of debts previously contracted (we refer to the holders in clauses (i) and (ii) as Excluded Holders), of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) was fair, from a financial point of view, to such holders.

The full text of the written opinion of STRH, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion of STRH, is attached



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as Appendix C to this proxy statement/prospectus and is incorporated herein by reference. Magna shareholders are urged to read STRH's written opinion carefully and in its entirety. STRH's opinion is limited solely to the fairness, from a financial point of view, of the aggregate merger consideration to be received in the Magna merger by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock), and does not address Magna's underlying business decision to effect the Magna merger or the relative merits of the Magna merger as compared to any alternative business strategies or transactions that might be available with respect to Magna. STRH's opinion does not constitute a recommendation to any Magna shareholders as to how such shareholder should vote or act with respect to any matter relating to the Magna merger or otherwise, including whether a holder of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) should elect to receive the cash consideration or the stock consideration.

**The Magna Merger Generally Will Be Tax-Deferred to Holders of Magna Stock to the Extent They Receive Pinnacle Common Stock But Will Be Taxable With Respect to Any Cash Received (Page 44)**

It is a condition to the completion of the Magna merger that Magna receive a legal opinion from Wyatt, Tarrant & Combs, LLP to the effect that the Magna merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, for United States federal income tax purposes. It is also a condition that Pinnacle receives a similar opinion from Bass, Berry & Sims PLC. The opinions will not bind the Internal Revenue Service (which we refer to as the IRS), which could view the Magna merger differently.

Generally, for United States federal income tax purposes, Magna shareholders will not recognize gain or loss as a result of the exchange of their Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) for shares of Pinnacle common stock pursuant to the Magna merger. However, if any holder of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) receives (i) cash consideration for its shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) or (ii) cash in lieu of fractional shares of Pinnacle common stock, or any holder of the Magna options receives Stock Option Consideration, such exchange generally will be treated as a taxable transaction causing such holder of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) or Magna options to recognize gain or loss on the exchange. **Holders of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) or Magna options should consult their own tax advisers for an understanding of the tax consequences that may be particular to them.**

You should read PROPOSAL #1: THE PROPOSED MAGNA MERGER Material United States Federal Income Tax Consequences beginning on page 44 for a more complete discussion of the United States federal income tax consequences of the Magna merger to Magna's shareholders. Tax matters can be complicated and the tax consequences of the Magna merger to you will depend on your particular tax situation. You should consult your tax adviser to fully understand the tax consequences of the Magna merger to you.

**Magna Directors and Executive Officers Have Some Financial Interests in the Magna Merger That are Different From or in Addition to Their Interests as Shareholders (Page 48)**

When Magna's shareholders consider the recommendation of the Magna board of directors to approve the merger agreement and the Magna merger, you should be aware that certain of Magna's directors and executive officers have interests in the Magna merger that are different from, or in addition to, the interests of Magna's shareholders generally that may present actual or apparent conflicts of interest, including certain payments under various agreements for

certain officers and directors of Magna, the appointment of a Magna director to the Pinnacle board of directors and the continuation of directors and officers indemnification and liability insurance protections. See PROPOSAL #1: THE PROPOSED MAGNA MERGER Interests of Magna Executive Officers and Directors in the Magna Merger beginning on page 48.

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**Treatment of Magna Stock Options (Page 64)**

Immediately prior to the effective time of the Magna merger, each outstanding unvested Magna option will accelerate and become fully vested and exercisable. Any outstanding Magna options that are not exercised will be cancelled as of the effective time of the Magna merger and the holders of any such Magna options will be entitled to receive an amount in cash equal to the product of (x) the excess, if any, of \$14.32 over the exercise price of each such Magna option and (y) the number of shares of Magna common stock subject to each such Magna option.

**The Magna Merger is Expected to Occur in the Third Quarter or Fourth Quarter 2015 (Page 67)**

The Magna merger will occur after all conditions to its completion have been satisfied or waived. Currently, we anticipate the Magna merger will occur in the third quarter or fourth quarter of 2015. However, we cannot assure you when or if the Magna merger will occur. Magna's shareholders must first approve the merger agreement at the Magna special meeting to which this proxy statement/prospectus relates. We also must obtain necessary regulatory approvals. If the Magna merger has not been completed by December 31, 2015, either Pinnacle or Magna may terminate the merger agreement so long as the party electing to terminate has not caused the failure of the Magna merger to occur by failing to comply with its obligations under the merger agreement.

**Completion of the Magna Merger is Subject to Customary Conditions (Page 68)**

The completion of the Magna merger is subject to a number of customary conditions being met, including the approval by Magna shareholders of the merger agreement, 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 Magna merger, even if that condition has not been satisfied. We cannot be certain when (or if) the conditions to the Magna merger will be satisfied or waived or that the Magna merger will be completed.

**We May Not Complete the Magna Merger Without All Required Regulatory Approvals (Page 52)**

We cannot complete the Magna merger unless we receive the prior approval of our applications and notices filed with the Federal Deposit Insurance Corporation (which we refer to as the FDIC), and the Tennessee Department of Financial Institutions (which we refer to as TDFI).

**Termination of the Merger Agreement; Fees Payable (Page 76)**

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 Magna merger (although this termination right is not available to a party whose failure to comply with its obligations under 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 Magna merger;

the Magna merger is not completed on or before December 31, 2015 (although this termination right is not available to a party whose failure to comply with its obligations under the merger agreement resulted in the failure to complete the Magna merger by that date);

the shareholders of Magna do not approve the merger agreement at the Magna special meeting; or

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the other party is in material 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 Magna merger and is either incurable or is not cured within 30 days.

Pinnacle may terminate the merger agreement if the board of directors of Magna adversely changes its recommendation that its shareholders vote FOR approval of the merger agreement, Magna breaches its obligation to hold its shareholders' meeting to approve the merger agreement or if the board of directors of Magna authorizes, recommends, proposes or publicly announces its intention to authorize, recommend or propose an acquisition proposal with any person other than Pinnacle.

In addition, Magna has the right to terminate the merger agreement:

if (a) Pinnacle's average closing stock price over a 10 consecutive trading day period prior to and ending on the fifth business day before the closing is less than \$40.00, and (b) the quotient resulting from dividing Pinnacle's average closing stock price for that same 10-day period by the average closing price for Pinnacle's common stock for the 10-day period prior to and ending on April 28, 2015 (\$46.83) is less than the difference between (1) the quotient resulting from dividing the Nasdaq Bank Index on the fifth business day prior to the closing of the Magna merger by the Nasdaq Bank Index on April 28, 2015 (\$2,699.92) minus (2) 0.20; or

for the purpose of entering into a definitive agreement with respect to a superior proposal; provided that Magna is not in material breach of its obligations to call a meeting of its shareholders to approve the merger agreement or its obligations under the merger agreement when presented with a superior proposal, including giving Pinnacle the opportunity to match any superior proposal.

The merger agreement provides that in limited circumstances, described more fully beginning on page 64, involving a change in the recommendation of the Magna board that Magna's shareholders approve the merger agreement, Magna's failure to hold a shareholders' meeting to vote on the merger agreement, Magna's authorization, recommendation or proposal of an acquisition proposal, Magna's termination to enter into a definitive agreement with respect to a superior proposal or if the merger agreement is otherwise terminated (other than by Magna for Pinnacle's material breach) after Magna shall have received an acquisition proposal, Magna may be required to pay a termination fee to Pinnacle of \$2.85 million. The purpose of the termination fee is to encourage the commitment of Magna to the Magna merger, and to compensate Pinnacle if Magna engages in certain conduct which would make the Magna 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 Magna prior to completion of the Magna merger and could cause Magna to reject any acquisition proposal which does not take into account the termination fee.

## **We May Amend the Terms of the Magna Merger and Waive Rights Under the Merger Agreement (Page 78)**

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

## **Dissenters' Rights (Page 47)**

Tennessee law permits holders of Magna common stock and Magna Series D Preferred Stock to dissent from the Magna merger and to have the fair value of their Magna stock paid in cash. To do this, a Magna shareholder must follow certain procedures, including filing certain notices with Magna and refraining from

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voting the shareholder's shares of Magna stock in favor of the merger agreement. If a Magna shareholder properly dissents from the merger agreement, that shareholder's shares of Magna stock will not be exchanged for shares of Pinnacle common stock in the Magna merger, but rather, that shareholder's only right will be to receive the appraised value of the shareholder's shares in cash. For a complete description of these dissenters' rights, see page 47 and [Appendix B](#) to this proxy statement/prospectus where the full text of the Tennessee Dissenters' Rights Statute is set out.

### **Comparison of the Rights of Magna Shareholders and Pinnacle Shareholders (Page 85)**

Both Pinnacle and Magna are incorporated under Tennessee law. Magna shareholders, who upon completion of the Magna merger continue as shareholders, will become Pinnacle shareholders, and their rights as shareholders of Pinnacle will be governed by Pinnacle's charter and bylaws. See [COMPARISON OF THE RIGHTS OF SHAREHOLDERS](#) beginning on page 85 for the material differences between the rights of Magna shareholders and Pinnacle shareholders.

### **Board of Directors After the Magna Merger and the CapitalMark Merger (Page 87)**

After the Magna merger and the CapitalMark merger, the board of directors of the combined company is expected to have at least 14 members, consisting of at least 12 current members of Pinnacle's board of directors, Thomas C. Farnsworth, III, an existing member of the Magna Bank board of directors and an existing member of the CapitalMark board of directors.

### **Magna Shareholder Meeting to be Held on [                      ], 2015 (Page 34)**

The Magna special meeting will be held on July [     ], 2015 at 10:00 a.m., local time. The meeting will be held at 6525 Quail Hollow Road, 4<sup>th</sup> Floor, Memphis, Tennessee, 38120. At the Magna special meeting, Magna shareholders will be asked to vote to (1) approve the merger agreement, and (2) postpone or adjourn the Magna special meeting to a later date or dates, if necessary, to permit Magna to solicit additional proxies if there are insufficient votes present at the Magna special meeting, in person or by proxy, and entitled to vote, to approve the merger agreement.

### **Pending Acquisition of CapitalMark Bank & Trust (Page 95)**

On April 7, 2015, Pinnacle and CapitalMark announced the signing of a definitive agreement for CapitalMark to merge with and into Pinnacle Bank. The CapitalMark merger has been approved by the board of directors of each of Pinnacle and CapitalMark and is expected to close in the third quarter or fourth quarter of 2015. Completion of the CapitalMark merger is subject to customary closing conditions, including receipt of required regulatory approvals and approval of CapitalMark's common shareholders.

Under the terms of the CapitalMark merger agreement, upon consummation of the CapitalMark merger, each holder of CapitalMark common stock, par value \$1.00 per share (which we refer to as the CapitalMark common stock), issued and outstanding, subject to certain exceptions, will have the right to elect to receive either (i) 0.50 shares of Pinnacle common stock for each share of CapitalMark common stock owned by such CapitalMark shareholder at the effective time of the CapitalMark merger (which we refer to as the Pinnacle stock consideration), or (ii) an amount in cash equal to the product of 0.50 multiplied by the average closing price of Pinnacle's common stock during the 10 trading days ending on the business day immediately preceding the closing date of the CapitalMark merger (which we refer to as the Pinnacle cash consideration), or (iii) a combination of Pinnacle stock consideration and Pinnacle cash consideration; provided, however, that the aggregate amount of Pinnacle stock consideration and Pinnacle cash consideration issued to CapitalMark shareholders will be prorated such that 90% of the shares of CapitalMark

common stock outstanding as of the



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effective time of the CapitalMark merger will be converted into shares of Pinnacle common stock and 10% of the shares of outstanding CapitalMark common stock as of the effective time of the CapitalMark merger will be converted into cash. Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price of Pinnacle's common stock for the 10 trading days ending on the business day immediately preceding the closing date of the CapitalMark merger.

As of March 31, 2015, CapitalMark, which is headquartered in Chattanooga, Tennessee, reported \$968.0 million in total assets and \$840.0 million in deposits and currently operates four banking offices in Tennessee, one each in Chattanooga and Cleveland, as well as one in Knoxville and one in Oak Ridge. For the year ended December 31, 2014 and the first quarter of 2015, CapitalMark reported net income of approximately \$7.4 million and approximately \$2.3 million, respectively. See page 19 for **SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF CAPITALMARK BANK & TRUST**.

**Subordinated Debt Issuance in Connection with the Magna merger and the CapitalMark merger (Page 96)**

In connection with the consummation of the Magna merger and the CapitalMark merger, Pinnacle Bank expects to issue approximately \$50.0 million in subordinated debt in a private offering to institutional investors (which we refer to as the Debt Issuance). The proceeds from the Debt Issuance, together with available cash, will be used to pay the cash amounts owed by Pinnacle as a result of the Magna merger and the CapitalMark merger, including the redemption of the preferred shares sold by Magna and CapitalMark to the U.S. Treasury pursuant to the Small Business Lending Fund program. In connection with the Debt Issuance, Pinnacle anticipates that it will repay all of its outstanding borrowings under its loan agreement with U.S. Bank, National Association.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF PINNACLE**

The selected historical consolidated financial and other data presented below as of and for the three months ended March 31, 2015 and 2014, is unaudited. The selected historical consolidated financial and other data presented below, as of and for each of the years in the five-year period ended December 31, 2014, is derived from Pinnacle's audited historical financial statements. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Pinnacle's audited consolidated financial statements and the notes thereto incorporated by reference in this proxy statement/prospectus. Results for past periods are not necessarily indicative of results that may be expected for any future period.

<i>(Dollars in thousands, except per share data)</i>	<b>As of and for the Three Months Ended March 31,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Balance Sheet Data:</b>							
Total assets	\$ 6,314,346	\$ 5,600,933	\$ 6,018,248	\$ 5,563,776	\$ 5,040,549	\$ 4,863,951	\$ 4,909,004
Loans, net of unearned income	4,645,272	4,181,687	4,590,027	4,144,493	3,712,162	3,291,351	3,212,440
Allowance for loan losses	66,242	67,524	67,359	67,970	69,417	73,975	82,575
Total securities	808,294	774,134	770,730	733,252	707,153	897,292	1,018,637
Goodwill, core deposit and other intangible assets	246,109	247,171	246,422	247,492	249,144	251,919	254,795
Deposits and securities sold under agreements to repurchase	4,857,363	4,568,669	4,876,600	4,603,938	4,129,855	3,785,931	3,979,352
Advances from FHLB	455,444	150,604	195,476	90,637	75,850	226,069	121,393
Subordinated debt and other borrowings	135,533	98,033	96,158	98,658	106,158	97,476	97,476
Stockholders' equity	824,151	742,497	802,693	723,708	679,071	710,145	677,457
<b>Statement of Operations Data:</b>							
Interest income	\$ 54,679	\$ 49,291	\$ 206,170	\$ 191,282	\$ 185,422	\$ 188,346	\$ 203,348
Interest expense	3,410	3,383	13,185	15,384	22,557	36,882	58,975
Net interest income	51,269	45,908	192,985	175,899	162,865	151,464	144,373
Provision for loan losses	315	488	3,635	7,856	5,569	21,798	53,695
Net interest income after provision for loan losses	50,954	45,420	189,350	168,042	157,296	129,666	90,678

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Noninterest income	18,943	12,732	52,602	47,104	43,397	37,940	36,315
Noninterest expense	36,831	33,646	136,300	129,261	138,165	139,107	146,883
Income (loss) before income taxes	32,616	24,506	105,653	85,884	62,527	28,499	(19,890)
Income tax expense (benefit)	10,773	8,139	35,182	28,158	20,643	(15,238)	4,410
Net income (loss)	21,843	16,367	70,471	57,726	41,884	43,737	(24,300)
Preferred dividends and accretion on common stock warrants					3,814	6,665	6,142
Net income (loss) available to common stockholders	\$ 21,843	\$ 16,367	\$ 70,471	\$ 57,726	\$ 38,070	\$ 37,072	\$ (30,442)
<b>Per Share Data:</b>							
Earnings (loss) per share available to common stockholders basic	\$ 0.62	\$ 0.47	\$ 2.03	\$ 1.69	\$ 1.12	\$ 1.11	\$ (0.93)
Weighted average common shares outstanding basic	34,041,203	34,602,337	34,723,335	34,200,770	33,899,667	33,420,015	32,789,871
Earnings (loss) per common share available to common stockholders diluted	\$ 0.62	\$ 0.47	\$ 2.01	\$ 1.67	\$ 1.10	\$ 1.09	\$ (0.93)
Weighted average common shares outstanding diluted	35,380,529	34,966,600	35,126,890	34,509,261	34,487,808	34,060,228	32,789,871
Common dividends per share	\$ 0.12	\$ 0.08	\$ 0.32	\$ 0.08			
Book value per common share	\$ 22.98	\$ 20.88	\$ 22.45	\$ 20.55	\$ 19.57	\$ 18.56	\$ 17.22
Tangible book value per common share	\$ 15.88	\$ 13.93	\$ 15.62	\$ 13.52	\$ 12.39	\$ 11.33	\$ 9.80
Common shares outstanding at end of period	35,864,667	35,567,268	35,732,483	35,221,941	34,696,597	34,354,960	33,870,380

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<i>(Dollars in thousands, except per share data)</i>	<b>As of and for the Three Months Ended March 31,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Performance Ratios:</b>							
Return on average assets	1.45%	1.20%	1.24%	1.11%	0.78%	0.77%	(0.61%)
Return on average stockholders equity	10.86%	8.96%	9.19%	8.22%	5.46%	5.27%	(4.37%)
Net interest margin (1)	3.78%	3.76%	3.75%	3.77%	3.77%	3.55%	3.25%
Net interest spread (2)	3.67%	3.66%	3.65%	3.65%	3.61%	3.33%	2.99%
Noninterest income to average assets	1.23%	0.94%	0.92%	0.90%	0.89%	0.78%	0.72%
Noninterest expense to average assets	2.45%	2.47%	2.39%	2.48%	2.83%	2.88%	2.93%
Efficiency ratio (3)	52.79%	57.38%	55.50%	57.96%	66.99%	73.45%	81.29%
Average loan to average deposit ratio	96.52%	91.59%	93.15%	93.46%	92.78%	86.76%	87.64%
Average interest-earning assets to average interest-bearing liabilities	142.14%	138.56%	142.64%	137.78%	131.44%	125.84%	120.27%
Average equity to average total assets	13.37%	13.43%	13.46%	13.47%	14.30%	14.55%	13.90%
Dividend payout ratio (4)	22.22%	19.16%	16.67%	20.38%			
<b>Asset Quality Ratios:</b>							
Allowance for loan losses to nonaccrual loans	391.61%	432.68%	403.20%	373.80%	304.20%	154.60%	102.10%
Allowance for loan losses to total loans	1.43%	1.61%	1.47%	1.64%	1.87%	2.25%	2.57%
Nonperforming assets to total assets	0.40%	0.55%	0.46%	0.60%	0.82%	1.80%	2.86%
Nonperforming assets to total loans and other real estate	0.54%	0.73%	0.61%	0.80%	1.11%	2.66%	4.29%
Net loan charge-offs to average loans (5)	0.13%	0.09%	0.10%	0.24%	0.29%	0.94%	1.96%
<b>Capital Ratios (Pinnacle):</b>							
Leverage (6)	10.48%	10.96%	11.29%	10.93%	10.57%	11.37%	10.70%
Tier 1 common equity	9.51%	10.51%	10.09%	10.08%	9.88%	9.90%	11.58%
Tier 1 risk-based capital	10.96%	12.20%	12.10%	11.76%	11.77%	13.84%	13.78%
Total risk-based capital	12.18%	13.45%	13.35%	13.01%	13.02%	15.34%	15.37%

(1) Net interest margin is the result of net interest income for the period divided by average interest earning assets.

(2) Net interest spread is the result of the difference between the interest earned on interest earning assets less the interest paid on interest bearing liabilities.

(3) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.

- (4) Annualized for 2013.
- (5) For the three months ended March 31, 2015 and 2014, calculated by annualizing year-to-date net loan charge-offs and dividing the result by average loans for the year-to-date period.
- (6) Leverage ratio is computed by dividing Tier 1 capital by average total assets for the fourth quarter of each year for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 and by average assets for the three months ended March 31, 2015 and March 31, 2014.

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**SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA  
OF MAGNA BANK**

The selected historical consolidated financial and other data of Magna presented below, as of and for the three months ended March 31, 2015 and 2014, is unaudited. The selected historical consolidated financial and other data of Magna presented below, as of and for each of the years in the five-year period ended December 31, 2014, is derived from Magna's audited historical financial statements. Results for past periods are not necessarily indicative of results that may be expected for any future period.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
<i>(Amounts in thousands, except per share data)</i>							
<b>Balance Sheet Data:</b>							
Assets	\$ 589,201	\$ 546,942	\$ 564,617	\$ 527,537	\$ 493,530	\$ 440,629	\$ 425,000
Loans, net of unearned income	451,377	428,004	441,988	416,142	359,996	325,255	323,000
Allowance for loan losses	4,695	5,175	5,172	5,086	5,576	5,853	9,000
Securities	65,011	58,889	63,172	58,870	64,291	42,182	39,000
Goodwill, core deposit and other intangibles							
Loans and securities sold under agreements to purchase	451,792	398,494	434,247	388,617	359,753	329,759	320,000
Advances from FHLB	60,200	76,600	55,000	45,000	45,000	45,000	49,000
Subordinated debt and other borrowings							
Common stockholders' equity	70,080	66,204	68,822	65,561	62,701	61,209	51,000
<b>Statement of Operations Data:</b>							
Net interest income	\$ 5,371	\$ 5,222	\$ 21,288	\$ 20,207	\$ 19,127	\$ 18,740	\$ 21,000
Interest expense	858	866	3,569	3,607	3,989	4,602	6,000
Interest income	4,513	4,356	17,719	16,600	15,138	14,138	14,000
Provision for loan losses	(312)	147	237	500	160	386	5,000
Interest income after provision for loan losses	4,825	4,209	17,482	16,100	14,978	13,752	8,000
Interest income	3,191	2,590	13,562	15,570	18,143	12,745	13,000
Interest expense	5,756	5,095	23,002	24,134	28,213	22,478	24,000
Income (loss) before income taxes	2,260	1,704	8,042	7,536	4,908	4,019	(2,000)
Income tax expense (benefit)	847	642	2,935	2,790	1,838	1,540	(1,000)
Income (loss)	1,413	1,062	5,107	4,746	3,070	2,479	(1,000)
Accrued dividends and accretion on preferred warrants	46	46	184	308	267	815	0
	\$ 1,367	\$ 1,016	\$ 4,923	\$ 4,438	\$ 2,803	\$ 1,664	\$ (2,000)

Income (loss) available to common  
holders

**Share Data:**

Income (loss) per share available to common holders-basic	\$ 0.26	\$ 0.19	\$ 0.93	\$ 0.83	\$ 0.51	\$ 0.30	\$ (0.00)
Weighted average common shares ending-basic	5,244,154	5,339,154	5,311,716	5,372,825	5,503,026	5,503,026	5,488,000
Income (loss) per share available to common holders-diluted	\$ 0.26	\$ 0.19	\$ 0.93	\$ 0.83	\$ 0.51	\$ 0.30	\$ (0.00)
Weighted average common shares ending-diluted	5,244,154	5,339,154	5,311,716	5,372,825	5,503,026	5,503,026	5,488,000
Common equivalent dividends per share	\$ 0.07		\$ 0.28		\$ 0.43		
Market value per common share	\$ 9.86	\$ 8.96	\$ 9.62	\$ 8.84	\$ 8.06	\$ 7.79	\$ 7.79
Carrying book value per common share	\$ 9.86	\$ 8.96	\$ 9.62	\$ 8.84	\$ 8.06	\$ 7.79	\$ 7.79
Common equivalent shares outstanding at end of period	5,244,154	5,339,154	5,244,154	5,339,154	5,503,026	5,503,026	5,503,026

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<i>(Dollars in thousands, except per share data)</i>	<b>As of and for the Three Months Ended March 31,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Performance Ratios:</b>							
Return on average assets	0.95%	0.77%	0.89%	0.88%	0.60%	0.39%	-0.51%
Return on average stockholders equity	8.07%	6.42%	7.42%	7.24%	4.90%	4.05%	-3.17%
Return on average common stockholders equity	10.70%	8.48%	9.93%	9.59%	6.32%	3.91%	-5.38%
Net interest margin (1)	3.31%	3.48%	3.41%	3.49%	3.47%	3.56%	3.31%
Net interest spread (2)	3.00%	3.33%	3.24%	3.30%	3.24%	3.32%	3.00%
Noninterest income to average assets	2.23%	1.96%	2.46%	3.09%	3.86%	2.96%	2.87%
Noninterest expense to average assets	4.01%	3.85%	4.18%	4.79%	6.01%	5.23%	5.34%
Efficiency ratio (3)	61.64%	59.49%	65.34%	73.80%	93.68%	80.60%	106.97%
Average loan to average deposit ratio	101.76%	106.83%	102.90%	100.47%	98.37%	98.99%	100.45%
Average interest-earning assets to average interest-bearing liabilities	125.04%	122.58%	124.90%	124.15%	123.44%	119.84%	117.23%
Average equity to average total assets ratio	12.11%	12.51%	12.33%	12.82%	13.35%	12.89%	11.82%
Average common equity to average total assets ratio	8.91%	9.05%	8.99%	9.18%	9.44%	9.89%	9.47%
Dividend payout ratio	27.03%	0.00%	30.44%	0.00%	83.53%	0.00%	0.00%
<b>Asset Quality Ratios:</b>							
Allowance for loan losses to nonaccrual loans	266.46%	177.47%	186.58%	138.58%	49.67%	240.96%	41.58%
Allowance for loan losses to total loans	1.04%	1.21%	1.17%	1.22%	1.55%	1.80%	2.98%
Nonperforming assets to total assets	0.89%	1.31%	1.13%	1.64%	3.04%	2.29%	6.26%
Nonperforming assets to total loans and other real estate	1.15%	1.66%	1.43%	2.06%	4.13%	3.05%	8.15%
Net loan charge-offs to average loans (4)	0.15%	0.02%	0.04%	0.26%	0.13%	1.31%	0.31%
<b>Capital Ratios (Magna):</b>							
Leverage (5)	12.25%	12.19%	12.16%	12.51%	12.64%	13.98%	12.20%
Tier 1 common equity	10.36%	10.69%	10.91%	11.01%	10.98%	12.12%	11.65%
Tier 1 risk-based capital	14.16%	14.74%	14.88%	15.25%	15.59%	17.24%	14.68%
Total risk-based capital	15.11%	15.88%	16.00%	16.42%	16.84%	18.49%	15.93%

- (1) Net interest margin is the result of net interest income for the period divided by average interest earning assets.
- (2) Net interest spread is the result of the difference between the interest earned on interest earning assets less the interest paid on interest bearing liabilities.
- (3) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.
- (4) For the three months ended March 31, 2015 and 2014, calculated by annualizing year-to-date net loan charge-offs and dividing the result by average loans for the year-to-date period.
- (5) Leverage ratio is computed by dividing Tier 1 capital by average total assets for the fourth quarter of each year for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 and by average assets for the three months ended March 31, 2015 and March 31, 2014.





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The selected historical financial and other data of CapitalMark presented below, as of and for the three months ended March 31, 2015 and 2014, is unaudited. The selected historical financial and other data of CapitalMark presented below, as of and for each of the years in the five-year period ended December 31, 2014, is derived from CapitalMark's audited historical financial statements. Results for past periods are not necessarily indicative of results that may be expected for any future period.

<i>(Dollars in thousands, except per share data)</i>	<b>As of and for the Three Months Ended March 31,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Balance Sheet Data</b>							
Total assets	\$ 968,268	\$ 883,151	\$ 930,377	\$ 828,163	\$ 780,139	\$ 661,427	\$ 464,038
Cash and cash equivalents	21,113	30,854	14,416	27,653	49,949	14,594	8,034
Loans receivable	765,481	620,080	715,575	582,555	459,083	362,567	328,446
Investment securities	156,005	208,650	170,928	192,175	263,031	274,766	118,909
Goodwill and other intangibles							
Deposit accounts	840,426	751,000	780,500	684,751	672,541	572,967	405,961
Borrowings	26,631	42,127	46,128	53,366	15,000	15,000	8,000
Shareholders' equity	98,526	88,076	95,247	85,182	85,314	70,267	46,192
Common book value per share	10.93	9.51	10.49	9.12	9.19	7.68	7.02
Tangible common book value per share	10.93	9.51	10.49	9.12	9.19	7.68	7.02
<b>Income Statement Data</b>							
Interest income	\$ 9,461	\$ 8,520	\$ 35,610	\$ 31,863	\$ 29,152	\$ 24,006	\$ 21,020
Interest expense	936	929	3,639	3,655	4,730	4,602	5,041
Net interest income	8,525	7,591	31,971	28,208	24,422	19,404	15,979
Provision for loan losses	250	650	3,075	3,525	2,275	2,510	2,020
Net interest income after provision for loan losses	8,275	6,941	28,896	24,683	22,147	16,894	13,959
Non-interest income	917	686	3,197	4,402	5,586	1,921	1,815
Non-interest expense	5,611	5,115	20,757	20,394	17,406	14,275	12,674
Income (loss) before taxes	3,581	2,565	11,336	8,691	10,327	4,540	3,100

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Income tax expense (benefit)	1,275	878	3,970	2,881	3,696	1,287	(31,500)
Net income	\$ 2,306	\$ 1,687	\$ 7,367	\$ 5,811	\$ 6,630	\$ 3,253	\$ 3,132
Earnings per common share Basic	\$ 0.31	\$ 0.22	\$ 0.98	\$ 0.77	\$ 0.94	\$ 0.46	\$ 0.48
Earnings per common share Diluted	0.29	0.21	0.92	0.72	0.87	0.44	0.46
Cash dividends per common share					0.05		
<b>Key Ratios</b>							
Return on average assets	1.00%	0.77%	0.83%	0.73%	0.91%	0.65%	0.75%
Return on average common equity	9.52%	7.79%	8.15%	6.88%	8.66%	5.99%	7.00%
Return on average tangible equity	9.52%	7.79%	8.15%	6.88%	8.66%	5.99%	7.00%
Equity to assets at end of period	10.18%	9.97%	10.24%	10.29%	10.94%	10.68%	9.95%
Earning assets to interest bearing liabilities	131.74%	126.32%	130.40%	126.21%	125.51%	120.95%	119.37%
Interest rate spread (1)	3.71%	3.50%	3.64%	3.57%	3.28%	3.75%	3.90%
Net interest margin (2)	3.82%	3.72%	3.76%	3.70%	3.44%	3.91%	4.09%
Non-interest expense to average assets	2.40%	2.38%	2.34%	2.55%	2.30%	2.64%	2.86%
Efficiency ratio (3)	59.02%	61.80%	58.36%	63.37%	62.44%	64.24%	68.86%
Common stock dividend payout ratio					5.11%		
<b>Asset Quality Data</b>							
Non-performing assets to total assets at end of period	1.02%	1.67%	1.05%	1.70%	1.44%	1.91%	3.74%
Allowance for credit losses to non-performing loans	114.41%	54.79%	114.52%	51.61%	58.87%	45.74%	44.23%
Allowance for credit losses to total loans at end of period	0.96%	1.26%	1.00%	1.22%	1.34%	1.25%	1.83%

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<i>(Dollars in thousands, except per share data)</i>	<b>As of and for the Three Months Ended</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>March 31, 2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Capital Ratios</b>							
Tier 1 common equity	8.75%	10.35%	9.53%	10.72%	12.12%	11.89%	12.89%
Tier 1 leverage capital ratio (4)	10.48%	10.44%	10.25%	10.87%	10.65%	11.30%	10.53%
Tier 1 risk-based ratio	10.75%	12.98%	11.78%	13.51%	15.57%	16.07%	12.89%
Tier 1 risk-based capital ratio	11.55%	14.10%	12.66%	14.59%	16.74%	17.12%	14.15%

- (1) Interest rate spread is the result of the difference between the interest earned on interest earning assets less the interest paid on interest bearing liabilities.
- (2) Net interest margin is the result of net interest income for the period divided by average interest earning assets.
- (3) Efficiency ratio is the result of noninterest expense divided by the sum of net interest income and noninterest income.
- (4) Tier 1 leverage capital ratio is computed by dividing Tier 1 capital by average total assets for the fourth quarter of each year for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 and by average assets for the three months ended March 31, 2015 and March 31, 2014.

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**COMPARATIVE PER SHARE DATA (UNAUDITED)**

The below presentation summarizes the unaudited per share information for Pinnacle, Magna and CapitalMark on a historical, pro forma, pro forma combined and equivalent pro forma basis. You should read this information in conjunction with the historical financial statements (and related notes) of Pinnacle contained in the annual and quarterly reports and other documents Pinnacle has filed with the SEC that are incorporated herein by reference and the selected historical consolidated financial data of Pinnacle and Magna and the selected historical financial data of CapitalMark in this proxy statement/prospectus. See **SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF PINNACLE** beginning on page 15, **SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA OF MAGNA BANK** beginning on page 17, **SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF CAPITALMARK BANK & TRUST** beginning on page 19, and **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 101.

The pro forma, pro forma combined and pro forma equivalent per share information gives effect to the Magna merger and CapitalMark merger and the planned redemption of the preferred shares issued by each of Magna (the Series C Preferred Stock) and CapitalMark pursuant to the U.S. Treasury's Small Business Lending Fund program as if the transactions had been effective as of the dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2014, in the case of the net income per share and dividends declared per share data.

In addition to Magna common stock and the Series C Preferred Stock, Magna also has issued and outstanding the Magna Series D Preferred Stock. The Magna Series D Preferred Stock is entitled to receive a 10% preferred premium on dividends paid by Magna on shares of Magna common stock. Immediately prior to the effective time of the Magna merger, the Magna Series D Preferred Stock will, pursuant to its terms, automatically convert into shares of Magna common stock. The per share information presented below with respect to Magna is presented on a common share equivalent basis as if all of Magna's outstanding shares of Series D Preferred Stock had converted to Magna common stock as of January 1, 2014.

You should not rely on the pro forma information as necessarily indicative of historical results we would have experienced had we been combined or of future results we will have after the consummation of the Magna merger and the CapitalMark merger. In addition, you should not rely on the information for the three months ended March 31, 2015 as indicative of results for 2015. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs or other factors that may result as a consequence of the Magna merger and the CapitalMark merger and, accordingly, does not attempt to predict or suggest future results.

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The information presented in the table below is based on the historical financial statements of each of Pinnacle, Magna and CapitalMark and should be read in conjunction with the historical financial information that Pinnacle has presented in prior filings with the SEC. With respect to Pinnacle, see WHERE YOU CAN FIND MORE INFORMATION on page 101.

	<b>As of and for the Three Months Ended March 31, 2015 (1)</b>	<b>As of and for the Year Ended December 31, 2014 (1)</b>
<b><i>Earnings Per Common Share Equivalent</i></b>		
<b><i>Basic</i></b>		
Pinnacle historical	\$ 0.62	\$ 2.03
CapitalMark historical	0.31	0.98
Pinnacle CapitalMark pro forma (2)	0.64	2.08
Equivalent pro forma of one share of CapitalMark common stock (3)	0.32	1.04
Magna historical	0.26	0.93
Pinnacle Magna pro forma (2)	0.64	2.10
Equivalent pro forma for one share of Magna common stock (3)	0.22	0.71
Pro forma combined (4)	0.65	2.15
Magna shareholder (2)	0.22	0.72
<b><i>Diluted</i></b>		
Pinnacle historical	\$ 0.62	\$ 2.01
CapitalMark historical	0.31	0.98
Pinnacle CapitalMark pro forma (2)	0.63	2.06
Equivalent pro forma for one share of CapitalMark common stock (3)	0.32	1.03
Magna historical	0.26	0.93
Pinnacle Magna pro forma (2)	0.63	2.08
Equivalent pro forma for one share of Magna common stock (3)	0.21	0.70
Pro forma combined (4)	0.65	2.13
Magna shareholder (2)	0.22	0.72
<b><i>Cash Dividends Declared Per Common Share Equivalent</i></b>		
Pinnacle historical	\$ 0.12	\$ 0.32
CapitalMark historical		
Pinnacle CapitalMark pro forma (2)	0.12	0.32
Equivalent pro forma for one share of CapitalMark common stock (3)	0.06	0.16
Magna historical	0.07	0.28
Pinnacle Magna pro forma (2)	0.12	0.32
Equivalent pro forma for one share of Magna common stock (3)	0.04	0.11
Pro forma combined (4)	0.12	0.32
Magna shareholder (2)	0.04	0.11

***Book Value Per Common Share Equivalent***

Pinnacle historical	\$	22.98	\$	22.47
CapitalMark historical		10.88		10.43
Pinnacle CapitalMark pro forma (2)		25.40		24.94
Equivalent pro forma for one share of CapitalMark common stock (3)		12.70		12.47
Magna historical		9.86		9.62
Pinnacle Magna pro forma (2)		23.85		23.36
Equivalent pro forma for one share of Magna common stock (3)		8.03		7.87
Pro forma combined (4)		26.12		25.67
Magna shareholder (2)		8.80		8.65

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- (1) Pro forma amounts reflect the estimated purchase accounting adjustments to be recorded in connection with the CapitalMark merger and the Magna merger and the issuance of 3,305,000 shares of Pinnacle common stock in the CapitalMark merger and 1,325,000 shares of Pinnacle common stock in the Magna merger. The number of shares of Pinnacle common stock that may be issued in the mergers could be higher if options to acquire shares of Magna or CapitalMark common stock are exercised prior to the effective time of the mergers.
- (2) Amounts are calculated using the following exchange ratios (where Pinnacle is 1): Pinnacle CapitalMark 0.50; Pinnacle Magna 0.3369.
- (3) The equivalent pro forma information shows the effect of the CapitalMark merger and the Magna merger, respectively from the perspective of a holder of CapitalMark common stock or Magna common stock, as applicable, and assumes the full conversion of the Magna Series D Preferred Stock into shares of Magna common stock as of January 1, 2014. Amounts are calculated using the following exchange ratios (where Pinnacle is 1): Pinnacle CapitalMark 0.50; Pinnacle Magna 0.3369.
- (4) Pro forma combined amounts include Pinnacle, CapitalMark and Magna, and show the historical pro forma combined per share effect of the CapitalMark merger and the Magna merger from the perspective of a shareholder of Magna.



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Pinnacle's common stock is traded on the Nasdaq Global Select Market under the symbol "PNFP". There is no established public trading market for Magna common stock. Magna's management believes that shares of Magna stock are traded from time to time through use of the brokerage services provided by Wunderlich Securities in Memphis, Tennessee, which in turn notifies Magna of the price, number of shares and date on which shares are purchased and sold with the use of its services. Magna pays Wunderlich Securities a fee of \$750 per month to provide these brokerage services.

The following table shows, for the periods indicated, the reported closing sale prices per share for Pinnacle common stock on (i) April 27, 2015, the last trading day before the public announcement of the execution of the merger agreement, and (ii) June 8, 2015 the latest practicable date prior to the date of this proxy statement/prospectus. The following table also shows, for the periods indicated, the sales price per share in the most recent transaction in Magna common stock based on information provided to Magna by Wunderlich Securities. This table also shows in the column entitled "Equivalent Price Per Magna Share" the closing price of a share of Pinnacle common stock on that date, multiplied by an exchange ratio of 0.3369, which is the exchange ratio for the stock consideration.

We make no assurance as to what the market price of the Pinnacle common stock will be when the Magna merger is completed or anytime thereafter. Because the market value of Pinnacle common stock will fluctuate after the date of this proxy statement/prospectus, we cannot assure you what value a share of Pinnacle common stock will have when received by a Magna shareholder. Magna shareholders are advised to obtain current market quotations for Pinnacle common stock. Such quotations in the case of Pinnacle may be obtained from a newspaper, the Internet or a broker.

<b>Date</b>	<b>Pinnacle Common Stock</b>	<b>Magna Common Stock</b>	<b>Equivalent Price per Magna Share</b>
April 27, 2015	\$ 46.62	\$ 7.00 <sup>(1)</sup>	\$ 15.71
June 8, 2015	\$ 52.52	\$ 7.00 <sup>(2)</sup>	\$ 17.69

- (1) Reflects the price at which Magna common stock was sold on March 31, 2015, the last day prior to the execution of the merger agreement that Magna common stock was traded and of which Magna was aware.
- (2) Reflects the price at which Magna common stock was sold on March 31, 2015, the most recent date that Magna's common stock was traded and of which Magna was aware.

If all Magna shareholders elect to receive the stock consideration, then, due to proration, all Magna shareholders will receive stock consideration for 75% of their Magna stock and cash consideration for 25% of their Magna stock. The following table illustrates at various price levels of Pinnacle common stock, the value per Magna share of the stock consideration, the cash consideration and a mix of 75% stock consideration and 25% cash consideration.

<b>Pinnacle Common Stock Price</b>	<b>Merger Consideration Per Share of Magna Common Stock</b>		
	<b>100% Stock Election</b>	<b>100% Cash Election</b>	<b>75% Stock/ 25% Cash Election</b>
\$42.00	\$14.150	\$14.32	\$14.193
\$44.00	\$14.824	\$14.32	\$14.698

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\$46.00	\$15.497	\$14.32	\$15.203
\$48.00	\$16.171	\$14.32	\$15.708
\$50.00	\$16.845	\$14.32	\$16.214
\$52.00	\$17.519	\$14.32	\$16.719
\$54.00	\$18.193	\$14.32	\$17.225

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The following table sets forth, for the periods indicated, the high and low sales prices of Pinnacle common stock and cash dividends paid per share of Pinnacle common stock for the periods indicated.

	<b>High</b>	<b>Low</b>	<b>Cash Dividends Paid Per Share</b>
<b>2015</b>			
First Quarter	\$ 45.31	\$ 35.01	\$ 0.12
Second Quarter (through June 8, 2015)	52.76	43.44	0.12
<b>2014</b>			
First Quarter	\$ 39.10	\$ 30.68	\$ 0.08
Second Quarter	39.85	32.77	0.08
Third Quarter	40.10	34.73	0.08
Fourth Quarter	40.30	33.93	0.08
<b>2013</b>			
First Quarter	\$ 23.94	\$ 18.97	\$
Second Quarter	26.30	21.32	
Third Quarter	30.18	25.79	
Fourth Quarter	33.36	29.48	0.08

As of [ ], 2015, the last practicable date prior to the printing of this document, there were [ ] shares of Pinnacle common stock issued and outstanding and approximately [ ] shareholders of record.

The principal source of Pinnacle's cash flow, including cash flow to pay interest to its holders of subordinated debentures, and any dividends payable to common stockholders, are dividends that Pinnacle Bank pays to Pinnacle as its sole stockholder. The ability of Pinnacle Bank to pay dividends to Pinnacle, as well as Pinnacle's ability to pay dividends to its common shareholders, will continue to be subject to and limited by the results of operations of Pinnacle Bank and by certain legal and regulatory restrictions. Pinnacle's and Pinnacle Bank's loan agreements with U.S. Bank National Association, as amended (which we refer to as the Pinnacle Loan Agreement or the Pinnacle Bank Loan Agreement, respectively), permit Pinnacle and Pinnacle Bank to pay dividends so long as there is no default or unmatured event of default under the Pinnacle Loan Agreement or Pinnacle Bank Loan Agreement, as applicable, and the payment of the dividend would not cause an event of default or unmatured event of default. Accordingly, there can be no assurance that Pinnacle will continue to pay dividends to its common shareholders in the future. See

SUPERVISION AND REGULATION Payment of Dividends in Pinnacle's Annual Report on Form 10-K, and the Risk Factor entitled Our ability to declare and pay dividends is limited in Pinnacle's Quarterly Report on Form 10-Q for the period ended March 31, 2015, which are incorporated by reference into this proxy statement/prospectus, for additional information about limitations on Pinnacle's and Pinnacle Bank's ability to declare and pay dividends. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 101.

**Magna**

Magna common stock is not listed on an exchange or quoted on any automated services, and there is no established trading market for shares of Magna common stock. As of March 31, 2015 there were 5,244,154 shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) issued and outstanding, which were held by 713 shareholders of record.



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The following table presents the payment date and amount of all quarterly cash dividends paid by Magna during the period from January 1, 2013 through April 1, 2015.

<b>Cash Dividend Payment Date</b>	<b>Magna Common Stock</b>	<b>Magna Series D Preferred Stock</b>
April 1, 2014	\$ 0.07	\$ 0.077
July 1, 2014	0.07	0.077
October 1, 2014	0.07	0.077
January 1, 2015	0.07	0.077
April 1, 2015	0.07	0.077

The merger agreement permits Magna to continue to declare and pay quarterly cash dividends prior to the effective time of the Magna merger at rates not to exceed \$0.07 per share of Magna common stock or \$0.077 per share of Magna Series D Preferred Stock, paid in a manner consistent with past practice. However, Magna will be required to reduce the amount of any such dividends paid for the fiscal quarter in which the closing date of the Magna merger occurs if the anticipated closing date is prior to the record date for any Pinnacle common stock dividend declared by Pinnacle for the same fiscal quarter by an amount equal to the dividend payable on the shares of Pinnacle's common stock to be issued to Magna's shareholders in the Magna merger.

**In accordance with the regulations of the TDFI, Magna may not make capital distributions, including dividends, without prior approval from the commissioner of the TDFI if such distributions were to exceed the earnings of Magna for the prior two years plus the most recently completed quarter of the current year less any capital distributions previously made. In addition, no capital distributions are allowed at any time when, following such distribution, Magna would be less than well capitalized .**

As of the record date of the Magna special meeting, there were [ ] shares of Magna common stock and [ ] shares of Magna Series D Preferred Stock (for a total of [ ] shares of Magna stock) issued and outstanding, which were held by approximately [ ] shareholders of record.

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**RISK FACTORS RELATING TO THE MAGNA MERGER**

*In addition to the other information contained or incorporated by reference into this proxy statement/prospectus, including without limitation, Pinnacle's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Pinnacle's Quarterly Report on Form 10-Q for the three months ended March 31, 2015, you should carefully consider the following risk factors in deciding whether to vote to approve the merger agreement.*

***Because the market price of Pinnacle common stock will fluctuate, Magna shareholders cannot be sure of the exact value of shares of Pinnacle common stock they will receive.***

Upon completion of the Magna merger, each outstanding share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) will be converted into the merger consideration consisting of shares of Pinnacle common stock or cash, or a mix of shares of Pinnacle common stock and cash, as provided in the merger agreement. If a Magna shareholder receives only cash as merger consideration, the value of the merger consideration that such Magna shareholder will receive will be fixed at \$14.32 per share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock). If a Magna shareholder receives Pinnacle common stock as part or all of the merger consideration, the number of shares that such Magna shareholder will receive for each share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) will be fixed but the value of these shares of Pinnacle common stock will fluctuate depending on the market price of Pinnacle common stock at the time the shares of Pinnacle common stock are actually received by the Magna shareholder. The closing price of Pinnacle common stock on the date that the shareholder of Magna common stock (including the Magna Series D Preferred Stock) actually receives the shares of such Pinnacle common stock after consummation of the Magna merger and the closing price preceding the closing of the Magna merger may vary from each other, as well as from the closing price of Pinnacle common stock on the date that Magna and Pinnacle announced the Magna merger, or the date that this proxy statement/prospectus is being mailed to Magna shareholders, or the date of the Magna special meeting. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in Pinnacle's business, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of Pinnacle. Accordingly, at the time of the Magna special meeting, because of the above timing differences, Magna shareholders will not be able to calculate the exact value of Pinnacle common stock they may receive upon consummation of the Magna merger if they elect to receive shares of Pinnacle common stock.

***The form or mix of merger consideration Magna shareholders ultimately receive could be different from the form or mix elected by a shareholder depending on the form or mix of merger consideration elected by other Magna shareholders.***

If the merger agreement is approved by Magna shareholders, all Magna shareholders will be permitted to make an election as to the form of consideration, whether in cash, Pinnacle common stock or a mix of such cash and Pinnacle common stock, Magna shareholders wish to receive. Because 75% of the outstanding shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) must be converted into Pinnacle common stock, the exchange agent may be required, in accordance with the allocation provisions set forth in the merger agreement, to adjust the form of consideration that an individual Magna shareholder will receive in order to ensure that 25% of the outstanding shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) are converted into cash.

Consequently, if either the cash consideration or the stock consideration is over-subscribed, Magna shareholders could receive a different form of consideration from the form they elect, which could result in different tax consequences

than they had anticipated (including the recognition of gain or loss for federal income

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tax purposes with respect to the cash received). See PROPOSAL #1: THE PROPOSED MAGNA MERGER Material United States Federal Income Tax Consequences beginning on page 44. If Magna shareholders do not make a timely election, upon the surrender of their shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock), 25% of their shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into cash and 75% of their shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) outstanding as of the effective time of the Magna merger will be converted into Pinnacle common stock.

If all Magna shareholders elect to receive the stock consideration, then, due to proration, all Magna shareholders will receive stock consideration for 75% of their Magna shares and cash consideration for 25% of their Magna shares. The following table illustrates at various price levels of Pinnacle common stock, the value per Magna share of the stock consideration, the cash consideration and a mix of 75% stock consideration and 25% cash consideration.

**Merger Consideration Per Share of Magna Common Stock**

<b>Pinnacle Common Stock Price</b>	<b>100% Stock Election</b>	<b>100% Cash Election</b>	<b>75% Stock/ 25% Cash Election</b>
\$42.00	\$ 14.150	\$ 14.32	\$ 14.193
\$44.00	\$ 14.824	\$ 14.32	\$ 14.698
\$46.00	\$ 15.497	\$ 14.32	\$ 15.203
\$48.00	\$ 16.171	\$ 14.32	\$ 15.708
\$50.00	\$ 16.845	\$ 14.32	\$ 16.214
\$52.00	\$ 17.519	\$ 14.32	\$ 16.719
\$54.00	\$ 18.193	\$ 14.32	\$ 17.225

*Pinnacle may not be able to successfully integrate Magna or CapitalMark or to realize the anticipated benefits of the mergers.*

Pinnacle can provide no assurance that the Magna merger and/or the CapitalMark merger will be consummated and the closing of the CapitalMark merger is not a condition to the closing of the Magna merger, nor is the consummation of the Magna merger a condition to the closing of the CapitalMark merger. In the event that the Magna merger and/or the CapitalMark merger is consummated, a successful integration of Magna's or CapitalMark's operations with Pinnacle's operations 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 its operations with the operations of Magna or CapitalMark 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;



loan and 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 Pinnacle's successful integration of Magna or CapitalMark.

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Further, Pinnacle entered into the merger agreement and the CapitalMark merger agreement with the expectation that the mergers 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 mergers is subject to a number of uncertainties, including whether Pinnacle integrates Magna and CapitalMark in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in a reduction in the price of Pinnacle's common stock as well as in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy that could materially and adversely affect 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.

***Magna shareholders will have a reduced ownership and voting interest after the Magna merger and, if consummated, the CapitalMark merger, and will exercise less influence over management.***

After consummation of the Magna merger and, if completed, the CapitalMark merger, Magna shareholders will own a significantly smaller percentage of Pinnacle than they currently own of Magna. Following the completion of the Magna merger, and giving effect to the CapitalMark merger, Magna shareholders will own approximately 3.3% of the combined company on a fully-diluted basis. Additionally, former Magna directors, following the consummation of the Magna merger, initially will hold one seat on Pinnacle's board of directors. Consequently, Magna shareholders likely will be able to exercise less influence over the management policies of Pinnacle than they currently exercise over the management and policies of Magna.

***The combined company will incur significant transaction and merger-related costs in connection with the mergers.***

Pinnacle expects to incur significant costs associated with combining the operations of Magna and CapitalMark with its operations. Pinnacle has just recently begun collecting information in order to formulate detailed integration plans to deliver anticipated cost savings. Additional unanticipated costs may be incurred in the integration of Pinnacle's business with the businesses of Magna and CapitalMark. Although Pinnacle expects 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.

Whether or not either of the mergers is consummated, Pinnacle will incur substantial expenses, such as legal, accounting and financial advisory fees, in pursuing the mergers which will adversely impact its earnings until after the acquisitions have been completed. Completion of each of the mergers is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including approval by federal banking regulators. Pinnacle and Pinnacle Bank and each of Magna and CapitalMark, as the case may be, intend to pursue all required approvals in accordance with the merger agreement and the CapitalMark merger agreement, respectively.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.***

Before the transactions contemplated in the merger agreement and the CapitalMark merger agreement may be completed, including the mergers, prior approval of our applications and notices filed with the FDIC and TDFI must be obtained. These governmental agencies may impose conditions on the completion of the mergers or require changes to the terms of the merger agreement and the CapitalMark merger agreement. Although Pinnacle and Magna do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement and the CapitalMark merger agreement or imposing additional costs on or

limiting Magna's revenues, any of which might have a material adverse effect on Pinnacle following the Magna merger. There can be no assurance as to whether the regulatory approvals will be received,

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the timing of those approvals, or whether any conditions will be imposed. See THE MERGER AGREEMENT Conditions to the Completion of the Magna Merger beginning on page 68 for a discussion of the conditions to the completion of the Magna merger and PROPOSAL #1: THE PROPOSED MAGNA MERGER Regulatory Approval beginning on page 52 for a description of the regulatory approvals that must be received in connection with the Magna merger.

***The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Magna.***

Until the consummation of the Magna merger, with some exceptions, Magna is prohibited from soliciting, initiating, encouraging, or participating in any discussion of, or otherwise considering, any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person or entity other than Pinnacle. In addition, Magna has agreed to pay a termination fee of \$2.85 million to Pinnacle if:

Pinnacle terminates the merger agreement because Magna's board of directors (1) did not recommend that Magna's shareholders approve the merger agreement, (2) after making such a recommendation, withdraws, modifies or amends its recommendation in a manner adverse to Pinnacle, or (3) fails to call a shareholder meeting to approve the merger agreement;

Pinnacle terminates the merger agreement because Magna's board of directors has authorized, recommended or proposed its intention to authorize or recommend any acquisition proposal with any person other than Pinnacle;

the merger agreement is terminated by Pinnacle because the Magna merger has not been completed by December 31, 2015, and at the time of termination Pinnacle could have terminated the merger agreement because of any of the reasons stated in the two immediately preceding bullet points;

the merger agreement is terminated by either party because the required shareholder vote of Magna was not obtained at the Magna special meeting and a bona fide acquisition proposal with respect to Magna was publicly announced or otherwise communicated to the board of directors or members of senior management of Magna before the Magna special meeting (which we refer to as a public proposal), that has not been withdrawn, and within nine months after termination of the merger agreement, Magna enters into any definitive agreement with respect to, or consummates, any acquisition proposal (whether or not the same as the public proposal);

the merger agreement is terminated by either party because the Magna merger has not been completed by December 31, 2015, or by Pinnacle because of a material breach by Magna of a representation, warranty, covenant or agreement that causes a condition to the Magna merger to not be satisfied and a public proposal with respect to Magna was made and not withdrawn before the merger agreement was terminated and within nine months after the termination of the merger agreement Magna enters into any definitive agreement with respect to, or consummates, any acquisition proposal (whether or not the same as the public proposal); or

Magna terminates the merger agreement for the purpose of entering into a definitive agreement with respect to a superior proposal; provided that Magna has complied with its obligations to call a meeting of its shareholders to approve the merger agreement and has complied with its obligations under the merger agreement when presented with a superior proposal, including giving Pinnacle the opportunity to match such superior proposal.

***Failure to complete the mergers could cause Pinnacle's stock price to decline.***

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

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***Certain officers and directors of Magna have interests in the Magna merger different from, or in addition to, the interests of Magna shareholders***

Certain of Magna's existing directors and officers have interests in the Magna merger that are different from, or in addition to, the interests of Magna's shareholders generally. For example, certain Magna executive officers have agreements that provide for significant payments following the consummation of the Magna merger. The Magna merger will be considered a change in control for purposes of these agreements. The Magna board of directors was aware of these conflicts of interests when it approved the merger agreement. See PROPOSAL #1: THE PROPOSED MAGNA MERGER Interests of Magna Executive Officers and Directors in the Magna Merger beginning on page 48.

***The fairness opinion obtained by Magna from its financial adviser will not reflect changes in circumstances prior to the Magna merger.***

On April 28, 2015, STRH delivered to the Magna board its oral and written opinion as to the fairness from a financial point of view to the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock), as of that date, of the aggregate merger consideration to be received by such holders under the merger agreement. A copy of this opinion is attached hereto as Appendix C. STRH had and has no obligation to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring or information that has become or becomes available after the delivery of its opinion. Accordingly, 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 Magna, financial, economic, market and other conditions and other factors. As a result of the foregoing, Magna shareholders should be aware that the opinion of STRH attached hereto does not address the fairness of the aggregate merger consideration at any other time than as of April 28, 2015.

***The tax consequences of the Magna merger to a Magna shareholder will depend upon the merger consideration received.***

The tax consequences of the Magna merger to a Magna shareholder will depend upon the merger consideration that the shareholder receives. A Magna shareholder generally will not recognize any gain or loss on the conversion of shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) solely into shares of Pinnacle common stock. However, a holder of Magna stock or a holder of Magna options generally will be taxed if such holder receives cash (i) in exchange for shares of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock), (ii) in lieu of any fractional share of Pinnacle common stock or (iii) as Stock Option Consideration. See PROPOSAL #1: THE PROPOSED MAGNA MERGER Material United States Federal Income Tax Consequences beginning on page 44.

***Magna, Pinnacle and Pinnacle Bank are subject to business uncertainties and contractual restrictions while the Magna merger is pending, which could adversely affect each party's business and operations.***

In connection with the pendency of the Magna merger, it is possible that some customers and other persons with whom Magna, Pinnacle and/or Pinnacle Bank has a business relationship may delay or defer certain business decisions or might seek to terminate, change or renegotiate their relationships with Magna, Pinnacle and/or Pinnacle Bank, as the case may be, as a result of the Magna merger, which could negatively affect Magna's, Pinnacle's and/or Pinnacle Bank's respective revenues, earnings and cash flows, as well as the market price of Pinnacle's common stock, regardless of whether the Magna merger is completed.

Under the terms of the merger agreement, Magna is subject to certain restrictions on its business prior to completing the Magna merger, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into or amend contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect Magna's businesses and operations prior to the completion of the Magna merger.





Pinnacle's ability to manage the combined companies' growth;

the risks inherent or associated with a merger or acquisition, like the mergers;

risks of expansion into new geographic or product markets, like into the Memphis, TN-MS-AR metropolitan statistical area (which we refer to as MSA) and the loan servicing business associated with the Magna merger and the Chattanooga, TN-GA MSA associated with the CapitalMark merger, and the development of those new geographic and product markets;

general economic conditions, either nationally, in Tennessee or in the Nashville MSA and/or the Knoxville MSA, or following the consummation of the mergers, the Memphis, TN-MS-AR MSA and/or the Chattanooga, TN-GA MSA, that are less favorable than expected resulting in, among other things, a deterioration of the quality of the combined companies' loan portfolio and the demand for its products and services;

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the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement and/or the CapitalMark merger agreement;

the amount of the costs, fees, expenses and charges related to the mergers;

reputational risk and the reaction of the parties' customers to the Magna merger and/or the CapitalMark merger;

the failure of the closing conditions for the mergers to be satisfied;

the dilution caused by the issuance of additional shares of Pinnacle common stock in connection with the mergers;

increased competition with other financial institutions;

continuation of the historically low short-term interest rate environment;

rapid fluctuations or unanticipated changes in interest rates on loans or deposits;

inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies and required capital maintenance levels or regulatory agencies in connection with those agencies' approval of the mergers; and

changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including regulatory or legislative developments arising out of current unsettled conditions in the economy, including implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Additional factors are discussed in the reports filed with the SEC by Pinnacle. See **WHERE YOU CAN FIND MORE INFORMATION** on page 101.

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 Magna shareholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference.

All subsequent written or oral forward-looking statements concerning the Magna merger or other matters addressed in this proxy statement/prospectus and attributable to Pinnacle or Magna 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 Magna undertake no obligation to update such forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

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**MAGNA SPECIAL MEETING**

**General**

This proxy statement is being furnished to Magna shareholders in connection with the solicitation of proxies by the board of directors of Magna for use at the Magna special meeting to be held on July [ ], 2015 at 10 a.m., local time, at 6525 Quail Hollow Road, 4<sup>th</sup> Floor, Memphis, Tennessee, 38120, and at any postponement or adjournment of the Magna special meeting. This document and the enclosed form of proxy are being sent to Magna's shareholders on or about June [ ], 2015.

**Purpose, Record Date and Voting**

The special meeting is being held for the following purposes:

To consider and vote on a proposal to approve the merger agreement by and among Pinnacle, Pinnacle Bank and Magna, pursuant to which Magna will merge with and into Pinnacle Bank, with Pinnacle Bank surviving the merger; and

To consider and vote on a proposal to postpone or adjourn the Magna special meeting to a later date or dates, if necessary, to solicit additional proxies in the event there are insufficient votes present at the Magna special meeting in person or by proxy, and entitled to vote, to approve the merger agreement.

A copy of the merger agreement is attached as Appendix A to this proxy statement/prospectus.

The close of business on June [ ], 2015 has been selected as the record date for the determination of Magna's shareholders entitled to notice of and to vote at the Magna special meeting. On that date, [ ] shares of Magna common stock, and [ ] shares of Magna Series D Preferred Stock, were outstanding. Shareholders will be entitled to one vote for each share of Magna common stock and one vote for each share of Magna Series D Preferred Stock held by them of record as of the close of business on the record date on any matter that may be presented for consideration and action by the shareholders. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Magna common stock and Magna Series D Preferred Stock will constitute a quorum for the transaction of business at the Magna special meeting.

You may vote your shares in person by attending the Magna special meeting, or by mailing us your completed proxy if you are unable or do not wish to attend.

We encourage you to vote by mailing the proxy card even if you plan to attend the Magna special meeting. If you are a shareholder of record as of June [ ], 2015, you may vote your shares in person at the Magna special meeting. If your shares are held by a broker or other nominee, you must obtain a proxy from the broker or nominee giving you the right to vote the shares at the Magna special meeting.

All proxies properly submitted in time to be counted at the Magna special meeting will be voted in accordance with the instructions contained in the proxy. If you submit a proxy without voting instructions, the proxies named in the proxy will vote on your behalf for each matter described above in accordance with the recommendations of the Magna board of directors on all the proposals as set forth in this proxy statement/prospectus and on any other matters in accordance with their judgment.

If you have shares held by a broker or other nominee, you may instruct the broker or other nominee to vote your shares by following the instructions the broker or other nominee provides to you. Proxies solicited by this proxy statement/prospectus may be exercised only at the Magna special meeting and any adjournment or postponement thereof and will not be used for any other meeting.

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### **Vote Required**

The following votes will be required to approve the proposals:

The approval of the merger agreement (Proposal 1) requires the affirmative vote of the holders of a majority of the outstanding shares of Magna common stock and Magna Series D Preferred Stock entitled to vote at the Magna special meeting (voting together as a single group).

The proposal to postpone or adjourn the Magna special meeting to a later date or dates, if necessary, to solicit additional proxies (Proposal 2) requires the affirmative vote of a majority of the shares of Magna common stock and Magna Series D Preferred Stock who are present at the Magna special meeting, in person or by proxy, and entitled to vote (voting together as a single group).

Abstentions and broker non-votes (described below) are counted for purposes of determining the presence or absence of a quorum but are not considered votes cast. **The required vote of Magna shareholders on the merger agreement is based on the number of outstanding shares of Magna common stock and Magna Series D Preferred Stock and not on the number of shares that are actually voted. Accordingly, the failure to submit a proxy card or to vote in person at the Magna special meeting, or the abstention from voting by a Magna shareholder, or the failure of any Magna shareholder who holds shares in street name through a bank or broker to give voting instructions to such bank or broker (thereby resulting in a broker non-vote), will have the same effect as a vote AGAINST the merger agreement. Abstentions will have the same effect as a vote AGAINST the proposal to postpone or adjourn the Magna special meeting, if necessary, while shares not in attendance at the Magna special meeting and broker non-votes will have no effect on the outcome of any vote to postpone or adjourn the Magna special meeting.**

A broker non-vote occurs when a broker submits a proxy that does not indicate a vote on a proposal because the broker has not received instructions from the beneficial owners on how to vote on such proposal and the broker does not have discretionary authority to vote in the absence of instructions. Brokers generally have the authority to vote, even though they have not received instructions, on matters that are considered routine. However, under the rules of the New York Stock Exchange, the merger agreement proposal and the adjournment proposal to be considered at the Magna special meeting are not considered routine matters and brokers are not entitled to vote shares held for a beneficial owner on these matters without instructions from the beneficial owner of the shares. To avoid a broker non-vote of your shares on the merger agreement and adjournment, each of which is a non-routine matter, you must provide voting instructions to your broker or other nominee.

### **Revocability of Proxies**

Submitting a proxy on the enclosed form of proxy does not preclude a Magna shareholder from voting in person at the Magna special meeting. A Magna shareholder may revoke a proxy at any time prior to the vote at the Magna special meeting by:

delivering to Catherine Stallings, Magna's Corporate Secretary, at Magna's corporate office at 6525 Quail Hollow Road, Suite 513, Memphis, Tennessee 38120, on or before the date of the Magna special meeting, a later-dated and signed proxy card or a written revocation of the proxy;

delivering to Magna at the Magna special meeting prior to the taking of the vote a later dated and signed proxy card or a written revocation;

attending the Magna special meeting and voting in person; or

if you have instructed a broker to vote your shares, following the directions received from your broker to change these instructions.

Revoking a proxy will not affect a vote once it has been taken. Attendance at the Magna special meeting will not, in itself, constitute a revocation of a proxy. You must vote in person at the Magna special meeting if you wish to change a vote that you have previously made by submitting a signed proxy.

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**Solicitation of Proxies**

The proxy solicitation of Magna's shareholders is being made by Magna on behalf of Magna's board of directors and will be paid for by Magna. In addition to solicitation by mail, directors, officers, and employees of Magna may solicit proxies for the Magna special meeting from Magna's shareholders personally or by telephone, the Internet or other electronic means. However, Magna's directors, officers and employees will not be paid any special or extra compensation for soliciting such proxies, although they may be reimbursed for out-of-pocket expenses incurred in connection with the solicitation. Upon request, Magna will reimburse brokers, dealers, banks, trustees and other fiduciaries for the reasonable expenses they incur in forwarding proxy materials to beneficial owners of Magna common stock and Magna Series D Preferred Stock.

**Dissenters' Rights**

Holders of Magna common stock and Magna Series D Preferred Stock who comply with the provisions of Chapter 23 of the TBCA are entitled to dissent from the Magna merger and receive payment of the fair value of their shares of Magna stock if the Magna merger is consummated. A copy of Chapter 23 of the TBCA is attached as Appendix B to this proxy statement/prospectus. Please see the section entitled "PROPOSAL #1: THE PROPOSED MAGNA MERGER DISSENTERS' RIGHTS" beginning on page 47 for a summary of the procedures to be followed in asserting dissenters' rights. A dissenting shareholder will be entitled to payment only if written notice of intent to demand payment is delivered to Magna before the vote is taken and the shareholder does not vote in favor of the merger agreement.

**Recommendation by Magna's Board of Directors**

The board of directors of Magna unanimously voted in favor of the merger agreement and the merger. Magna's board of directors believes that the merger agreement, the Magna merger and the transactions contemplated thereby are in the best interests of Magna and its shareholders, and recommends that Magna's shareholders vote:

FOR the approval and adoption of the merger agreement and the merger; and

FOR any proposal of the Magna board of directors to postpone or adjourn the Magna special meeting to a later date or dates, if necessary.



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**PROPOSAL #1: THE PROPOSED MAGNA MERGER**

**General**

Magna's board of directors is using this document to solicit proxies from the holders of Magna common stock and Magna Series D Preferred Stock for use at the Magna special meeting. At the Magna special meeting, holders of Magna common stock and Magna Series D Preferred Stock will be asked to vote upon, among other things, the approval of the merger agreement.

The Magna merger will not be completed unless, among other things, holders of Magna common stock and Magna Series D Preferred Stock (voting together as a single group) approve the merger agreement by the requisite vote.

This section of this proxy statement/prospectus describes certain aspects of the Magna merger, including the background of the merger and the parties' reasons for the merger.

**Transaction Structure**

Pinnacle's and Pinnacle Bank's board of directors and Magna's board of directors each has approved the merger agreement, which provides for the merger of Magna with and into Pinnacle Bank, a wholly owned subsidiary of Pinnacle, and the Pinnacle board of directors also has approved the issuance by Pinnacle of shares of Pinnacle common stock to holders of Magna common stock (including the shares of Magna common stock issuable upon conversion of the outstanding shares of Magna Series D Preferred Stock) in connection with the Magna merger. Pinnacle Bank will be the surviving corporation subsequent to the Magna merger. The parties expect to complete the Magna merger in the third or fourth quarter of 2015. Each share of Pinnacle common stock issued and outstanding at the effective time of the Magna merger will remain issued and outstanding as one share of common stock of Pinnacle, and, other than shares of Magna common stock owned by Pinnacle or Magna (other than those shares held in a fiduciary or representative capacity) and shares held by Magna shareholders that properly exercise their dissenters rights, each share of Magna common stock (including the shares of Magna common stock issuable upon conversion of the outstanding shares of Magna Series D Preferred Stock) issued and outstanding at the effective time of the Magna merger will be converted into either 0.3369 shares of Pinnacle common stock, \$14.32 in cash or a mix of stock and cash, with fractional shares being paid in cash as described below. See "THE MERGER AGREEMENT Merger Consideration" on page 64.

Pinnacle Bank's charter and bylaws will be the charter and bylaws of the combined company after the completion of the Magna merger. At the effective time of the Magna merger, Pinnacle's and Pinnacle Bank's boards of directors will be expanded to accommodate the addition of one Magna director, who the parties currently anticipate will be Thomas C. Farnsworth, III.

The merger agreement provides that the parties can amend the merger agreement, to the extent legally permissible. However, after any approval of the merger agreement by Magna's shareholders, no amendment can alter the kind or amount of consideration to be provided to Magna's shareholders without subsequent approval by Magna's shareholders entitled to vote on the merger agreement.

**Background of the Magna Merger**

The board of directors of Magna has regularly reviewed Magna's prospects and strategies and has explored opportunities to enhance both shareholder value and the liquidity of the Magna stock. Given the competitive conditions, increasing regulatory burdens and changing capital requirements in the banking industry, Magna's board of

directors viewed scale as important and periodically considered these strategic growth options: growth through acquiring another bank, merging into a larger financial institution, or raising additional capital and focusing on an aggressive internal growth strategy.

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For several years, Pinnacle has publicly disclosed that part of its long-range corporate strategy includes growth into the Chattanooga and Memphis, Tennessee markets, the remaining two large Tennessee urban markets not currently served by Pinnacle Bank, whether by de novo expansion or the acquisition of an existing bank or banks operating in those markets. The proposed Magna merger and the proposed CapitalMark merger would permit Pinnacle to enter the two principal markets in Tennessee which it does not serve. Pinnacle believes the Memphis and Chattanooga markets are important to the ongoing growth of Pinnacle's Tennessee banking franchise and the resultant enhancement in Pinnacle's share price that Pinnacle believes would result from such growth. Pinnacle also intends to continue to execute on other long-range strategies including its strategy to hire seasoned professionals in each of its markets to grow Pinnacle's loan portfolio, to expand its commercial real estate lending capabilities and to enhance its noninterest income fee businesses.

In early 2014, the Magna board of directors decided to actively pursue a business combination strategy. Magna's board of directors and senior management had often consulted with representatives of Sterne Agee and Leach, Inc. (who we refer to as Sterne Agee), an investment banking firm, in the past and formally entered into an engagement letter with Sterne Agee on February 27, 2014 for the purposes of determining the interest of likely candidates in engaging in a business combination with Magna. Working with Sterne Agee, Magna identified eight financial institutions that would potentially make an attractive business combination partner for Magna, based on their size, location and business model resources, and prepared a marketing book that Sterne Agee used to confidentially contact them. Two institutions signed a confidentiality agreement. One of these institutions verbally expressed potential interest in moving forward but at a value below what Magna's board of directors considered was in the best interest of Magna's shareholders.

During the remainder of 2014, Magna focused on organic growth and improving earnings. Magna's board of directors also continued to explore opportunities to improve shareholder return, value and liquidity.

In early December 2014, Kirk P. Bailey, Magna's Chairman and CEO, received a call from a representative of STRH who had recently talked with Pinnacle's CEO, M. Terry Turner, and CFO, Harold R. Carpenter, and had confirmed with them that Pinnacle remained interested in entering the Memphis market through an acquisition and that they believed an introductory meeting between Magna and Pinnacle may prove beneficial. On December 8, 2014, Mr. Bailey met in Nashville, Tennessee with Messrs. Turner and Carpenter, along with a representative of STRH to discuss the possible combination of Pinnacle Bank and Magna. After a general discussion, both parties believed additional time was necessary to conduct preliminary due diligence and gather feedback from their respective boards of directors. On December 16, 2014, representatives of STRH met with Mr. Bailey to discuss possible next steps with respect to Pinnacle.

At Pinnacle's December 16, 2014, regularly scheduled board of directors meeting, Mr. Turner updated the Pinnacle board of directors on the recent discussions with Mr. Bailey and that Pinnacle management would like to continue to discuss the merits of a potential business combination with Magna. On January 6, 2015, Mr. Turner updated the executive committee of the Pinnacle board of directors as to management's plan for future discussions with Magna.

In early January 2015, Mr. Turner called Mr. Bailey expressing a preliminary range of values at which Pinnacle would be willing to consider a business combination with Magna, and Mr. Bailey advised that this range of values was below the level Magna's board of directors would support. Mr. Turner updated the Pinnacle board of directors on these matters at its January 20, 2015 regularly scheduled meeting. At that meeting, Mr. Turner noted that further discussions were possible, but that, in order for negotiations to move forward, both parties needed more information from the other party.

Both parties continued to discuss the possibility of a business combination and on January 29, 2015, Pinnacle and Magna signed a confidentiality agreement that they had been negotiating throughout January in order to facilitate information flow between the two companies. On January 30, 2015, a meeting was held in Memphis, Tennessee at which Mr. Turner, Mr. Carpenter, Hugh M. Queener (Pinnacle's Chief Administrative

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Officer) and Mike Hendren (Pinnacle Bank's Senior Credit Officer) along with Mr. Bailey and David Wadlington (Magna's CFO) were present. The two groups exchanged information about the strategic plans of their respective companies, 2015 financial forecasts and other information relevant to a potential business combination including the growth prospects of a combined company in Memphis.

At the time of the late January conversations between Mr. Turner and Mr. Bailey, Pinnacle was engaged in discussions with CapitalMark and was being advised by Sterne Agee, including the principal representative at Sterne Agee advising Magna.

On February 2, 2015, Mr. Turner updated the executive committee of Pinnacle's board of directors on the progress of the Magna transaction with the executive committee providing Mr. Turner input as to potential next steps.

Shortly after their meeting in Memphis, Mr. Turner telephoned Mr. Bailey and presented an oral indication of Pinnacle's interest in a merger with Magna in the \$11.50 to \$12.50 per share price range, reflecting a range of 120% to 130% of Magna's 2014 year-end tangible book value per share. Mr. Bailey advised Mr. Turner that a valuation in that range was below the expectations of Magna's board of directors. Thereafter, the discussions slowed between the parties.

In mid-February 2015, Pinnacle attended a Sterne Agee investor conference in Florida. At the conference, Messrs. Turner and Carpenter met with the Sterne Agee representative advising Pinnacle on the CapitalMark transaction, who continued to consult with Magna, and they discussed how a properly structured transaction with Magna could be valuable to both shareholder groups. Not long after that conference, Mr. Turner called Mr. Bailey to renew discussions about a possible business combination with both parties believing that the utilization of a fixed exchange ratio at least for some portion of the transaction proceeds would be a better basis for pricing a potential transaction between the two companies. A back and forth dialogue ensued between Magna and Pinnacle regarding valuation proposals. These discussions included Magna's adviser, Sterne Agee, as well as Pinnacle's adviser, Sandler O'Neil + Partners, L.P (who we refer to as Sandler O'Neill) and resulted in Pinnacle's representatives orally indicating a willingness to consider a transaction with Magna at a fixed exchange ratio of 0.325 shares of Pinnacle common stock per share of Magna stock and a 90%/10% stock and cash consideration mix. The average closing price for Pinnacle's common stock for the 10 trading days ended on February 26, 2015 was approximately \$40.74, which at the proposed 0.325 exchange ratio would have been the equivalent of \$13.25 per share of Magna stock.

Mr. Bailey called a special meeting of the executive committee of the Magna board of directors on February 27, 2015, to inform the directors regarding his discussions with Pinnacle. The directors considered the range of exchange values being discussed, the attractiveness of Pinnacle as a business combination partner and the discussions that had taken place. The executive committee instructed Mr. Bailey to continue negotiations with Pinnacle with the goal of increasing the exchange ratio.

Mr. Turner updated the executive committee of Pinnacle's board of directors on March 2, 2015 as to the general progress of the Magna transaction including pricing mechanics for the transaction.

Mr. Bailey continued discussions with senior management of Pinnacle, and updated the executive committee of Magna's board of directors on his progress at a meeting held on March 6, 2015. Sterne Agee participated in this meeting by telephone. The executive committee reviewed the financial analysis that had been performed by Sterne Agee, discussed what would be a fair value for Magna stock and considered the exchange ratio proposed by Pinnacle. At the conclusion of the meeting, the executive committee again instructed Mr. Bailey to negotiate for an exchange ratio higher than .325, which was Pinnacle's latest proposal at the time.



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During the week of March 9, 2015, Magna and Pinnacle continued discussion and the exchange of information. Then, on March 16, 2015, Messrs. Bailey and Turner again discussed a potential transaction between the companies and recent initiatives of Magna to enhance its revenue opportunities in 2016 and beyond. At that time, Pinnacle agreed to increase the share exchange ratio from .325 to .3369 but, taking into account the nearly 15% increase in the trading price of Pinnacle's common stock since the parties had negotiated the confidentiality agreement, Pinnacle requested a 75%/25% mix of stock/cash consideration, that is, with 75% of Magna's outstanding shares receiving Pinnacle shares at a .3369 exchange ratio and cash being paid for the remaining 25% at the \$14.32 per share value, rather than the 90%/10% mix previously discussed by the parties.

On March 17, 2015, the Pinnacle board of directors received additional information from management regarding the Magna transaction including pro forma transaction information prepared by Sandler O'Neill, and authorized the members of management to continue their negotiations with Magna.

The executive committee of Magna's board of directors again met on March 18, 2015, with Sterne Agee's representatives joining the meeting by telephone. Sterne Agee reviewed the financial terms of Pinnacle's proposal and the valuation analysis it had performed, including how this proposal compared with other recent merger transactions. Based on the trading price of Pinnacle's common stock at that time, the share exchange ratio produced an imputed value of \$14.35 per share of Magna's stock at the 75%/25% stock and cash mix. The directors discussed the financial strength and performance of Pinnacle, its strong Tennessee banking presence, stock liquidity and the advantages a combination with Pinnacle would offer. The executive committee authorized Mr. Bailey to proceed with discussions with Pinnacle on the terms outlined with the assistance of Sterne Agee.

A full report of the discussions with Pinnacle and the executive committee's deliberations was made to the Magna board of directors at a meeting on March 30, 2015. The directors reviewed the financial analysis that had been prepared, the financial terms of the proposal and the benefits to Magna's shareholders given the liquidity of Pinnacle's common stock as well as the dividend rate offered by Pinnacle's common stock and instructed Mr. Bailey to proceed with negotiations with Pinnacle. The Magna board of directors also discussed that the principal representative at Sterne Agee working with Magna was working with Pinnacle on another transaction (that turned out to be the CapitalMark merger), and the extent to which the possibility of a conflict of interest may impact Sterne Agee and its engagement. The Magna board of directors instructed Mr. Bailey to investigate the potential conflict of interest, interview other potential financial advisers and retain legal counsel. After the March 30, 2015 meeting of the Magna board of directors, Mr. Bailey consulted legal counsel about the engagement of an additional financial adviser given the work Sterne Agee was performing for Pinnacle. Mr. Bailey then contacted STRH regarding a possible engagement as co-adviser, and inquired into STRH providing an opinion as to whether or not the transaction under consideration was fair from a financial point of view to the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock).

During the last week of March 2015 and the beginning of April 2015, the full due diligence review process between the companies started. On April 3, 2015, Magna received Pinnacle's due diligence list and on April 10, 2015, an online data site with due diligence materials was opened. Mr. Turner and Mr. Bailey continued to communicate by telephone during the due diligence process. During the due diligence process, Pinnacle asked Magna to provide pro forma information. During this period, Mr. Bailey requested that Pinnacle consider increasing the purchase price in light of the revenue enhancement opportunities he had discussed with Mr. Turner. Pinnacle's management responded that Pinnacle had considered those opportunities in its offer of a 0.3369 exchange ratio and that in Pinnacle's view the deal was fully priced and there would be no increase in the fixed exchange ratio.

At an April 7, 2015 special meeting of the Pinnacle board of directors, Pinnacle's management updated the Pinnacle board of directors on the status of its negotiations with Magna.

On April 7, 2015, Pinnacle publicly announced that it had entered into the merger agreement with CapitalMark.



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On April 10, 2015, Pinnacle's legal counsel sent a draft of the merger agreement to Magna's legal counsel that reflected the fully negotiated terms of the merger agreement Pinnacle had negotiated with CapitalMark and Pinnacle communicated to Magna its desire to adhere to those terms in the merger agreement with Magna. The parties' respective legal counsel then proceeded to negotiate the terms of the definitive merger agreement.

The Magna board of directors met on April 17, 2015, with Magna's legal counsel present, to discuss the status of negotiations, to review in detail the draft of the merger agreement and to consider the engagement of co-financial advisers, including Stephens, Inc. (to whom the Sterne Agee engagement had been assigned as a result of the principal representative of Sterne Agee that had been advising Magna becoming an employee of Stephens, Inc.) and STRH. Mr. Bailey updated the directors on the status of the negotiations with Pinnacle, summarized the financial terms in Pinnacle's proposed merger agreement and discussed Pinnacle's proposed timeframe for proceeding. He also advised the board of directors of an unsolicited expression of interest from a Memphis-based nonpublic bank holding company in a range below the current Pinnacle proposal. Mr. Bailey recommended that the Magna board of directors continue with the Pinnacle offer and table this indication of interest in light of the lower price offered and the absence of liquidity in the institution's stock. After the board received legal advice from its attorneys, representatives of Stephens, Inc. (who we refer to as Stephens) and STRH joined the meeting by telephone to discuss the engagement of their firms as co-advisers and answer questions about the financial terms of the merger agreement. The Stephens representative detailed for directors his existing relationship with Pinnacle, and the STRH representative addressed STRH's role as an independent adviser to the Magna board of directors and the process for rendering a fairness opinion. Following their remarks, the board of directors approved the proposed engagement of Stephens and STRH as co-financial advisers in connection with the transaction. The Magna board of directors agreed to pay Stephens and STRH an aggregate fee of 1% of the total value of the merger consideration, based on the 20 day average closing price of Pinnacle common stock as of April 27, 2015, plus the Stock Option Consideration (which we refer to as the Total Consideration), which, assuming that none of the outstanding Magna options are exercised prior to the effective time of the Magna merger, is currently expected to be approximately \$814,000. Magna's legal counsel led the directors through the terms of the merger agreement draft, a discussion of the representations, warranties, covenants and grounds (and consequences) of termination and responded to questions from directors. The board of directors also generally discussed the process for moving forward. At the conclusion of the meeting, the Magna board of directors authorized management to proceed with negotiations with Pinnacle.

Following the April 17, 2015 Magna board meeting, the parties and their legal counsel continued to negotiate the detailed terms of the merger agreement and the disclosure schedules thereto with particular emphasis on the scenarios in which Magna could terminate the merger agreement and the amount of any termination fees that would be owed by Magna in those situations. Legal counsel to the parties then exchanged drafts of the merger agreement and ancillary agreements (including the agreement that Magna's senior executive officers would be required to sign in connection with the termination of Magna's SERP plans with the executives) which termination agreement requires those individuals to not compete in banking or other financial services with Pinnacle Bank or solicit Pinnacle Bank's customers or employees for a one-year period following the termination of their employment with Pinnacle Bank.

On April 21, 2015, the Pinnacle board met for its regularly scheduled meeting. Mr. Turner informed the board concerning the status of the Magna transaction noting recent events regarding new business lines Magna was likely to be involved in and that several conversations had ensued between the two companies but that in light of the significant increase in the price of Pinnacle's common stock since the parties commenced discussions regarding a possible combination, Pinnacle management had communicated to Magna that its current offer was Pinnacle's last and best offer. Mr. Turner stated that there continued to be progress with respect to the drafting of the merger agreement. The Pinnacle board of directors instructed Mr. Turner to continue the process in hopes of finalizing a transaction shortly.

On April 21, 2015, Pinnacle publicly announced its financial results for the first quarter of 2015.

At the regular meeting of the Magna board of directors on April 27, 2015, the Magna board of directors met with its legal counsel to review the current status of the merger agreement and the manner in which outstanding issues were being addressed, and generally discussed the voting agreement each director would be required to

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sign and the proposed change of control agreement that Pinnacle had offered to Mr. Bailey (a draft of which had been provided to Mr. Bailey on April 20, 2015) pursuant to which Mr. Bailey would be entitled to receive a payment equal to two times his base salary and then current bonus in the event that within 12 months following a change of control of Pinnacle or a successor to Pinnacle Mr. Bailey's employment was terminated without cause by Pinnacle or its successor or by Mr. Bailey for cause. A special meeting of the Magna board of directors was called for the following day to consider whether to approve the proposed transaction and recommend it to the Magna shareholders. The latest draft of the merger agreement and voting agreement, STRH's financial analysis presentation and a draft of proposed authorizing resolutions approving the transaction were provided to directors in advance of the meeting.

On April 28, 2015, the Magna board of directors met with its legal counsel and financial advisers to consider the definitive transaction agreements. The representatives of STRH reviewed with the Magna board of directors STRH's financial analysis of the merger consideration and delivered to the Magna board of directors STRH's oral opinion, which was subsequently confirmed in writing, to the effect that, as of April 28, 2015 and based upon and subject to the conditions, limitations, qualifications and assumptions set forth in the opinion, the aggregate merger consideration to be received in the Magna merger by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) was fair, from a financial point of view, to such holders. After receiving STRH's opinion and careful consideration of the revised draft of the merger agreement and the other strategic options available to Magna at the time, Magna's board of directors (i) determined that the merger agreement and the transactions contemplated thereby were in the best interest of Magna and its shareholders, (ii) approved and adopted the merger agreement and approved the Magna merger and the other transactions contemplated thereby, and (iii) directed that the merger agreement be submitted to Magna's shareholders for approval and recommended the approval and adoption of the merger agreement and the transactions contemplated thereby by the Magna shareholders.

Also on April 28, 2015, the Pinnacle board of directors met with its legal counsel and financial advisers to consider the draft merger agreement. Sandler O'Neill presented its report to the board of directors regarding the financial terms of the merger and its potential impact to Pinnacle shareholders. Sandler O'Neill reviewed with the directors the financial terms of the transaction, discussed methodologies used in evaluating the transaction, and discussed the potential pricing metrics of the transaction relative to other similar transactions. Pinnacle's legal counsel also discussed the merger agreement and the various other agreements, including voting and change of control agreements. As a result, Pinnacle's board of directors (i) determined that the merger agreement and the transactions contemplated thereby were in the best interest of Pinnacle and its shareholders, and (ii) approved and adopted the merger agreement and approved the Magna merger and the other transactions contemplated thereby.

Following the parties' respective board meetings, the merger agreement between Magna and Pinnacle was executed by the parties on April 28, 2015.

The transaction was announced after the close of business on April 28, 2015 by a press release issued jointly by Magna and Pinnacle.

## **Magna's Reasons for the Magna Merger; Recommendation of the Magna Board of Directors**

In reaching its decision to adopt and approve the merger agreement and recommend the Magna merger to its shareholders, Magna's board of directors evaluated the Magna merger and the merger agreement, in consultation with Magna's management, as well as its legal and financial advisers, and considered a number of positive factors, including the following material factors:

its knowledge of Pinnacle's business, operations, financial and regulatory condition, earnings and prospects, taking into account the results of Magna's due diligence review of Pinnacle;

its knowledge of the current environment in the financial services industry, including national and regional economic conditions, increased regulatory burdens, evolving trends in technology, increasing

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competition, the current financial market and regulatory conditions and the likely effects of these factors on the potential growth of Magna and Pinnacle, development, productivity, profitability and strategic options, and the illiquidity of Magna stock;

presentations concerning the operations, financial condition and prospects of Magna and the expected financial impact of the Magna merger on the combined company, including pro forma assets, earnings and deposits;

the terms of the merger agreement, and the presentation by Magna's legal adviser regarding the Magna merger and the merger agreement;

the opinion of STRH orally delivered to the Magna board of directors on April 28, 2015, and subsequently confirmed in writing, to the effect that, as of April 28, 2015 and based upon and subject to the conditions, limitations, qualifications and assumptions set forth in the opinion, the aggregate merger consideration to be received in the Magna merger by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) was fair, from a financial point of view, to such holders;

the financial terms of the Magna merger, including the fact that, based on the 20 day average closing price of Pinnacle common stock as of April 27, 2015, the implied value of the per share merger consideration represented an approximate 154% premium to the common tangible book value per share of Magna common stock as of March 31, 2015;

Magna's board of directors' belief that a merger with Pinnacle would allow Magna shareholders to participate in the future performance of a combined company that would have better future prospects than Magna was likely to achieve on a stand-alone basis or through other strategic alternatives, including a combination with other potential purchasers (remaining independent without raising substantial capital was less attractive);

the regulatory and other approvals required in connection with the Magna merger and the likelihood that the approvals needed to complete the Magna merger will be obtained within a reasonable time and without unacceptable conditions; and

the expected treatment of the Magna merger as a reorganization for United States federal income tax purposes, which would generally not be taxable to the extent Magna shareholders exchange their shares of Magna common stock (including shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) for shares of Pinnacle common stock. The expected tax treatment of the merger is described in more detail under **Material United States Federal Income Tax Consequences**.

The foregoing discussion of the factors considered by Magna's board of directors is not intended to be exhaustive, but is believed to include all material factors considered by Magna's board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the Magna merger and the complexity of these matters, Magna's board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to

these factors. In considering the factors described above, the individual members of Magna's board of directors may have given different weight to different factors. Magna's board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, Magna management and Magna's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

It should be noted that this explanation of Magna's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS" beginning on page 32.

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**Pinnacle's Reasons for the Magna Merger**

Pinnacle's board of directors concluded that the merger agreement is in the best interests of Pinnacle and its shareholders. In deciding to approve the merger agreement, Pinnacle's board of directors considered a number of factors, including, without limitation, the following:

the two institutions have potential cost synergies. Pinnacle will be utilizing Magna's current work force to help with Pinnacle's growth;

expansion of Pinnacle's presence to the fourth urban market in Tennessee, the Memphis TN-MS-AR MSA;

the Magna merger will result in increased size and scale; the combined company, including CapitalMark, is expected to have pro forma assets of approximately \$8.0 billion, resulting in increased lending capacity, and 42 offices (net of closures) in 13 counties;

the Magna merger is anticipated to enhance the franchise value of Pinnacle, both in the short-run and in the long-run and the increased size and scale of the combined company should increase its attractiveness to larger potential acquirors;

the Magna merger is expected to enhance Pinnacle's geographic market coverage by adding new deposit market share from the Memphis TN-MS-AR MSA;

the Magna merger is expected to be accretive to Pinnacle's operating earnings within the first twelve months following the closing and accretive immediately to Pinnacle's tangible book value;

Pinnacle's management's review of the business, operations, earnings and financial condition, including capital levels and asset quality, of Magna;

the Magna merger brings to Pinnacle's associate team a number of outstanding bankers; and

the Magna merger will qualify as a tax-deferred reorganization for Pinnacle and its new shareholders to the extent of the stock portion of the merger consideration.

The foregoing discussion of the information and factors considered by the Pinnacle board of directors is not exhaustive, but includes the material factors considered by the Pinnacle board of directors. In view of the wide variety of factors considered by the Pinnacle board of directors in connection with its evaluation of the Magna merger and the complexity of such matters, the Pinnacle board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Pinnacle board of directors discussed the factors described above, asked questions of Pinnacle's management and

Pinnacle's legal and financial advisors, and reached general consensus that the Magna merger was in the best interests of Pinnacle and Pinnacle shareholders.

In considering the factors described above, individual members of the Pinnacle board of directors may have given different weights to different factors. It should be noted that this explanation of the Pinnacle board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS** beginning on page 32.

The Pinnacle board of directors determined that the Magna merger, the merger agreement and the issuance of Pinnacle common stock in connection with the Magna merger are in the best interests of Pinnacle and its shareholders.

### **Material United States Federal Income Tax Consequences**

The following is a summary of the anticipated material United States federal income tax consequences generally applicable to a U.S. Holder (as defined below) of Magna common stock, including, with respect to the



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exchange of Magna common stock for Pinnacle common stock and cash pursuant to the Magna merger. References in this summary to Magna common stock shall include the Magna Series D Preferred Stock, which pursuant to its terms, automatically converts to Magna common stock immediately prior to the effective time of the Magna merger. This discussion assumes that U.S. Holders hold their Magna common stock as capital assets within the meaning of section 1221 of the Code. This summary is based on the Code, Treasury Regulations, judicial decisions and administrative pronouncements, each as in effect as of the date of this proxy statement/prospectus. All of the foregoing are subject to change at any time, possibly with retroactive effect, and all are subject to differing interpretation. Any such change could affect the continuing validity of this discussion. No advance ruling has been sought or obtained from the IRS regarding the United States federal income tax consequences of the Magna merger. As a result, no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

This summary does not address any tax consequences arising under United States federal tax laws other than United States federal income tax laws, nor does it address the laws of any state, local, foreign or other taxing jurisdiction, nor does it address any aspect of income tax that may be applicable to non-U.S. Holders of Magna common stock. In addition, this summary does not address all aspects of United States federal income taxation that may apply to U.S. Holders of Magna common stock in light of their particular circumstances or U.S. Holders that are subject to special rules under the Code, such as holders of Magna common stock that are partnerships or other pass-through entities (and persons holding their Magna common stock through a partnership or other pass-through entity), persons who acquired shares of Magna common stock (or their shares of Magna Series D Preferred Stock) as a result of the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, persons subject to the alternative minimum tax, tax-exempt organizations, financial institutions, broker-dealers, traders in securities that have elected to apply a mark to market method of accounting, insurance companies, persons having a functional currency other than the U.S. dollar and persons holding their Magna common stock as part of a straddle, hedging, constructive sale or conversion transaction.

For purposes of this summary, a U.S. Holder is a beneficial owner of Magna common stock that is for United States federal income tax purposes:

a United States citizen or resident alien;

a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized under the laws of the United States or any state therein or the District of Columbia;

a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) it was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; and

an estate, the income of which is subject to United States federal income taxation regardless of its source. If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds Magna common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership. Partnerships and partners in such a partnership are strongly urged to

consult their tax advisors as to the specific consequences to them of the Magna merger.

*General.* Pinnacle and Magna have structured the Magna merger to qualify as a reorganization for United States federal income tax purposes. The obligations of Pinnacle and Magna to consummate the Magna merger are conditioned upon the receipt of an opinion from Bass, Berry & Sims, PLC for its clients, Pinnacle and Pinnacle Bank, and an opinion from Wyatt Tarrant & Combs, LLP for its client, Magna, to the effect that for United States federal income tax purposes, the Magna merger will constitute a reorganization within the meaning of Section 368(a) of the Code. Neither Pinnacle or Pinnacle Bank nor Magna intends to waive this condition. If

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the effect on Magna shareholders of the tax opinion to be delivered to Magna as of the closing is materially different from the opinions respecting the United States federal income tax considerations expressed herein under the heading

Exchange of Magna Common Stock for Cash and Pinnacle Common Stock, Magna would not effect the Magna merger without recirculating this document after revising this discussion appropriately and resoliciting the approval of its shareholders. The tax opinions will rely on assumptions, including assumptions regarding the absence of changes in existing facts and law and the completion of the Magna merger in the manner contemplated by the merger agreement, and representations and covenants made by Pinnacle, Pinnacle Bank and Magna, including those contained in certificates of officers of Pinnacle, Pinnacle Bank and Magna. The accuracy of those representations, covenants or assumptions may affect the conclusions set forth in this opinion, in which case the tax consequences of the Magna merger could differ from those discussed here. Opinions of counsel neither bind the IRS nor preclude the IRS from adopting a contrary position.

*Exchange of Magna Common Stock for Pinnacle Common Stock and Cash.* Subject to the qualifications and limitations set forth above, the material United States federal income tax consequences of the Magna merger to Magna shareholders upon their exchange of Magna common stock Pinnacle common stock and cash will be as follows:

**Exchange Solely for Pinnacle Common Stock.** A holder of Magna common stock will not recognize any gain or loss upon the exchange of that shareholder's shares of Magna common stock solely for shares of Pinnacle common stock in the Magna merger.

**Receipt of Pinnacle Common Stock and Cash.** A holder of Magna common stock will recognize gain on the receipt of any cash consideration in the Magna merger equal to the lesser of (i) the amount by which the total merger consideration received by the holder of Magna common stock exceeds the holder's basis in the Magna common stock (which, in the case of Magna common stock that was converted from Magna Series D Preferred Stock, should be the holder's basis in the Magna Series D Preferred Stock) exchanged for that consideration or (ii) the amount of the cash consideration received in the Magna merger. This gain generally will be a capital gain and will be a long-term capital gain if the holding period for the shares of Magna common stock (including the holding period for any Magna Series D Preferred Stock that converts into Magna common stock) exchanged for cash is more than one year at the completion of the Magna merger.

**Receipt of Cash in Lieu of Fractional Shares.** If a holder of Magna common stock receives cash instead of a fractional share of Pinnacle common stock, such holder will recognize gain or loss, measured by the difference between the amount of cash received and the portion of the tax basis of that holder's shares of Magna common stock allocable to that fractional share of Pinnacle common stock. This gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the holding period for the share of Magna common stock (including the holding period of any Magna Series D Preferred Stock that converts into Magna common stock) exchanged for cash instead of the fractional share of Pinnacle common stock is more than one year at the completion of the Magna merger.

**Tax Basis of Pinnacle Common Stock Received in the Magna Merger.** A holder of Magna common stock will have a tax basis in the Pinnacle common stock received in the Magna merger equal to the tax basis of the Magna common stock surrendered by that holder in the Magna merger, less the amount of cash consideration received and increased by the amount of any gain recognized.

**Holding Period of Pinnacle Common Stock Received in the Magna Merger.** The holding period for shares of Pinnacle common stock received in exchange for shares of Magna common stock in the Magna merger will include the holding period for the shares of Magna common stock (including the holding period of any Magna Series D Preferred Stock that converts into Magna common stock) surrendered in the Magna merger.

In the case of a holder of Magna common stock who holds shares of Magna common stock with differing tax bases and/or holding periods, the preceding rules must be applied to each identifiable block of Magna common stock.

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*Tax on Net Investment Income.* Certain U.S. Holders whose income exceeds certain threshold amounts will be subject to a 3.8% Medicare contribution tax on net investment income. Net investment income is generally the excess of dividends and capital gains with respect to the sale, exchange, or other disposition of stock over allowable deductions. Each Magna shareholder is urged to consult his, her or its tax adviser to determine their own particular tax consequences with respect to the merger consideration to be received in the Magna merger and the net investment income tax.

*Backup Withholding.* Unless you comply with certain reporting or certification procedures or are an exempt recipient (in general, corporations and certain other entities), you may be subject to a backup withholding tax of 28% with respect to any cash payments received in the Magna merger. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the IRS.

*Reporting Requirements.* If you receive Pinnacle common stock as a result of the Magna merger, you will be required to retain records pertaining to the Magna merger and will be required to file with your United States federal income tax return for the year in which the Magna merger takes place a statement setting forth certain facts relating to the Magna merger.

*Tax Treatment of Receipt of Stock Option Consideration.* A holder of a Magna option who receives Stock Option Consideration in cancellation of such Magna option will be treated as having received ordinary compensation income in an amount equal to such Stock Option Consideration.

**Tax matters are very complicated, and the tax consequences of the Magna merger to you will depend on the facts of your particular situation. You are encouraged to consult your own tax adviser regarding the specific tax consequences of the Magna merger, including the applicability and effect of any federal, state, local and foreign income and other tax laws.**

## **Dissenters' Rights**

Under Tennessee law, holders of shares of Magna common stock and Magna Series D Preferred Stock who deliver written notice of their intent to dissent and do not vote in favor of the Magna merger have the right to dissent and receive the fair value of their Magna stock in cash. Magna shareholders electing to exercise dissenters' rights must comply with the provisions of Chapter 23 of the Tennessee Business Corporation Act, or TBCA, in order to perfect their rights. A copy of Chapter 23 of the TBCA is attached to as [Appendix B](#) to this proxy statement/prospectus.

The following is intended as a brief summary of the material provisions of the Tennessee statutory procedures required to be followed by a holder of Magna stock in order to properly dissent from the Magna merger and perfect the shareholder's dissenters' rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Chapter 23 of the TBCA, the full text of which appears as [Appendix B](#) of this proxy statement/prospectus.

Holders of Magna common stock and Magna Series D Preferred Stock who do not want to accept the merger consideration, who do not vote in favor of (or who abstain from voting on) the merger agreement, and who perfect their dissenters' rights by complying with the provisions of Chapter 23 of the TBCA, will have the right to receive cash payment for the fair value of their Magna stock as determined in accordance with Chapter 23 of the TBCA.

In order to perfect dissenters' rights with respect to the Magna merger, a holder of Magna stock must (1) deliver to Magna, before the vote to approve the merger agreement is taken, written notice of his or her intent to demand

payment for his or her shares of Magna stock if the Magna merger is consummated; and (2) not vote, or cause or permit to be voted, any of his shares of Magna stock in favor of the merger agreement. Within

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10 days after consummation of the Magna merger, Magna must send to each of the Magna shareholders who has perfected dissenters' rights in accordance with the steps disclosed above, a written dissenters' notice and form setting forth instructions for receipt and payment of their shares of Magna stock. Upon receipt of such notice and form, dissenting Magna shareholders will become entitled to receive payment of their shares of Magna stock when they: (1) demand payment; (2) certify that they received their shares prior to the date of the first public announcement of Pinnacle Bank's and Magna's intention to merge; and (3) deposit with Pinnacle certificates representing their shares of Magna stock in accordance with the instructions set forth in the notice.

Any holder of Magna common stock and Magna Series D Preferred Stock contemplating the exercise of his or her dissenters' rights should carefully review Chapter 23 of the TBCA, a copy of which is attached to this proxy statement/prospectus as Appendix B. A holder of Magna stock who fails to comply with all requirements of such Chapter 23 will forfeit his or her dissenters' rights and, upon consummation of the Magna merger, that holder's shares of Magna stock will be converted into the right to receive the merger consideration to which the shareholder is entitled under the merger agreement.

In general, any dissenting shareholder who perfects his or her right to be paid the fair value of the holder's Magna stock in cash will recognize taxable gain or loss for federal income tax purposes upon receipt of any cash.

## **Voting Agreement**

As of the record date, the directors and executive officers of Magna beneficially owned \_\_\_\_\_ shares of Magna common stock, including shares subject to Magna options currently exercisable but not exercised, and \_\_\_\_\_ shares of Magna Series D Preferred Stock, or approximately \_\_\_\_\_ % of the outstanding shares of Magna common stock and \_\_\_\_\_ % of the outstanding shares of Magna Series D Preferred Stock. In connection with the execution of the merger agreement, all of the directors and executive officers of Magna executed a voting agreement pursuant to which they agreed, among other things, to vote their shares of Magna common stock and Magna Series D Preferred Stock for the approval of the merger agreement.

## **Accounting Treatment**

The Magna merger will be accounted for as a purchase, as that term is used under U.S. generally accepted accounting principles for accounting and financial reporting purposes. Magna will be treated as the acquired corporation for accounting and financial reporting purposes. Magna's assets and liabilities will be adjusted to their estimated fair value on the closing date of the Magna merger and combined with the historical book values of the assets and liabilities of Pinnacle Bank. Applicable income tax effects of these adjustments will be included as a component of the combined company's deferred tax assets or liabilities. The difference between the estimated fair value of the assets (including separately identifiable intangible assets, such as core deposit intangibles) and liabilities and the purchase price will be recorded as goodwill.

## **Interests of Magna Executive Officers and Directors in the Magna Merger**

When Magna's shareholders are considering the recommendation of the Magna board of directors in connection with the merger agreement proposal, you should be aware that some of the executive officers and directors of Magna have interests that are in addition to, or different from, the interests of Magna's shareholders generally which are described below. Pinnacle's and Magna's boards of directors were aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement. Except as described below, to the knowledge of Magna, the executive officers and directors of Magna do not have any material interest in the Magna merger apart from their interests as shareholders of Magna.

*Payments Under Supplemental Executive Retirement Plans.* Magna maintains supplemental executive retirement plans which provide for monthly benefit payments to certain executives following their retirement. Prior to the closing, Magna intends to terminate its obligations under these benefit plans. The lump-sum amounts



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payable upon termination of these benefit plans are as follows: (i) Kirk Bailey \$720,223; (ii) Lisa Foley \$410,934; (iii) Lisa Reid \$530,448; (iv) Edward Simpson \$551,992; (v) Catherine Stallings \$225,975; (vi) Frank Stallworth \$514,645; and (vii) David Wadlington \$453,025. The termination of such benefit plans are conditioned upon each of these individuals entering into an agreement to terminate his or her respective plan and agreeing to be bound by a non-compete and non-solicitation agreement in favor of Pinnacle Bank for a period of 12 months following a separation of service from Pinnacle or any successor to Pinnacle.

*Payments Under Magna's Equity Incentive Plan.* Upon the closing of the Magna merger, all outstanding unvested Magna options will immediately vest pursuant to the terms of the plan and all unexercised Magna options will be cashed out and terminated in exchange for the Stock Option Consideration. The aggregate amounts payable under the plan to Magna's executive officers, assuming no vested Magna options are exercised prior to the closing of the Magna merger, are as follows: (i) Kirk Bailey \$193,570; (ii) Lisa Foley \$134,210; (iii) Lisa Reid \$77,860; (iv) Edward Simpson \$165,295; (v) Catherine Stallings \$46,950; (vi) Frank Stallworth \$134,260; and (vii) David Wadlington \$94,535.

*Payments Under Deferred Compensation Plan.* Magna sponsors a deferred compensation plan under which directors and executive officers may elect to defer payment of director fees, salary or bonus. Upon the closing of the Magna merger, the deferred compensation plan will be terminated and all income deferred by executive officers and directors, together with the earnings thereon, will be distributed to participants in the plan. The distributions are currently estimated to be as follow: (i) Kirk Bailey \$67,715; (ii) Lisa Foley \$30,563; (iii) Lisa Reid \$2,357; (iv) Edward Simpson \$20,596; (v) Catherine Stallings \$34,969; (vi) Frank Stallworth \$88,342; (vii) David Wadlington \$20,692; (viii) Rudi Scheidt \$49,540; (ix) Ed Barnett \$44,164; and (x) Ron Stimpson \$24,478.

*Change of Control Agreement Between Kirk Bailey and Pinnacle and Pinnacle Bank.* As a condition to Pinnacle's obligation to close the Magna merger, on or before the effective time of the Magna merger Kirk P. Bailey, Chairman and CEO of Magna, will have entered into a change of control agreement with Pinnacle and Pinnacle Bank, to be effective as of the closing of the Magna merger. Under the agreement, Mr. Bailey will receive a severance payment equal to two times his then current base salary and target bonus amount if, within 12 months following a change of control of Pinnacle (as defined below), Pinnacle terminates his employment without cause (as defined below) or Mr. Bailey terminates his employment with cause (as defined below). The agreement will automatically renew each year for a 12 month period on January 1 unless, prior to November 30 preceding such renewal, Pinnacle gives notice of its intent not to renew. Additionally, notwithstanding the foregoing, if prior to the earlier of a change of control or Pinnacle entering into an agreement providing for a change of control, Pinnacle's Chief Executive Officer or Pinnacle's Human Resources and Compensation Committee, determine, in his, her or its sole discretion, that it is no longer appropriate to provide Mr. Bailey with the post change of control benefits described above, Mr. Bailey's change of control agreement may be terminated by 10 days written notice from Pinnacle's Chief Executive Officer or Pinnacle's Human Resources and Compensation Committee.

Generally, the change of control provision found in Mr. Bailey's change of control agreement is referred to as a "double trigger" such that (a) a change of control has to occur as defined in the change of control agreement and (b) the executive has to terminate his employment for cause, or his employment has to be terminated by Pinnacle or Pinnacle Bank without cause, in each case as defined in the change of control agreement, as follows:

(a) A change of control generally means the acquisition by a person or persons, acting in concert, of 40% or more of the outstanding voting securities of Pinnacle or Pinnacle Bank; a change in the majority of the board of directors of Pinnacle or Pinnacle Bank over a 12-month period (unless the new directors were approved by a two-thirds majority of prior directors); a merger, consolidation or reorganization in which Pinnacle shareholders before the merger, consolidation or reorganization own 50% or less of the voting power after the merger, consolidation or reorganization;

or the sale, transfer or assignment of all or substantially all of the assets of Pinnacle its subsidiaries to any third party.

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(b) Termination by Mr. Bailey for cause generally means that Mr. Bailey, without his consent, experiences an adverse change in supervision so that he no longer reports to the same person(s) or entity to whom he reported immediately after the effective date of the employment agreement; an adverse change in Mr. Bailey's supervisory authority occurs without Mr. Bailey's consent; a material modification in Mr. Bailey's job title or scope of responsibility has occurred without Mr. Bailey's consent; a change in Mr. Bailey's office location of more than 25 miles from Mr. Bailey's current office location occurs without Mr. Bailey's consent; a material change in salary, bonus opportunity or other benefit has occurred; or Mr. Bailey receives a notice of nonrenewal of the employment agreement.

(c) Termination of Mr. Bailey by Pinnacle or Pinnacle Bank without cause means that Mr. Bailey was not terminated as a result of a material breach by Mr. Bailey of the terms of the employment agreement that remains uncured after the expiration of 30 days following delivery of written notice to Mr. Bailey; conduct by Mr. Bailey that amounts to fraud, dishonesty or willful misconduct in the performance of his duties and responsibilities; Mr. Bailey's arrest for, charge in relation to, or conviction of a crime involving breach of trust or moral turpitude; conduct by Mr. Bailey that amounts to gross and willful insubordination or inattention to his duties and responsibilities; or conduct by Mr. Bailey that results in removal from his position as an officer or employee pursuant to a written order by any regulatory agency with authority or jurisdiction over Pinnacle or Pinnacle Bank.

If Mr. Bailey is to receive any payment under the change of control agreement that is, or may become, subject to any additional tax under Section 409A(a)(1)(B) or any other taxes or penalties imposed under Section 409A of the Code, then such payments will be delayed until the date that is six months after the date of Mr. Bailey's separation from service with Pinnacle or Pinnacle Bank, or such shorter period that, as determined by Pinnacle or Pinnacle Bank, is sufficient to avoid the imposition of any such taxes or penalties.

*Thomas C. Farnsworth, III Becoming Director of Pinnacle.* Thomas C. Farnsworth, III, a member of Magna's board of directors, is expected to be appointed to the board of directors of Pinnacle and Pinnacle Bank effective as of the closing of the Magna merger.

Mr. Farnsworth, age 48, is the President of Farnsworth Investment Company, a privately held real estate development and real estate investment company located in Memphis, Tennessee, with which he has been associated since 1989. He has been heavily involved in commercial real estate development and leasing and has an in-depth knowledge of matters pertaining to financing such projects. Mr. Farnsworth has served as a member of the Magna board of directors since 2004 and currently serves as the Chairman of the Loan Committee of Magna's board of directors.

Mr. Farnsworth's qualifications to serve on the board of directors of Pinnacle include his extensive experience in real estate development, as well as his knowledge of the Memphis market.

Outside directors of Pinnacle currently receive an annual retainer in the amount of \$20,000 in cash and restricted shares of Pinnacle common stock with a fair market value on the date of grant of \$40,000. Pinnacle's outside directors also receive fees of \$1,500 for attendance at each board meeting and \$1,500 for attendance at each committee meeting, with committee chairs also being paid a cash retainer ranging in value from \$6,250 to \$15,000.

*Continued Employment of Certain Officers.* Pinnacle will continue the employment of many of the officers of Magna effective as of the closing of the Magna merger, including Mr. Bailey, who, as described above, will also enter into a change of control agreement with Pinnacle and Pinnacle Bank.

*Indemnification and Insurance of Directors and Officers.* Pinnacle has agreed that all rights to indemnification and exculpation from liabilities arising out of or pertaining to matters existing or occurring on or prior to the effective time of the Magna merger in favor of present or former officers and directors of Magna as provided under the articles of

incorporation or bylaws of Magna, or permitted under Tennessee law, shall survive the Magna merger.

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In addition, Pinnacle has agreed to maintain a directors and officers liability insurance policy for six years after the effective time of the Magna merger to cover the present officers and directors of Magna with respect to claims against such directors and officers arising from facts or events that occurred before the effective time of the Magna merger; provided that Pinnacle is not obligated to pay each year more than 250% of Magna's annual premiums for such coverage.

*Share Ownership of Management and Directors of Magna.* The following table sets forth information with respect to the beneficial ownership, as of June 8, 2015, of shares of Magna common stock and Magna Series D Preferred Stock by (i) each of Magna's directors and executive officers and (ii) all directors and executive officers as a group. To the knowledge of Magna, no other person beneficially owns more than 5% of the issued and outstanding Magna stock.

Name	Shares of Magna Common Stock Owned (1)	Magna Options Exercisable within 60 days of June 8, 2015 (1)	Total Shares of Magna Common Stock Owned	Percent Owned of All Shares of Magna Common Stock (2)	Shares of Magna Series D Preferred Stock Owned (3)	Percent Owned of All Shares of Magna Series D Preferred Stock (4)
Jon Kevin Adams	90,366(5)		90,366	1.85%		*
Kirk P. Bailey	344,049(6)	19,667	363,716	7.41%	668(7)	*
Edwin W. Barnett	126,602(8)		126,602	2.59%		*
Dr. James H. Beaty	36,200		36,200	*		*
Harold E. Crye	646,298		646,298	13.21%	500(9)	*
Thomas C. Farnsworth, III	58,541		58,541	1.20%		*
Lisa G. Foley		19,500	19,500	*		*
Richard H. Leike	656,574(10)		656,574	13.42%	500(9)	*
Lisa W. Reid	82,400(11)	9,000	91,400	1.87%	200(12)	*
Rudi E. Scheidt	39,914(13)		39,914	*		*
Arthur N. Seessel	40,188		40,188	*		*
Edward L. Simpson	18,400	17,833	36,233	*		*
Harry L. Smith	29,725		29,725	*		*
Catherine Stallings	17,200	2,334	19,534	*		*
B. Frank Stallworth	5,000	23,000	28,000	*		*
Ronald W. Stimpson	352,430(14)		352,430	7.21%	4,500(15)	1.28%
David C. Wadlington	30,096	9,667	39,763	*		*
Current directors and executive officers as a group (17 persons)	2,573,983	101,001	2,674,984	53.58%	5,868	1.66%

\* Less than 1%

- (1) The information set forth in this table with respect to Magna common stock ownership reflects beneficial ownership as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. Beneficial ownership includes shares for which an individual, directly or indirectly, has or shares voting or investment power or both and also includes options which are exercisable within 60 days of June 8, 2015.
- (2) The percentages are based upon total beneficial ownership by each director or executive officer of Magna common stock, as stated in the column entitled Total Shares of Magna Common Stock Owned, and 4,891,268 shares of Magna common stock outstanding as of June 8, 2015.
- (3) The information set forth in this table with respect to Magna Series D Preferred Stock ownership reflects beneficial ownership as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. Beneficial ownership includes shares for which an individual, directly or indirectly, has or shares voting or investment power or both.

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- (4) The percentages are based upon total beneficial ownership by each director or executive officer of Magna Series D Preferred Stock and 352,886 shares of Magna Series D Preferred Stock outstanding as of June 8, 2015.
- (5) Includes 31,111 shares held directly or indirectly by Mr. Adams spouse.
- (6) Includes 26,111 shares held jointly with Mr. Bailey s spouse.
- (7) All of these shares are held by Mr. Bailey s spouse.
- (8) Includes 13,125 shares held jointly with Mr. Barnett s spouse and 8,600 shares held directly by Mr. Barnett s spouse.
- (9) Represents the same shares held by a company owned by Mr. Crye and Mr. Leike.
- (10) Includes 15,700 shares held by Mr. Leike s spouse as trustee under a living trust for her benefit.
- (11) Includes 6,000 shares held by Ms. Reid s spouse.
- (12) All of these shares are held by Ms. Reid s spouse.
- (13) Includes 20,000 shares held jointly with Mr. Scheidt s spouse.
- (14) Includes (i) 128,000 shares held jointly with Mr. Stimpson s spouse and (ii) 96,430 shares held by a limited liability company of which Mr. Stimpson is an owner and managing member.
- (15) All of these shares are held by a limited liability company of which Mr. Stimpson is an owner and managing member.

## **Pinnacle s Dividend Policy**

No assurances can be given that any dividends will be paid by Pinnacle or that dividends, if paid, will not be reduced in future periods. The principal source of Pinnacle s cash flow, including cash flow to pay interest owing under the Pinnacle Loan Agreement and to holders of its subordinated debentures, and any dividends payable to common shareholders, are dividends that Pinnacle Bank pays to Pinnacle as its sole stockholder. The ability of Pinnacle Bank to pay dividends, as well as Pinnacle s ability to pay dividends to its common shareholders, will continue to be subject to and limited by the results of operations of Pinnacle Bank and by certain legal and regulatory restrictions. Further, any lenders making loans to Pinnacle or Pinnacle Bank may impose financial covenants that may be more restrictive than regulatory requirements with respect to Pinnacle s payment of dividends to common shareholders.

Pinnacle s board of directors may change its dividend policy at any time. For further information on Pinnacle s dividend history and restrictions on Pinnacle s and Pinnacle Bank s ability to pay dividends, see **COMPARATIVE MARKET PRICES AND DIVIDENDS** beginning on page 24, **SUPERVISION AND REGULATION** Payment of Dividends appearing in Pinnacle s Annual Report on Form 10-K for the year ended December 31, 2014 and the Risk Factor entitled **Our ability to declare and pay dividends is limited** in Pinnacle s Quarterly Report on Form 10-Q for the period ended March 31, 2015, which are incorporated by reference into this proxy statement/prospectus. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 101.

## **Regulatory Approval**

Pinnacle is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and supervised and regulated by the Federal Reserve Board (which we refer to as the FRB). Magna is a member of the FRB and is primarily supervised and regulated by the FRB and TDFI. Pinnacle Bank is primarily supervised and regulated by the FDIC and TDFI. Set forth below is a brief summary of certain regulatory approvals needed for the Magna merger. Additional information relating to the supervision and regulation of Pinnacle is included in Pinnacle s Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this proxy statement/prospectus. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 101.

*FDIC Approval.* The Bank Merger Act requires the prior written approval of the FDIC before any insured depository institution may merge or consolidate with another insured depository institution if the resulting





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institution is to be a state non-member bank. As a state non-member bank, Pinnacle Bank filed its application for approval of the Magna merger with the FDIC on May 14, 2015.

The Bank Merger Act prohibits the FDIC from approving any proposed merger transaction that would result in a monopoly, or would further a combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States. Similarly, the Bank Merger Act prohibits the FDIC from approving a proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade.

In every proposed merger transaction, the FDIC must also consider the financial and managerial resources and future prospects of the existing and proposed institutions, the convenience and needs of the community to be served, and the effectiveness of each insured depository institution involved in the proposed merger transaction in combatting money-laundering activities, including in overseas branches. Any transaction approved by the FDIC may not be completed until thirty (30) days after such approval unless such period is shortened to fifteen (15) days.

*State Regulatory Approval.* To complete the Magna merger, Pinnacle Bank is required to submit an application to, and receive approval from, the TDFI. The TDFI will review the application to determine whether the Magna merger complies with Tennessee law, including deposit concentration limitations. In addition, Pinnacle Bank is required to provide the TDFI satisfactory evidence that the merger of Magna with and into Pinnacle Bank complies with applicable requirements under Tennessee law.

We cannot guarantee you that the regulatory approvals described above will be given without undue delay or the imposition by a regulatory authority of a condition that would materially and adversely impact the financial or economic benefits of the Magna merger on Pinnacle or Pinnacle Bank or any of their banking and non-banking subsidiaries, including, but not limited to, Pinnacle Bank, or Magna.

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**OPINION OF MAGNA S FINANCIAL ADVISER**

On April 28, 2015, STRH delivered to the Magna board of directors an oral opinion, which was confirmed by delivery of a written opinion, dated April 28, 2015, to the effect that, as of the date of the opinion and based upon and subject to the conditions, limitations, qualifications and assumptions set forth in the opinion, the aggregate merger consideration to be received in the Magna merger by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) was fair, from a financial point of view, to such holders. STRH has consented to the use of its opinion and related disclosure in this proxy statement/prospectus.

The full text of the written opinion of STRH, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion of STRH, is attached as Appendix C to this proxy statement/prospectus and is incorporated herein by reference. You are urged to read STRH's written opinion carefully and in its entirety. STRH's opinion was furnished solely for the use of the Magna board of directors (solely in its capacity as such) in connection with its evaluation of the Magna merger. STRH's opinion is limited solely to the fairness, from a financial point of view, of the aggregate merger consideration to be received in the Magna merger by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) and does not address Magna's underlying business decision to effect the Magna merger or the relative merits of the Magna merger as compared to any alternative business strategies or transactions that might be available with respect to Magna. The STRH opinion was not intended to be, and does not constitute, a recommendation to the Magna board of directors, Magna, any security holder of Magna or any other person or entity as to how to act or vote with respect to any matter relating to the Magna merger or otherwise, including, without limitation, whether a holder of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) should elect to receive the cash consideration or the stock consideration. STRH's opinion was approved by an internal opinion committee of STRH authorized to approve opinions of this nature.

In connection with the delivery of its opinion, STRH conducted such reviews, analyses and inquiries as STRH deemed necessary and appropriate under the circumstances. Among other things, STRH reviewed the following:

A draft, dated April 24, 2015, of the merger agreement, which draft contained materially the same terms, including the same financials terms, as the definitive merger agreement;

certain business and financial information relating to Magna, Pinnacle and Pinnacle Bank;

certain non-public internal and audited and unaudited financial statements of Magna, Pinnacle and Pinnacle Bank and certain financial and other information relating to the historical, current and future business, financial condition, results of operations, asset quality, operating data and prospects of Magna and Pinnacle made available to STRH by Magna and Pinnacle, including certain financial projections prepared by the management of Magna relating to Magna (which we refer to as the Projections);

the current financial and operating performance of Magna and Pinnacle as compared to that of other companies with publicly traded equity securities that STRH deemed relevant;

the publicly available financial terms of certain transactions that STRH deemed relevant; and

current and historical market conditions and certain financial, stock market and other publicly available information relating to the business of other companies and banks whose operations STRH considered relevant.

STRH also had discussions with certain members of the management of Magna, Pinnacle and Pinnacle Bank regarding the Magna merger and the business, financial condition, assets, results of operations, and

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prospects of Magna, Pinnacle and Pinnacle Bank and undertook such other studies, analyses and investigations as STRH deemed appropriate.

STRH relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished or otherwise made available to, discussed with or reviewed by STRH, and did not assume any responsibility with respect to such data, material and other information. STRH's role in reviewing such data, material and other information was limited solely to performing such review as STRH deemed necessary and appropriate to support its opinion. In addition, STRH assumed, at the direction of Magna and without independent verification or investigation, that the Projections were reasonably prepared in good faith on bases reflecting the best currently available information, estimates and judgments of management of Magna as to the future financial results and condition of Magna. STRH expressed no opinion with respect to the Projections or the assumptions on which they were based, or any other assumptions discussed in its opinion. STRH relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Magna, Pinnacle or Pinnacle Bank since the respective dates of their most recent financial statements and other information, financial or otherwise, provided to STRH and that there was no information, facts or circumstances that would make any of the data, material or other information discussed with or reviewed by STRH inaccurate, incomplete or misleading.

STRH also relied upon and assumed without independent verification that (i) the representations and warranties of all parties to the merger agreement are true and correct; (ii) each party to the merger agreement will fully and timely perform all of the covenants and agreements required to be performed by such party under the merger agreement; (iii) all conditions to the consummation of the Magna merger will be satisfied without waiver thereof; (iv) the Magna merger will be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any term, condition or agreement therein; and (v) in the course of obtaining any regulatory or third-party consents, approvals or agreements in connection with the Magna merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Magna, Pinnacle, or Pinnacle Bank or the expected benefits of the Magna merger. STRH also assumed that the Magna merger will be treated as a tax-free reorganization for federal income tax purposes.

Furthermore, in connection with its opinion, STRH was not requested to review, and STRH did not review, individual credit files, nor was STRH requested to make, and STRH did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties, facilities or liabilities (including any fixed, contingent, derivative or off-balance-sheet assets or liabilities or any portfolio securities or any collateral securing assets or securities) of Magna, Pinnacle or Pinnacle Bank or any other person or entity, nor was STRH provided with any such appraisal or evaluation. In addition, STRH is not an expert in the evaluation of loan or lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect to such portfolios or for any other purpose and, accordingly, STRH has assumed, without independent investigation or verification, that Magna's, Pinnacle's and Pinnacle Bank's allowances for such losses are in the aggregate adequate to cover any such losses. STRH did not undertake any independent analysis of any potential or actual litigation, regulatory action, governmental investigation, possible unasserted claims or other contingent liabilities to which Magna, Pinnacle or Pinnacle Bank or any other person or entity is or may be a party or is or may be subject. STRH was not requested to, and did not, undertake any independent financial analysis of Pinnacle or Pinnacle Bank, and assumed that the value per share of Pinnacle common stock comprising the stock consideration was equal to the market price of Pinnacle common stock on April 27, 2015. STRH was not requested to, and did not, participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Magna merger or the securities, assets, businesses or operations of Magna or any other party, or any alternatives to the Magna merger, or advise the Magna board of directors or any other party with respect to any alternatives to the Magna merger.

The opinion of STRH was necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the data, material and other information made available to STRH as of, the date of the

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delivery of its opinion, April 28, 2015. STRH had and has no obligation to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring or information that has become or becomes available after the delivery of its opinion.

The opinion of STRH only addresses the fairness, from a financial point of view, of the aggregate merger consideration to be received in the Magna merger pursuant to the merger agreement by the holders, other than the Excluded Holders, of Magna common stock (including the shares of Magna common stock resulting from the conversion of the Magna Series D Preferred Stock) and does not address any other term, aspect or implication of the Magna merger or any agreement, arrangement or understanding entered into in connection therewith or otherwise. STRH was not requested to opine as to, and its opinion does not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of Magna, its security holders or any other person or entity to proceed with or effect the Magna merger; (ii) the form, structure or any other portion or aspect of the Magna merger; (iii) the fairness of any portion, term, aspect or implication of the Magna merger to the holders of debt of Magna, or any particular holder of securities, creditors or other constituencies of Magna, or to any other person or entity, except as expressly set forth in the last paragraph of STRH's opinion; (iv) the relative merits of the Magna merger as compared to any alternative business strategies that might exist for Magna or any other person or entity or the effect of any other transaction in which Magna or any other person or entity might engage; (v) whether or not Pinnacle, Magna, their respective security holders or any other person or entity is receiving or paying reasonably equivalent value in the Magna merger; (vi) the solvency, creditworthiness, viability, ability to pay debts when due or fair value of Magna, Pinnacle or Pinnacle Bank or any other participant in the Magna merger, or any of their respective assets, including under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or the impact of the Magna merger on such matters; (vii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Magna merger or any class of such persons; (viii) the fairness of any term or aspect of the Magna merger to any one class of Magna's security holders relative to any other class of Magna's security holders, including the allocation of any consideration among or within such classes; (ix) the fairness of the merger consideration to be received in the Magna merger to the holders of the Magna Series D Preferred Stock, or the fairness of the conversion of the Magna Series D Preferred Stock into Magna common stock; or (x) the fairness of the cash consideration and stock consideration relative to one another.

As specified in the engagement letter between STRH and Magna relating to the delivery of STRH's opinion, (i) STRH was engaged by Magna and its opinion was to be delivered to the Magna board of directors, (ii) nothing in the engagement letter shall be deemed to create a fiduciary or agency relationship between STRH and Magna or its security holders, and (iii) Magna's engagement of STRH was not intended to confer on any person or entity (including security holders, affiliates, employees and creditors of Magna other than Magna and certain indemnified parties identified in the engagement letter) any relationship, rights or remedies under or by reason of the engagement letter or as a result of the services rendered by STRH under the engagement letter. Under such circumstances, no privity is created between STRH and Magna's shareholders regarding STRH's delivery of its opinion to the Magna board of directors and, consequently, you may not rely on STRH's opinion to support any claims against STRH arising under applicable state law. The availability of "no privity" defenses to STRH and the question of whether such defenses are available under these circumstances would be resolved by a court of competent jurisdiction. In any event, the resolution of whether such defenses are available to STRH would have no effect on (i) the rights and responsibilities of the Magna board of directors under applicable state law or (ii) the rights and responsibilities of either STRH or the Magna board of directors under federal securities laws.

Furthermore, no opinion, counsel or interpretation is intended in STRH's opinion in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. STRH assumed that such opinions, counsel or interpretations have been or will be obtained from appropriate professional sources. STRH relied, with the consent

of the Magna board of directors, on the assessments by Magna and its board of directors and their respective advisors as to all legal, regulatory, accounting, insurance and tax matters with respect to Magna, Pinnacle, Pinnacle Bank and the Magna merger. STRH was not asked to, and STRH did not, offer any

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opinion as to any terms or conditions of the merger agreement or the form of the Magna merger, other than as expressly set forth in the last paragraph of its opinion with respect to the merger consideration. STRH did not express any opinion as to what the value of the Pinnacle common stock actually will be when issued pursuant to the merger agreement or the price or range of prices or volume at which shares of Pinnacle common stock may trade at any time, including following public announcement or consummation of the Magna merger.

The following is a summary of the material financial analyses presented by STRH to the Magna board of directors at its meeting held on April 28, 2015 in connection with STRH's opinion.

Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand STRH's analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of STRH's analyses.

**Summary of Financial Terms**

STRH reviewed the financial terms of the proposed Magna merger. Under the terms of the merger agreement, each holder of Magna common stock (including the shares of Magna common stock issuable upon conversion of the Magna Series D Preferred Stock) may elect to receive, subject to certain limitations and proration procedures contained in the merger agreement, (i) \$14.32 in cash, or (ii) 0.3369 shares of Pinnacle common stock. STRH calculated an approximate aggregate transaction value of \$82.5 million, or \$15.36 per share, as of April 27, 2015 based on the closing price of Pinnacle common stock on April 27, 2015 and including consideration for the outstanding Magna options. The merger consideration will consist of 75.0% stock consideration and 25.0% cash consideration. Based upon financial information as of or for the twelve month period ended March 31, 2015, STRH calculated the following transaction ratios:

	<b>March 31, 2015</b>
Transaction Value Per Share / Common Book Value Per Share	159.5%
Transaction Value Per Share / Tangible Common Book Value Per Share	159.5%
Transaction Value / Last Twelve Months Net Income	15.1x
Transaction Value / Last Twelve Months Core Income (1)	17.4x
Core Deposit Premium	8.9%

- (1) Core income defined as pre-tax income less gain / (loss) on sale of securities and / or other real estate owned (which we refer to as OREO), then subsequently tax-effected; reconciliation between Magna last twelve months net income and last twelve months core income: \$1,123 of pre-tax OREO and securities gains represents \$704 on an after-tax basis; \$5,457 less \$4,753 represents \$704.

**Net Present Value Analysis**



STRH performed an analysis that estimated the present value of the estimated future unlevered free cash flows projected to be generated by Magna through December 31, 2019. The analysis assumed that Magna performed in accordance with management's financial projections for years ended December 31, 2015 through 2019. STRH assumed these projections were reasonably prepared in good faith by Magna's management on bases reflecting the best currently available information, estimates and judgments of Magna's management.

STRH calculated the implied Magna valuation using a range of median earnings and tangible book value multiples based on Magna's public comparable group, as well as a range of discount rates with the assumptions below:

Assumes a base case discount rate of 13.5%, which was derived using the Ibbotson methodology, with sensitivities from 13.0% to 14.0%; and

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2019 terminal value based on P/E multiple of 12.9x and P/TBV multiple of 1.04x, each of which represented the median current trading P/E multiple or P/TBV multiple of a peer group of selected publicly traded companies that STRH deemed relevant and comparable to Magna as described below. STRH also sensitized the terminal year P/E multiple from 11.7x - 16.1x (representing the P/E multiples at the 25th percentile and 75th percentile, respectively, of the peer group) and the terminal year P/TBV multiple from 0.95x - 1.16x (representing the P/TBV multiples at the 25th percentile and 75th percentile, respectively, of the peer group). For purposes of calculating the P/E and P/TBV multiples described above, STRH used a peer group consisting of all nationwide exchange-traded banks with the following characteristics (excluding targets of announced mergers):

Total assets, for the most recent quarter reported, of between \$300 million and \$1 billion;

Return on average assets for the last twelve months ended as of the most recent quarter reported between 0.50% and 1.20%;

Ratio of tangible common equity to tangible assets for the most recent quarter reported between 8.0% and 11%;

Ratio of nonperforming assets to total assets, for the most recent quarter reported, between 0.0% and 3.0%; and

Three month average daily trading volume greater than 300 shares.

Discount Rate	Terminal Price / Earnings in 2019		
	11.7x	12.9x	16.1x
13.0%	\$ 9.43	\$ 10.36	\$ 12.64
13.5%	\$ 9.25	\$ 10.15	\$ 12.39
14.0%	\$ 9.06	\$ 9.95	\$ 12.15

This analysis indicated an implied per share reference range for Magna of \$9.06 to \$12.64, as compared to the implied valuation per share in the Magna merger of \$15.36.

Discount Rate	Terminal Price / Tangible Book Value in 2019		
	0.95x	1.04x	1.16x
13.0%	\$ 8.33	\$ 8.99	\$ 9.95
13.5%	\$ 8.17	\$ 8.81	\$ 9.76
14.0%	\$ 8.01	\$ 8.64	\$ 9.57

This analysis indicated an implied per share reference range for Magna of \$8.01 to \$9.95, as compared to the implied valuation per share in the Magna merger of \$15.36.

**Selected Peer Group Analysis**

STRH reviewed and compared financial data and trading multiples for Magna with a peer group of selected exchange-traded companies that STRH deemed relevant and comparable to Magna. This peer group consisted of all nationwide exchange-traded banks with the following characteristics (excluding targets of announced mergers):

Total assets, for the most recent quarter reported, of between \$300 million and \$1 billion;

Return on average assets for the last twelve months ended as of the most recent quarter reported between 0.50% and 1.20%;

Ratio of tangible common equity to tangible assets for the most recent quarter reported between 8.0% and 11%;

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Ratio of nonperforming assets to total assets, for the most recent quarter reported, between 0.0% and 3.0%; and

Three month average daily trading volume greater than 300 shares.

For the selected exchange-traded companies, STRH analyzed, among other things, financial performance, capital ratios and asset quality, for the most recent quarter reported or the twelve months ended as of the most recent quarter end, in addition to current market pricing analysis. The tables below set forth the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile operating metrics, capital ratios, asset quality and market pricing of the selected companies.

<b>Financial Performance</b>	<b>Magna</b>	<b>25<sup>th</sup> Percentile</b>	<b>Median</b>	<b>75<sup>th</sup> Percentile</b>
Return on Average Assets (Last Twelve Months)	0.96%	0.64%	0.76%	0.97%
Return on Average Equity (Last Twelve Months)	7.93%	6.48%	8.20%	9.44%

<b>Capital Ratio (Most Recent Quarter)</b>	<b>Magna</b>	<b>25<sup>th</sup> Percentile</b>	<b>Median</b>	<b>75<sup>th</sup> Percentile</b>
Tangible Common Equity / Tangible Assets	8.73%	8.78%	9.14%	9.93%

<b>Current Market Pricing</b>	<b>25<sup>th</sup> Percentile</b>	<b>Median</b>	<b>75<sup>th</sup> Percentile</b>
Transaction Value Per Share / Tangible Book Value Per Share	0.95x	1.04x	1.16x
Transaction Value Per Share / Last Twelve Months Earnings Per Share	11.7x	12.9x	16.1x

STRH applied each of the multiple ranges set forth in the tables above entitled Current Market Pricing to Magna's financial data as of March 31, 2015 to calculate an implied per share valuation for Magna. STRH then calculated the average of the two implied per share valuations to generate a reference range for Magna of \$10.76 to \$14.12, as compared to the implied valuation per share in the Magna merger of \$15.36.

No companies used in the analyses described above are identical to Magna, Pinnacle, Pinnacle Bank or the pro forma combined company. Accordingly, an analysis of these results involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

**Selected Precedent Transactions Analysis Nationwide**

STRH reviewed and analyzed certain financial data related to 22 completed nationwide depository transactions announced in the past 3 years. These transactions involved target banks based in the United States with the following characteristics:

Total assets, for the most recent quarter reported, of between \$250 million and \$1 billion;

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Return on average assets for the last twelve months ended as of the most recent quarter reported between 0.50% and 1.20%;

Ratio of tangible common equity to total assets for the most recent quarter reported between 8.0% and 11%;  
and

Ratio of nonperforming assets to total assets, for the most recent quarter reported, between 1.0% and 3.0%.

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STRH excluded from the list one acquisition due to the target's tax reversal during 2013 which overstated the target's earnings as of the announcement date. These transactions (listed by announcement date in order from most recent to the oldest) were as follows:

<b>Acquiror</b>	<b>Target</b>
Pinnacle Financial Partners, Inc.	CapitalMark Bank & Trust
Ameris Bancorp	Merchants & Southern Banks of Florida, Inc.
Stupp Bros., Inc.	Southern Bancshares Corp.
Pacific Continental Corporation	Capital Pacific Bancorp
First Busey Corporation	Herget Financial Corp.
Peoples Bancorp Inc.	NB&T Financial Group, Inc.
Old National Bancorp	Founders Financial Corporation
BNC Bancorp	Harbor Bank Group, Inc.
National Penn Bancshares, Inc.	TF Financial Corporation
Glacier Bancorp, Inc.	FNBR Holding Corporation
Commerce Union Bancshares, Inc.	Reliant Bank
Peoples Bancorp Inc.	Ohio Heritage Bancorp, Inc.
Simmons First National Corporation	Delta Trust & Banking Corporation
CVB Financial Corp.	American Security Bank
First Interstate BancSystem, Inc.	Mountain West Financial Corp.
Old National Bancorp	United Bancorp, Inc.
Franklin Financial Network, Inc.	MidSouth Bank
Old National Bancorp	Tower Financial Corporation
Glacier Bancorp, Inc.	North Cascades Bancshares, Inc.
QCR Holdings, Inc.	Community National Bancorporation
Penns Woods Bancorp, Inc.	Luzerne National Bank Corporation
MidSouth Bancorp, Inc.	PSB Financial Corporation

STRH calculated the transaction multiples implied by the selected transactions listed above. The results of the calculations are set forth in the table below.

<b>Transaction Multiples</b>	<b>Selected Transactions</b>			
	<b>Magna</b>	<b>25<sup>th</sup> Percentile</b>	<b>Median</b>	<b>75<sup>th</sup> Percentile</b>
Transaction Value / Last Twelve Months Earnings	15.1x	16.3x	20.0x	23.1x

Transaction Value / Last Twelve Months				
Core Earnings (1)	17.4x	13.6x	17.5x	20.3x
Transaction Value / Stated Tangible Book Value	159.5%	129.0%	148.1%	165.0%

- (1) Core earnings defined as pre-tax income less gain / (loss) on sale of securities and / or OREO, then subsequently tax-affected.

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STRH applied each of these multiple ranges to Magna's financial data as of March 31, 2015 to calculate an implied per share valuation for Magna. STRH then calculated the average of the two implied per share valuations to generate a reference range for Magna of \$13.63 to \$18.66, as compared to the implied valuation per share in the Magna merger of \$15.36.

No companies used in the analysis described above are identical to Magna, Pinnacle, Pinnacle Bank or the pro forma combined company. Accordingly, an analysis of these results involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

**Selected Precedent Transactions Analysis Southeast**

STRH reviewed and analyzed certain financial data related to 15 completed southeast depository transactions announced in the past 3 years. These transactions involved target banks based in the United States with the following characteristics:

Total assets, for the most recent quarter reported, of between \$250 million and \$1.4 billion;

Return on average assets for the last twelve months ended as of the most recent quarter reported between 0.50% and 1.20%;

Ratio of tangible common equity to total assets for the most recent quarter reported between 8.0% and 11%; and

Ratio of nonperforming assets to total assets, for the most recent quarter reported, less than 3.0%.

These transactions (listed by announcement date in order from most recent to the oldest) were as follows:

**Acquiror**

Pinnacle Financial Partners, Inc.  
 Ameris Bancorp  
 United Community Banks, Inc.  
 IBERIABANK Corporation  
 IBERIABANK Corporation  
 First Horizon National Corporation  
 Eagle Bancorp, Inc.  
 BNC Bancorp  
 Commerce Union Bancshares, Inc.  
 Home BancShares, Inc.

**Target**

CapitalMark Bank & Trust  
 Merchants & Southern Banks of Florida, Inc.  
 MoneyTree Corporation  
 Georgia Commerce Bancshares, Inc.  
 Old Florida Bancshares, Inc.  
 TrustAtlantic Financial Corporation  
 Virginia Heritage Bank  
 Harbor Bank Group, Inc.  
 Reliant Bank  
 Florida Traditions Bank



Simmons First National Corporation  
Franklin Financial Network, Inc.  
New Century Bancorp, Inc.  
Bear State Financial, Inc.  
Old Florida Bancshares, Inc.

Delta Trust & Banking Corporation  
MidSouth Bank  
Select Bancorp, Inc.  
First National Security Company  
New Traditions National Bank

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STRH calculated the transaction multiples implied by the selected transactions listed above. The results of the calculations are set forth in the table below.

<b>Transaction Multiples</b>	<b>Selected Transactions</b>			
	<b>Magna</b>	<b>25<sup>th</sup> Percentile</b>	<b>Median</b>	<b>75<sup>th</sup> Percentile</b>
Transaction Value / Last Twelve Months Earnings	15.1x	14.6x	18.1x	22.3x
Transaction Value / Last Twelve Months Core Earnings (1)	17.4x	13.5x	19.1x	21.7x
Transaction Value / Stated Tangible Book Value	159.5%	135.5%	146.3%	175.4%

(1) Core earnings defined as pre-tax income less gain / (loss) on sale of securities and / or OREO, then subsequently tax-affected.

STRH applied each of these multiple ranges to Magna's financial data as of March 31, 2015 to calculate an implied per share valuation for Magna. STRH then calculated the average of the two implied per share valuations to generate a reference range for Magna of \$13.48 to \$19.40, as compared to the implied valuation per share in the Magna merger of \$15.36.

No companies used in the analysis described above are identical to Magna, Pinnacle, Pinnacle Bank or the pro forma combined company. Accordingly, an analysis of these results involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

**Miscellaneous**

This summary of the analyses is not a complete description of STRH's opinion or the analyses underlying, and factors considered in connection with, STRH's opinion and reviewed with the Magna board of directors. The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying STRH's opinion. In arriving at its fairness opinion, STRH considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, STRH reached its fairness opinion on the basis of its experience and professional judgment after considering the results of all of its analyses.

No company or transaction used in the analyses described above is directly comparable to Magna, Pinnacle, Pinnacle Bank or the Magna merger. In addition, such analyses do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts or projections of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because the analyses described above are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither Magna nor STRH or any other person assumes responsibility if future results are materially different from those forecast.

The merger consideration was determined through arms-length negotiations between Magna and Pinnacle and was approved by Magna's Board of Directors. STRH did not recommend any specific consideration to Magna, or that any specific amount or type of consideration constituted the only appropriate consideration for the Magna merger.

**Information about SunTrust Robinson Humphrey, Inc.**

STRH acted as financial advisor to the Magna board of directors in connection with the Transaction and will receive a fee for its services equal to 0.40% of the Total Consideration, which is currently estimated to be approximately \$325,000 in the aggregate, \$250,000 of which became payable upon STRH's delivery of its opinion (which we refer to as the Opinion Fee), regardless of the conclusion reached therein, and the remainder

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of which is contingent upon completion of the Magna merger. Magna's payment of the Opinion Fee to STRH was not contingent on the consummation of the Magna merger. In addition, Magna agreed to reimburse certain of STRH's expenses and to indemnify STRH and certain related parties for certain liabilities arising out of STRH's engagement.

STRH and its affiliates (including SunTrust Bank) may have in the past provided and may in the future provide investment banking and other financial services to Magna and its affiliates (and Pinnacle and its affiliates) for which STRH and its affiliates have received and would expect to receive compensation.

STRH is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, STRH and its affiliates (including SunTrust Bank) may acquire, hold or sell, for its and its affiliates' accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Magna, Pinnacle, their respective affiliates and any other party that may be involved in the Magna merger, as well as provide investment banking and other financial services to such persons or entities, including for which STRH and its affiliates would expect to receive compensation. In addition, STRH and its affiliates (including SunTrust Bank) may have other financing and business relationships with Magna, Pinnacle, their respective affiliates and any other person or entity that may be involved with the Magna merger.

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**Table of Contents****THE MERGER AGREEMENT**

*The following is a summary of the material terms of the merger agreement. This summary does not purport to describe all the terms of the merger agreement and is qualified by reference to the complete merger agreement which is attached as Appendix A to this proxy statement/prospectus and incorporated herein by reference. All shareholders of Magna are urged to read the merger agreement carefully and in its entirety as it is the legal document that governs the Magna merger.*

**General**

Under the merger agreement, Magna will merge with and into Pinnacle Bank with Pinnacle Bank continuing as the surviving company.

**Merger Consideration**

The merger agreement provides that, at the effective time of the Magna merger, each holder of Magna common stock (including holders of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) issued and outstanding immediately prior to the effective time of the Magna merger, but excluding shares of Magna common stock owned by Pinnacle or Magna (other than those shares held in a fiduciary or representative capacity) and shares held by Magna shareholders that properly exercise their dissenters' rights, will have the right to elect, subject to proration, to receive either 0.3369 shares of Pinnacle's common stock, an amount in cash equal to \$14.32 or a combination of cash and stock; *provided, however*, that elections will be prorated such that 75% of Magna's shares of common stock outstanding as of the effective time of the Magna merger (including shares of Magna's common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) will be converted into shares of Pinnacle's common stock and 25% of those outstanding shares will be converted into cash. Based upon the [ ] shares of Magna common stock outstanding as of [ ], 2015 (including shares of Magna's common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger), Pinnacle will issue approximately [ ] million shares of Pinnacle common stock and pay approximately \$[ ] million in cash at the closing. Fractional shares will not be issued by Pinnacle, but instead will be paid in cash based on the average closing price for Pinnacle's common stock for the 10 trading days immediately preceding the closing date.

**Treatment of Options**

Each outstanding unvested option to acquire Magna common stock granted under Magna's equity incentive plan will accelerate and be exercisable immediately prior to consummation of the Magna merger. At the effective time of the Magna merger, any outstanding options that are not exercised will be cancelled and the holders of any such options will receive an amount in cash equal to the product of (x) the excess, if any, of \$14.32 over the exercise price of each such option and (y) the number of shares of Magna common stock subject to each such option.

**Series D Preferred Stock**

Pursuant to the rights and preferences of Magna Series D Preferred Stock, as set forth in Magna's Charter, all outstanding shares of Magna Series D Preferred Stock will automatically convert into shares of Magna common stock immediately prior to the effective time of the Magna merger. Accordingly, holders of these shares, like Magna's common shareholders, will be able to elect, subject to the proration described above, to receive either shares of Pinnacle common stock, cash or a combination of shares of Pinnacle common stock and cash in exchange for their

shares of Magna Series D Preferred Stock.

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### **SBLF Redemption**

In connection with the Magna merger, Magna and Pinnacle will each use their reasonable best efforts to cause or facilitate the redemption of the approximately \$18.35 million of preferred stock Magna has issued to the U.S. Treasury pursuant to the Small Business Lending Fund program. Pinnacle or Pinnacle Bank will make all payments necessary to fund such redemption.

### **Election of Form of Merger Consideration**

No later than 30 business days prior to the effective time of the Magna merger (unless Pinnacle and Magna agree upon another date), Pinnacle or Pinnacle Bank will mail a form of election to each shareholder of Magna who holds one or more stock certificates. The form of election will include a place where each such shareholder may designate its desired form of merger consideration and will include a letter of transmittal, which is to be used to surrender certificates for Magna common stock or Magna Series D Preferred Stock in exchange for the merger consideration. The letter of transmittal will contain instructions explaining the procedure for surrendering Magna stock certificates. **You should not return certificates with the enclosed proxy card.** Pinnacle and Pinnacle Bank will use their reasonable efforts to make the form of election available to all persons who become holders of Magna common stock or Series D Preferred Stock following the initial mailing and no later than the close of business on the fifth business day prior to the effective time of the Magna merger.

In order to be effective, a form of election must be received by the exchange agent (see Exchange of Certificates in the Magna Merger immediately below) no later than by 5:00 p.m., New York City time, on the 30th day following the initial mailing date of the form of election (or such other time and date as Pinnacle and Magna agree upon). All elections will be irrevocable. A shareholder of Magna who does not submit a form of election which is received by the exchange agent prior to such deadline will be deemed to have made an election to receive a combination of cash and stock, on a 25% cash and 75% stock basis. If Pinnacle or the exchange agent determines that any purported cash election or stock election was not properly made, such purported election will be deemed to be of no force and effect and the shareholder making such purported election will be deemed to have made an election to receive a combination of cash and stock, on a 25% cash and a 75% stock basis. Following the submission deadline, Pinnacle or the exchange agent will calculate the results of the forms of election and determine if any pro-ration of the submitted elections is necessary. As discussed above, elections will be prorated such that 75% of Magna's shares of common stock outstanding as of the effective time of the Magna merger (including shares of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) will be converted into shares of Pinnacle's common stock and 25% of those shares will be converted into cash.

If Pinnacle's common stock is trading above \$42.50 per share, the stock consideration will be more valuable than the cash consideration. Because the closing price of Pinnacle's common stock on June 8, 2015 was \$52.52, the stock consideration is significantly more valuable as of the date of this proxy statement/prospectus. Accordingly, we expect that most of the Magna shareholders will elect to receive the stock consideration for all of their shares.

If all Magna shareholders elect to receive the stock consideration, then, due to proration, all Magna shareholders will receive stock consideration for 75% of their Magna shares and cash consideration for 25% of their Magna shares. The following table illustrates at various price levels of Pinnacle common stock, the value per Magna share of the stock consideration, the cash consideration and a mix of 75% stock consideration and 25% cash consideration.





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<b>Pinnacle Common Stock Price</b>	<b>100% Stock Election</b>	<b>100% Cash Election</b>	<b>75% Stock/ 25% Cash Election</b>
\$42.00	\$14.150	\$14.32	\$14.193
\$44.00	\$14.824	\$14.32	\$14.698
\$46.00	\$15.497	\$14.32	\$15.203
\$48.00	\$16.171	\$14.32	\$15.708
\$50.00	\$16.845	\$14.32	\$16.214
\$52.00	\$17.519	\$14.32	\$16.719
\$54.00	\$ 18.193	\$ 14.32	\$ 17.225

Moreover, because the trading price for Pinnacle's common stock (adjusted for the exchange ratio) is significantly higher than the price Pinnacle has agreed to pay to cash out the Magna options, we expect that many of the individuals that hold the Magna options which are vested will exercise those options and elect to receive the stock consideration.

**Exchange of Certificates in the Magna Merger**

Before the effective time of the Magna merger, Pinnacle will appoint an exchange agent to handle the exchange of Magna stock certificates for cash and shares of Pinnacle common stock (which shares will be in uncertificated book-entry form unless a physical certificate is requested by a holder) and the payment of cash for fractional shares. Promptly after the effective time of the Magna merger, the exchange agent will send a letter of transmittal to those shareholders of Magna that previously did not submit a letter of transmittal (or an incorrect or invalid letter of transmittal). The letter of transmittal will contain instructions explaining the procedure for surrendering Magna stock certificates. **You should not return certificates with the enclosed proxy card.**

A Magna shareholder who submits a valid form of election by the submission deadline under which it elects to receive all cash consideration and who surrenders its stock certificate(s), together with a properly completed letter of transmittal, will only receive, subject to the pro-ration of elections described above, a cash payment into which the shares of Magna common stock (including shares of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) held by such shareholder were converted in the Magna merger. A Magna shareholder who submits a valid form of election by the submission deadline under which it elects to receive all stock consideration and who surrenders its stock certificate(s), together with a properly completed letter of transmittal, will receive, subject to the pro-ration of elections described above, shares of Pinnacle common stock (which shares will be in uncertificated book-entry form unless a physical certificate is requested by such holder) into which the shares of Magna common stock (including shares of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) held by such shareholder were converted in the Magna merger.

A Magna shareholder who fails to submit a valid form of election by the submission deadline, submits a valid form of election by the submission deadline under which it elects to receive a combination of cash and stock, or has submitted an election under which it elected to receive all cash or stock and the elections have been pro-rated, and who surrenders its stock certificate(s), together with a properly completed letter of transmittal, will receive a combination of a cash payment and shares of Pinnacle common stock (which shares will be in uncertificated book-entry form unless a physical certificate is requested by such holder) into which the shares of Magna common stock (including shares of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) held by such shareholder were converted in the Magna merger.

**Fractional Shares**

No fractional shares of Pinnacle common stock will be issued in the Magna merger. Instead, the exchange agent will pay each of those shareholders who would have otherwise been entitled to a fractional share of

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Pinnacle common stock an amount in cash determined by multiplying the fractional share interest by the average closing price of Pinnacle's common stock for the 10 trading days preceding the closing date of the Magna merger.

## **Dividends and Distributions**

Until Magna common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to Pinnacle common stock into which shares of Magna common stock (including shares of Magna common stock issuable automatically upon conversion of Magna Series D Preferred Stock immediately prior to the effective time of the Magna merger) may have been converted will accrue but will not be paid. Pinnacle will pay to former Magna shareholders any unpaid dividends or other distributions without interest only after they have duly surrendered their Magna stock certificates. After the effective time of the Magna merger, there will be no transfers on the stock transfer books of Magna of any shares of Magna common stock or Magna Series D Preferred Stock. If certificates representing shares of Magna common stock or Magna Series D Preferred Stock are presented for transfer after the completion of the Magna merger, they will be cancelled and exchanged for the merger consideration into which the shares of Magna common stock or Magna Series D Preferred Stock represented by the certificates have been converted. Holders of shares of Magna Series D Preferred Stock who have not, prior to the effective time of the Magna merger, received the certificates for such shares and therefore have yet to receive all dividends and distributions declared and paid by Magna on such shares shall retain the right to receive all such dividends and distributions.

During the fourth quarter of 2013, Pinnacle initiated a quarterly common stock dividend in the amount of \$0.08 per share. During the year ended December 31, 2014, Pinnacle paid \$14.2 million in dividends to common shareholders. On January 20, 2015, Pinnacle declared a \$0.12 per share dividend that was payable on February 27, 2015 to shareholders of record as of the close of business on February 6, 2015, an increase of \$0.04 or 50% over the amount of the quarterly dividends paid in the fourth quarter of 2014. On April 7, 2015, Pinnacle declared a \$0.12 per share dividend to be paid on May 29, 2015 to common shareholders of record as of the close of business on May 1, 2015. The amount and timing of any future dividend payments to common shareholders will be subject to the discretion of Pinnacle's board of directors.

## **Withholding**

The exchange agent will be entitled to deduct and withhold from the merger consideration payable to any Magna shareholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the Magna merger as having been paid to the shareholders from whom they were withheld.

## **Effective Time**

The Magna merger will be completed when we file articles of merger with the Tennessee Department of Financial Institutions for filing with the Secretary of State of the State of Tennessee. However, we may agree to a later time for completion of the Magna merger and specify that time in the articles of merger. While we anticipate that the Magna merger will be completed during the third or fourth quarter of 2015, completion of the Magna merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying any other conditions to the Magna merger. There can be no assurances as to whether, or when, Pinnacle, Pinnacle Bank and Magna will obtain the required approvals or complete the Magna merger. If the Magna merger is not completed on or before December 31, 2015, either Pinnacle or Magna may terminate the merger agreement, unless the failure to complete the Magna merger by that date is due to the failure of the party seeking to terminate the merger agreement to comply with any provisions of the merger agreement. See Conditions to the Completion of the Magna Merger immediately below.



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**Voting Agreements**

Each of Magna's executive officers and directors have executed agreements in which they agreed, among other things, to vote their shares of Magna common stock and Magna Series D Preferred Stock, in favor of the Magna merger.

**Conditions to the Completion of the Magna Merger**

Completion of the Magna merger is subject to various conditions. While it is anticipated that all of these conditions will be satisfied, there can be no assurance as to whether or when all of the conditions will be satisfied or, where permissible, waived.

The respective obligations of Pinnacle and Pinnacle Bank on the one hand and Magna on the other hand to complete the Magna merger are subject to the following conditions:

approval of the merger agreement by Magna's shareholders;

approval by The Nasdaq Stock Market of listing of the shares of Pinnacle common stock to be issued in the Magna merger, subject to official notice of issuance;

receipt of all required regulatory approvals and expiration of all related statutory waiting periods;

effectiveness of the registration statement, of which this proxy statement/prospectus constitutes a part, for the shares of Pinnacle common stock to be issued in the Magna merger;

absence of any order, injunction or decree of a court or agency of competent jurisdiction which prohibits completion of the Magna merger;

the receipt by each party of an opinion of counsel, dated the closing date of the Magna merger, substantially to the effect that the Magna merger will be treated as a reorganization under Section 368(a) of the Code;

absence of any statute, rule, regulation, order, injunction or decree which prohibits, materially restricts or makes illegal completion of the Magna merger; and