

PINNACLE FINANCIAL PARTNERS INC

Form DEF 14A

March 11, 2009

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Pinnacle Financial Partners, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

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PINNACLE FINANCIAL PARTNERS, INC.

211 Commerce Street, Suite 300

Nashville, Tennessee 37201

(615) 744-3700

March 11, 2009

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders, which will be held at Pinnacle Financial Partners main office located at 211 Commerce Street, Nashville, Tennessee 37201, on Tuesday, April 21, 2009, at 11:00 a.m., CDT. I sincerely hope that you will be able to attend the meeting, and I look forward to seeing you.

The attached notice of the annual meeting and proxy statement describes the formal business to be transacted at the meeting. We will also report on our operations for the year ended December 31, 2008 and the first quarter of 2009, as well as our plans for the future. Your attention is directed to the proxy statement accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

A copy of our annual report, which contains information on our operations and financial performance as well as our audited financial statements, is also included with this proxy statement.

Please take this opportunity to become involved in the affairs of Pinnacle Financial Partners, Inc. Whether or not you expect to be present at the meeting, please mark, date, and sign the enclosed proxy card, and return it to us in the envelope provided as soon as possible. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If you decide later to attend the meeting, you may withdraw your proxy at any time and vote your shares in person.

Sincerely,

M. Terry Turner

President and Chief Executive Officer

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PINNACLE FINANCIAL PARTNERS, INC.

211 Commerce Street, Suite 300

Nashville, Tennessee 37201

(615) 744-3700

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 21, 2009

The annual meeting of shareholders of Pinnacle Financial Partners, Inc. (the Company) will be held on Tuesday, April 21, 2009, at 11:00 a.m., CDT at our main office located at 211 Commerce Street, Nashville, Tennessee 37201 for the following purposes:

- (1) To elect five persons to serve as Class III directors for a three-year term;
- (2) To consider and act upon a proposal to amend the Company's 2004 Equity Incentive Plan to increase the number of shares of Pinnacle common stock reserved for issuance under the plan by 750,000 shares;
- (3) To consider and act upon a proposal to ratify use of the performance measures in the Company's 2004 Equity Incentive Plan;
- (4) To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009;
- (5) To approve the Company's executive compensation programs and procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009; and
- (6) To transact any other business as may properly come before the meeting or any adjournments of the meeting.

The Board of Directors has set the close of business on February 27, 2009, as the record date for determining the shareholders who are entitled to notice of, and to vote at, the meeting.

We hope that you will be able to attend the meeting. We ask, however, whether or not you plan to attend the meeting, that you mark, date, sign, and return the enclosed proxy card as soon as possible. Promptly returning your proxy card will help ensure the greatest number of shareholders are present whether in person or by proxy.

If you attend the meeting in person, you may revoke your proxy at the meeting and vote your shares in person. You may revoke your proxy at any time before the proxy is exercised. Should you desire to revoke your proxy, you may do so as provided in the accompanying proxy statement.

By Order of the Board of Directors,

Hugh M. Queener Corporate Secretary

Nashville, Tennessee

March 11, 2009

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**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS
Important Notice Regarding the Availability of Proxy Materials for the
Annual Stockholder Meeting to be Held on April 21, 2009**

Pursuant to rules promulgated by the Securities and Exchange Commission, we have provided access to these proxy statement materials (which includes this proxy statement, a proxy card and our 2008 Annual Report) both by sending you this full set of proxy statement materials, including a proxy card, and by notifying you of the availability of such materials on the Internet.

This proxy statement, the Company's 2008 Annual Report and a proxy card are available at <http://www.cfpproxy.com/5013>.

The Annual Meeting of Shareholders will be held April 21, 2009 at 11:00 a.m. local time at Pinnacle Financial Partners' main office located at 211 Commerce Street, Nashville, Tennessee 37201. In order to obtain directions to attend the Annual Meeting of Shareholders, please call Hugh Queener, our Chief Administrative Officer, at (615) 744-3700.

The Proposals to be voted upon at the Annual Meeting of Shareholders, all of which are more completely set forth in this proxy statement, are as follows:

- (1) To elect five persons to serve as Class III directors for a three-year term;
- (2) To consider and act upon a proposal to amend the Company's 2004 Equity Incentive Plan;
- (3) To consider and act upon a proposal to ratify use of the performance measures in the Company's 2004 Equity Incentive Plan;
- (4) To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009;
- (5) To approve the Company's executive compensation programs and procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009; and
- (6) To transact any other business as may properly come before the meeting or any adjournments of the meeting.

Our Board of Directors recommends that you vote FOR the approval of all of the Proposals.

For information on how to vote in person at the Annual Meeting of Stockholders, please see the section entitled Important Meeting and Voting Information below.

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PINNACLE FINANCIAL PARTNERS, INC.

211 Commerce Street, Suite 300

Nashville, Tennessee 37201

(615) 744-3700

PROXY STATEMENT FOR 2009 ANNUAL MEETING

The Board of Directors (the *Board*) of Pinnacle Financial Partners, Inc. (the *Company*) is furnishing this proxy statement in connection with its solicitation of proxies for use at the 2009 Annual Meeting of Shareholders (the *Meeting*) to be held at 11:00 a.m. CDT on Tuesday, April 21, 2009 at our main office located at 211 Commerce Street, Nashville, Tennessee 37201, and at any adjournments of the meeting. The enclosed proxy is solicited by the Board of Directors of the Company.

The purposes of the Meeting are to elect five Class III directors, to amend the Company's 2004 Equity Incentive Plan to increase the number of shares of Company common stock for issuance under the plan by 750,000 shares, to ratify use of the performance measures in the Company's 2004 Equity Incentive Plan, to ratify the appointment of the Company's independent registered public accounting firm, to approve the Company's executive compensation programs and procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009, and to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The close of business on February 27, 2009 is the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting. We first mailed this proxy statement and the accompanying proxy card to shareholders on March 11, 2009.

As of the close of business on the record date, the Company had 90,000,000 shares of Common Stock, \$1.00 par value per share (the *Common Stock*), authorized, of which 24,000,021 shares were issued and outstanding and 10,000,000 shares of preferred stock, no par value (the *Preferred Stock*), authorized, of which 95,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (*Series A Preferred Stock*) were issued and outstanding. Each issued and outstanding share of Common Stock is entitled to one vote on all matters presented at the meeting. Pursuant to the Company's Amended and Restated Charter, none of the issued and outstanding shares of the Series A Preferred Stock entitle a holder thereof to a vote upon any of the matters to be presented at the Meeting.

IMPORTANT MEETING AND VOTING INFORMATION

Proxy Voting Procedures

If you properly sign, return and do not revoke your proxy, the persons appointed as proxies will vote your shares according to the instructions you have specified on the proxy card. If you sign and return your proxy card but do not specify how the persons appointed as proxies are to vote your shares, your proxy will be voted as follows:

FOR the election of the director nominees;

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FOR the amendment to the Company's 2004 Equity Incentive Plan to increase the number of shares of the Company's Common Stock reserved for issuance under the plan by 750,000 shares;

FOR the ratification of the performance measures in the Company's 2004 Equity Incentive Plan;

FOR the ratification of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009;

FOR the approval of the Company's executive compensation programs and procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009; and

In the best judgment of the persons appointed as proxies as to all other matters properly brought before the Meeting.

If any nominee for election to the Board of Directors named in this proxy statement becomes unavailable for election for any reason, the proxy will be voted FOR a substitute nominee selected by the Board of Directors.

You may also vote in person by attending the meeting to be held at 11:00 a.m. CDT on Tuesday, April 21, 2009 at our main office located at 211 Commerce Street, Nashville, Tennessee 37201.

Internet Availability of Proxy Materials

This proxy statement, proxy card and accompanying proxy materials are available on our website at <http://www.cfpproxy.com/5013>

Revocability of Proxies

You can revoke your proxy at any time before it is voted by delivering to Mr. Hugh M. Queener, Corporate Secretary, Pinnacle Financial Partners, Inc., 211 Commerce Street, Suite 300, Nashville, Tennessee 37201, either a written revocation of the proxy or a duly executed proxy bearing a later date. You may also revoke your proxy by attending the Meeting and voting in person.

Shareholder Approval Requirements

A quorum will be present at the meeting if at least 12,000,011 shares of Common Stock are represented in person or by valid proxy at the Meeting, which is a majority of the Company's outstanding shares of Common Stock as of the record date. According to Tennessee law and the Company's Amended and Restated Charter and Bylaws, the aggregate number of votes entitled to be cast by all shareholders present in person or represented by proxy at the Meeting, whether those shareholders vote for, against or abstain from voting, together with all broker non-votes will be counted for purposes of determining whether a quorum is present.

Broker Proxies. Proxies that are returned to us where brokers have received instructions to vote on one or more proposals but do not vote on other proposal(s) are referred to as broker non-votes with respect to the proposal(s) not voted upon. Broker non-votes are included in determining the presence of a quorum.

Vote Required to Elect Directors. The affirmative vote of a plurality of the votes cast by the shareholders entitled to vote at the Meeting is required for the election of directors. A properly executed proxy marked

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WITHHOLD AUTHORITY with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted in determining whether there is a quorum. Therefore, so long as a quorum is present, withholding authority will have no effect on whether one or more directors is elected.

The Company's Board of Directors has adopted Corporate Governance Guidelines, as described in more detail below, which provide that, should an incumbent director receive more Withhold Authority votes than For votes, that director shall tender his or her resignation to the Chairman of the Board following the shareholder vote. Subsequently, the Company's Nominating and Corporate Governance Committee shall consider the relevant facts and circumstances, including the factors that may have given rise to the resulting shareholder vote and the service and qualifications of the impacted director(s), and recommend to the Board within ninety days of the shareholder vote as to whether to accept or reject the resignation of the impacted director(s). The Board shall also consider the relevant facts and circumstances as to whether to accept or reject the Nominating and Corporate Governance Committee's recommendation. Subsequently, the Company shall describe a full explanation of the above process and the decisions reached in a Form 8-K filing with the Securities and Exchange Commission. Any director who tenders his resignation pursuant to this provision shall not participate in any discussion or recommendation related to the above process.

Vote Required to Amend the Company's 2004 Equity Incentive Plan. Ratify Performance Measures in the Company's 2004 Equity Incentive Plan. Approve the Company's Executive Compensation Programs and Procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009, and Ratify the Appointment of KPMG LLP. The amendment to the Company's 2004 Equity Incentive Plan, ratification of the performance measures under the Company's 2004 Equity Incentive Plan, approval of the Company's executive compensation programs and procedures in accordance with recently enacted say on pay regulations of the American Recovery and Reinvestment Act of 2009 and ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the 2009 fiscal year and any matter other than that enumerated above that properly comes before the Meeting will also be approved if the number of shares of Common Stock voted in favor of the proposal exceeds the number of shares of Common Stock voted against it. A properly executed proxy marked ABSTAIN with respect to a proposal will not be voted on that proposal, although it will be counted in determining whether there is a quorum. Therefore, abstaining from voting on the amendment of the Company's 2004 Equity Incentive Plan, ratification of the use of the performance measures under the 2004 Equity Incentive Plan, approval of the Company's executive compensation programs and procedures or ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm and any other proposal that properly comes before the Meeting will have no effect on whether the proposal is approved so long as a quorum is present.

Proxy Solicitation

The Company has engaged The Altman Group to assist it in the solicitation of proxies in connection with the Meeting. The Company will pay the fees and expenses of this firm, which the Company currently expects to be between \$8,000 and \$10,000. Our directors, officers and employees also may, without additional compensation, solicit proxies by personal interview, telephone, fax, or otherwise. We will direct brokerage firms or other custodians, nominees or fiduciaries to forward our proxy solicitation material to the beneficial owners of Common Stock held of record by these institutions and will reimburse them for the reasonable out-of-pocket expenses they incur in connection with this process.

Shareholder Proposals for Next Year's Meeting

In order for shareholder proposals for the 2010 Annual Meeting of Shareholders to be eligible for inclusion in the Company's 2010 Proxy Statement, all such proposals must be mailed to Hugh M. Queener, Corporate Secretary, Pinnacle Financial Partners, Inc., 211 Commerce Street, Suite 300, Nashville, Tennessee 37201, and must be received no later than the close of business on November 11, 2009. After this date, a shareholder who

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intends to raise a proposal to be acted upon at the 2010 Annual Meeting of Shareholders, but who does not desire to include the proposal in the Company's 2010 Proxy Statement, must inform the Company in writing no later than January 25, 2010. If notice is not provided by that date, such notice will be considered untimely and the Board may exclude such proposals from being acted upon at the 2010 Annual Meeting of Shareholders. Further, if the Board elects not to exclude the proposal from consideration at the meeting (although not included in the Proxy Statement), the persons named as proxies in the Company's proxy for the 2010 Annual Meeting of Shareholders may exercise their discretionary authority to act upon any such proposal.

CORPORATE GOVERNANCE

The Company has developed sound corporate governance principles which it believes are essential to running the Company's business efficiently and to maintaining the Company's integrity in the marketplace.

Corporate Governance Guidelines

The Company's Board has established a set of Corporate Governance Guidelines which address such matters as director qualifications, director nominations, board composition, director meetings, board committees and other matters. The Board believes such guidelines to be appropriate for the Company in its effort to maintain best practices as to corporate governance. You may access a copy of the Company's Corporate Governance Guidelines on the

Corporate Governance section of the Company's website at www.pnfp.com.

Director Independence

The Board has determined that each of the following directors is an independent director within the meaning of NASDAQ Marketplace Rule 4200(a)(15) :

Harold Gordon Bone;	Reese L. Smith, III.
Colleen Conway-Welch;	Gregory L. Burns;
William H. Huddleston,	James C. Cope;
IV;	
Hal N. Pennington;	Clay T. Jackson;
Dr. Wayne J. Riley;	Dale W. Polley.

The Board determined that Ms. Sue G. Atkinson did not meet the definition of an independent director within the meaning of NASDAQ Marketplace Rule 4200(a)(15) due to the relationship the Company has with her public relations firm and the services her firm provides the Company on an ongoing basis.

When considering the independence of Mr. Jackson, the Nominating and Corporate Governance Committee of the Board considered those transactions described below under Certain Relationships and Related Transactions. When considering the independence of Mr. Cope, the Nominating and Corporate Governance Committee and the Board considered the services provided to the Company by the law firm of which Mr. Cope is a partner. When considering the independence of Mr. Huddleston, the Nominating and Corporate Governance Committee and the Board of Directors considered the engineering work performed for the Company by the engineering firm of which Mr. Huddleston is the President.

In January and June of 2008, the independent directors held two meetings at which only independent directors were present. For the January meeting, the independent directors elected Hal N. Pennington to be the chairperson and for the June meeting, former director, James L. Shaub II, was elected chairperson. For 2009, the independent directors have determined that the chairman of the Company's Nominating and Corporate Governance Committee, Hal N. Pennington, will serve as lead independent director and preside as chairman at such meetings.

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Director Qualifications

The Company's Corporate Governance Guidelines contain certain criteria that apply to nominees for a position on the Company's Board. The Company's Board and its Nominating and Corporate Governance Committee have also adopted procedures for the evaluation of director candidates (the "Nominee Procedures") that contain certain minimum qualifications for candidates, including those identified by the Company's shareholders. The Company's Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee will annually review with the Board the composition of the Board as a whole and will consider with the Board the current composition of the Board in an effort to ensure that the members of the Board have a diversity of age, skills and experience in the context of the needs of the Board.

The Nominee Procedures provide that the Nominating and Corporate Governance Committee may consider whatever factors it deems appropriate in its assessment of a candidate for board membership and that candidates nominated to serve as directors will, at a minimum, in the Committee's judgment:

be able to represent the interests of the Company and all of its shareholders and not be disposed by affiliation or interest to favor any individual, group or class of shareholders or other constituency;

meet the minimum qualifications for directors set forth in the Corporate Governance Guidelines and fulfill the needs of the Board at that time in terms of age, diversity, experience and expertise; and

possess the background and demonstrated ability to contribute to the performance by the Board of its collective responsibilities, through senior executive management experience, relevant professional or academic distinction, and/or a record of relevant civic and community leadership.

In addition to these minimum qualifications, the Nominating and Corporate Governance Committee may also consider whether the candidate:

is of the highest ethical character and shares the core values of the Company as reflected in the Company's Corporate Governance Guidelines and the Company's Code of Conduct;

has a reputation, both personal and professional, consistent with the image and reputation of the Company;

is highly accomplished in the candidate's field;

has expertise and experience that would complement the expertise and experience of other members of the Board;

has the ability to exercise sound business judgment; and

is "independent" as such term is defined by the NASDAQ Marketplace rules and the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Service Limitations for other Public Company Boards of Directors

The Company's Corporate Governance Guidelines limit the number of public company boards of directors on which the Company's directors may serve. Generally, non-employee directors may serve on the Company's board of directors and no more than three other public company boards, unless the non-employee director is the chief executive officer of a public company, in which case the limitation is reduced to two other public company

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boards. Employee directors are limited to the Company's board of directors plus two other public company boards.

Stock Ownership Guidelines

All of the Company's directors are encouraged to maintain a meaningful personal ownership of Common Stock in excess of minimum guidelines established by the Nominating and Corporate Governance Committee. Generally, the guidelines require that directors own shares with a value of approximately three times the average annual compensation paid a board member, provided that until such level is reached, the minimum level may be satisfied by the retention of ownership of all restricted shares granted that have vested, if any. All of the Company's directors are in compliance with the minimum guidelines.

Process for Identifying Candidates

The Nominating and Corporate Governance Committee seeks to identify potential candidates for membership on the Company's Board through conversations with members of the Board, senior management and other members of the communities served by the Company.

The Nominating and Corporate Governance Committee also considers nominees proposed by the Company's shareholders in accordance with the provisions contained in the Company's Bylaws. The Nominating and Corporate Governance Committee considers candidates recommended by the Company's shareholders within the context of the criteria and procedures described in the Nominee Procedures and under the Director Qualifications and Evaluation of Candidate sections of this proxy statement. Under the Company's Bylaws, any shareholder may nominate a person for election to the Company's Board at the Meeting, provided that the nomination is received by the Secretary of the Company no later than March 22, 2009. Each nomination submitted in this manner shall include the name and address of the nominee(s) and all other information with respect to the nominee as required to be disclosed in the proxy statement for the election of directors under applicable rules of the Securities and Exchange Commission, including the nominee's consent to being named as a nominee and to serving as a director, if elected. Additionally, the nominating shareholder must provide his or her name and address as it appears in the stock records of the Company and the number of shares of Common Stock beneficially owned by the shareholder.

Evaluation of Candidates

The Nominating and Corporate Governance Committee will consider all candidates nominated through the processes described above. The chair of the Nominating and Corporate Governance Committee will preliminarily assess a candidate's qualifications and suitability, working with staff support and seeking input from the Board, and report such assessment as promptly as practicable to the Nominating and Corporate Governance Committee members. When feasible, the chair of the Nominating and Corporate Governance Committee will interview candidates whom the chair believes are likely to meet the criteria for board membership as part of the preliminary assessment process. The report may be made to the Nominating and Corporate Governance Committee at a meeting of the committee or informally to each committee member between meetings.

If it is the consensus of the Nominating and Corporate Governance Committee that a candidate is likely to meet the criteria for Board membership, the chair of the Nominating and Corporate Governance Committee will advise the candidate of the committee's preliminary interest and, if the candidate expresses sufficient interest, with the assistance of the Company's corporate secretary's office, will arrange interviews of the candidate with one or more members of the Nominating and Corporate Governance Committee and senior management of the Company, and request such additional information from the candidate as the committee deems appropriate. The Nominating and Corporate Governance Committee of the Company will consider the candidate's qualifications,

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including the individual's background, skills and abilities, and whether such characteristics are consistent with the Company's Corporate Governance Guidelines and the qualifications set forth in the Nominee Procedures and whether the candidate's qualifications and characteristics fulfill the needs of the Board at that time. The Nominating and Corporate Governance Committee will then confer and reach a collective assessment as to the qualifications and suitability of the candidate for membership on the Company's Board. On the basis of its assessment, the Nominating and Corporate Governance Committee will formally consider whether to recommend the candidate's nomination for election to the Board.

Code of Conduct

The Company has a code of conduct that applies to the Company's associates and directors. The purpose of the code of conduct is to, among other things, provide written standards that are reasonably designed to deter wrongdoing and to promote honest and ethical conduct; full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with the Securities and Exchange Commission and other public communications by the Company; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the code of conduct; and accountability for adherence to the code of conduct. Each director and associate is required to read and certify annually that he or she has read, understands and will comply with the code of conduct.

Under the Sarbanes-Oxley Act of 2002 and the Securities and Exchange Commission's related rules, the Company is required to disclose whether it has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Company's chief executive officer and senior financial officers are bound by the Company's code of conduct which contains provisions consistent with the Securities and Exchange Commission's description of a code of ethics.

A copy of the Company's code of conduct can be obtained from the Corporate Governance section of the Company's website at www.pnfp.com. The Company intends to disclose any legally required amendments to, or waivers from, the code of conduct with respect to its directors and officers in accordance with the rules and regulations of the Securities and Exchange Commission and the NASDAQ Stock Market. If such disclosure is made on the Company's website it will be located in the Investor Relations section of the Company's website at www.pnfp.com.

Communications with Members of the Board

The Company's Board has established procedures for the Company's shareholders to communicate with members of the Board. Shareholders may communicate with any of the Company's directors, including the chairperson of any of the committees of the Board, by writing to a director c/o Pinnacle Financial Partners, Inc., 211 Commerce Street, Suite 300, Nashville, Tennessee 37201.

Board Member Attendance at Annual Meeting

The Company encourages each member of the Board to attend the Annual Meeting of Shareholders. All of the Company's directors who served on the Board at that time attended the 2008 Annual Meeting of Shareholders except Mr. Bone.

PROPOSAL #1: ELECTION OF DIRECTORS

The Company's Bylaws provide that the Board shall consist of not less than five (5) nor more than twenty-five (25) directors, and shall be divided into three classes. Effective November 18, 2008, James L. Shaub, II, a Class III director, resigned from the Board. Tennessee law and the Company's Bylaws require that each class of

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director be as nearly equal in number as possible. Accordingly, following Mr. Shaub's resignation and by resolution of the Board, Colleen Conway-Welch, formerly a Class I director, became a Class III director.

The terms for five (5) of the Company's incumbent Class III directors including Ms. Conway-Welch expire at the 2009 Annual Meeting. These directors are Colleen Conway-Welch, Ed C. Loughry, Jr., Dale W. Polley, Reese L. Smith, III, and M. Terry Turner. The nomination of directors Loughry, Conway-Welch, Polley, Smith, and Turner for their re-election to another three-year term has been recommended by the Nominating and Corporate Governance Committee and approved by the Board. The Nominating and Corporate Governance Committee has determined that Messrs. Polley and Smith and Ms. Conway-Welch qualify as independent under the NASDAQ Marketplace rules requiring that a majority of the Board meet required independence criteria. There are five (5) directors whose terms expire at the 2010 annual meeting and six (6) other directors whose terms expire at the 2011 annual meeting. In each case, directors are elected until their respective successors are duly elected and qualified. At each annual meeting, one class of directors is elected for a three-year term.

Unless a proxy specifies otherwise, the persons named in the proxy will vote the shares covered thereby **FOR** the nominees as listed. Each nominee has consented to be a candidate and to serve, if elected. While the Board has no reason to believe that any nominee will be unavailable, if such an event should occur, it is intended that such shares will be voted for substitute nominee(s) as selected by the Board.

All of the Company's directors also currently serve as directors of the Company's wholly-owned subsidiary, Pinnacle National Bank (the "Bank"), Nashville, Tennessee.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSED DIRECTOR NOMINEES.

Nominees for Election to the Board

Class III Directors:

Colleen Conway-Welch (64)	Director since February 28, 2000 Term to expire 2009
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Dr. Conway-Welch is the dean and holds responsibilities as the chief executive officer of the Vanderbilt University School of Nursing, Nashville, Tennessee, a position she has held since 1984. Because of her international stature as a voice for the nursing profession, Dr. Conway-Welch has been previously called on to serve on President Reagan's 1988 Commission on HIV and the 1998 Congressional National Bipartisan Commission on the Future of Medicare, the 2002 Advisory Council to Secretary Thompson on Public Health Preparedness and the DHHS Center for Medicare and Medicaid's Advisory Committee for Medicare Coverage, is an elected member of the Institute of Medicine of the National Academy of Science, and in 2007, was appointed by President Bush to the Board of Regents of the Uniformed Services University of the Health Sciences.

Her professional activities include serving as a member of the board of directors of the following registered public companies; Ardent Health Systems and RehabCare Group. Formerly, she served on the board of directors of First Union Bank of Tennessee.

In her community role, she has served on and chaired the Board of Directors for the Nashville Symphony, chaired the Report Card Committee on Nashville Schools for the Nashville Area Chamber of Commerce and is a member of the Nashville Downtown Rotary. She also chaired the Middle Tennessee United Way annual campaign in 1999.

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Ed C. Loughry, Jr. (66)

Director since March 15, 2006

Term to expire 2009

Mr. Loughry served as Vice-Chairman of the Company until his retirement on December 31, 2007, a position he had held since March 15, 2006, following the merger between the Company and Cavalry Bancorp, Inc. (Cavalry).

Mr. Loughry joined Cavalry Banking in 1968 and served as President and Chief Executive Officer of Cavalry Banking from 1982 until its merger with Pinnacle National Bank in March 2006. He also served as President and Chief Executive Officer of Cavalry from its inception in 1998 until its merger with the Company in March 2006. Mr. Loughry has served on the boards of directors of the Rutherford County Chamber of Commerce, United Way, Heart Fund, Federal Home Loan Bank of Cincinnati, the Nashville branch of the Federal Reserve Bank of Atlanta board, the American Bankers Association board and the ABA Bank Pac board. He is past Chairman of the Tennessee Bankers Association. He has received the Leader in Banking Excellence award from the Tennessee Bankers Association. He is also currently serving on the Middle Tennessee Medical Center board and the Christy-Houston Foundation. He was selected Business Person of the Year in 1993 and Business Legend in 2000 by the Rutherford County Chamber of Commerce.

Mr. Loughry served as a director of Cavalry Banking from 1982 to 2006 and Cavalry from 1998 to 2006. He was the Chairman of Cavalry s Board from 1999 to 2006.

Dale W. Polley (59)

Director since February 28, 2000

Term to expire 2009

Mr. Polley retired as a vice chairman and member of the board of directors of First American Corporation and First American National Bank in 2000. In the nine years preceding these positions, Mr. Polley served in various executive management positions at First American, which included serving as its president from 1997 to 1999. Before joining First American in 1991, Mr. Polley was group executive vice president and treasurer for C&S/Sovran Corporation, and held various executive positions within Sovran before its merger with C&S. Mr. Polley joined Sovran from Commerce Union Bank of Nashville where he was its executive vice president and chief financial officer.

Mr. Polley serves on the board of directors of O Charley s Inc. and HealthStream, Inc., registered public companies, headquartered in Nashville, Tennessee.

Mr. Polley also serves on the boards of the Nashville Sports Council, Gaylord Hotels Music City Bowl, St. Thomas Health Services Foundation (currently Treasurer) and Vanderbilt-Ingram Cancer Center. Additionally, he has formerly served on the boards of directors of the Federal Reserve Bank of Atlanta (Nashville branch), Nashville Area Chamber of Commerce, T.J. Martel Foundation, the American Cancer Society, the American Heart Association, the Pencil Foundation, YMCA, and the United Way, where he served as chairman of the board and chairman of the community s 1995 fundraising campaign. Mr. Polley has also served as president of the Nashville Club for the University of Kentucky Alumni Association. In 2006, Mr. Polley served as the chairman of the steering committee for the Nashville Sports Council s hosting of the 2006 SEC Men s Basketball Tournament, a position he also held in 2001. Mr. Polley is a member of Leadership Nashville, Tennessee Society of Certified Public Accountants and the Financial Executives Institute.

Reese L. Smith, III (60)

Director since February 28, 2000

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Term to expire 2009

Mr. Smith is president of Haury & Smith Contractors, Inc., a real estate development and home building firm. He is a native Tennessean, and has operated this business in the Nashville area since his graduation from the University of Tennessee at Martin in 1970. From 1996 to 1999, Mr. Smith served as a board member of First Union National Bank of Nashville, and was a founder and director of Brentwood National Bank from its inception in 1991 to 1996. Mr. Smith serves on the Tennessee State Board for Licensing Contractors. He previously served as a trustee of Brentwood Academy. Currently, Mr. Smith serves as a senior life national director of the National Association of Home Builders and is a trustee of Martin Methodist College and Battle Ground Academy.

M. Terry Turner (53)

Director since February 28, 2000

Term to expire 2009

Mr. Turner is president and chief executive officer of the Company and the Bank, positions he has held since the Company's and the Bank's organization. Mr. Turner is a graduate of the Georgia Institute of Technology where he received his bachelor's degree in Industrial Management in 1976. Following his graduation, Mr. Turner worked for Arthur Andersen & Company as a consultant in Atlanta, Georgia, and joined one of his clients, Park National Bank, Knoxville, Tennessee in 1979 where he held various management positions, including senior vice president of that bank's commercial division. In 1985, Mr. Turner joined First American National Bank, Nashville, Tennessee, as a result of its acquisition of Park National Bank. Mr. Turner served from January 1994 until November 1998 as President of the Retail Bank of First American National Bank. From November 1998 until October 1999, he served as President of the Investment Services Group of First American Corporation. Mr. Turner's banking career at First American in Nashville covered 14 years, and entailed executive level responsibilities for almost all aspects of its banking and investment operations.

During Mr. Turner's tenure in Nashville, he has served as chairman of the board of the Nashville Sports Council, chairman of the board of trustees for Brentwood Academy, advisory board chairman for the Salvation Army, vice chairman for the Southern Baptist Foundation, member of the board of trustees of Belmont University, member of the Nashville branch of the Federal Reserve Bank of Atlanta, member of the executive committee of the Nashville Credit Bureau and a member of the board of governors of the Nashville Chamber of Commerce. Mr. Turner continues to serve on the board of Belmont University, the Nashville Sports Council and the board of the Gaylord Hotels Music City Bowl, is an active member in the World President's Organization and is also a member of numerous local clubs and organizations including Leadership Nashville.

The following directors serve as Class I and Class II directors and, accordingly, their terms will expire at the 2010 and 2011 Annual Meeting of Shareholders, respectively, and when their successors are duly elected and qualified.

Continuing Directors Until 2010 Meeting

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Class I Directors:

Sue G. Atkinson (68)

Director since February 28, 2000

Term to expire 2010

Ms. Atkinson has been chairman of Atkinson Public Relations of Nashville, Tennessee since 1986. Ms. Atkinson was raised in Tennessee and educated at Vanderbilt University, Nashville, Tennessee, where she received a bachelor's degree. She began her professional career as director of development for Nashville Public Television in 1971, serving until 1979. In 1979, she joined Holder Kennedy Public Relations of Nashville, and was president of that firm until founding her own public relations firm in 1986. In the area of public relations, Ms. Atkinson worked with First American Corporation from 1991 until 2000 (the year the Company was founded), and with Commerce Union/Sovran Bank/C&S Sovran from 1986 to 1991. Ms. Atkinson currently serves on the Board of Directors of the PENCIL Foundation, the Gaylord Hotels Music City Bowl, is chairman of the Centennial Medical Center Board and a member of the Tennessee Higher Education Commission. Ms. Atkinson formerly served on the Board of Directors of the Nashville Area Chamber of Commerce, the Metropolitan Nashville Convention Commission, the Nashville Symphony Association, Children's Hospital of Vanderbilt University and Leadership Nashville. She has also served on the board of trustees of the Alumni Association of Vanderbilt University.

Harold Gordon Bone (67)

Director since November 30, 2007

Term to expire 2010

Mr. Bone is a graduate of Cumberland University and the University of Tennessee. He also graduated from the University of Virginia's consumer banking school. Since 1977, Mr. Bone has been a partner and licensed general contractor of B&B Enterprise and is also involved in numerous other business ventures. Mr. Bone served as a director of First Bank and Trust in Mt. Juliet, Tennessee until its 2000 merger with a large regional bank holding company. Since 1984, Mr. Bone has served on the board of Middle Tennessee Electric Cooperative where he currently serves as chairman. Mr. Bone is also a vice-president of Community Progress Committee, Inc., a not for profit entity focusing on healthcare and education issues. A lifetime member of the First Presbyterian Church in Lebanon, Tennessee, Mr. Bone has served as elder, deacon and trustee. Mr. Bone also serves on the Board of the Lebanon, Tennessee Breakfast Rotary Club, and as a Director of the Crohn's and Colitis Foundation of America - Tennessee Chapter. Prior to our acquisition of Mid-America Bancshares, Inc. (Mid-America) on November 30, 2007, Mr. Bone served as a director of Mid-America's subsidiary, Bank of the South, from 2001 and as a director of Mid-America from 2006.

Gregory L. Burns (53)

Director since June 17, 2001

Term to expire 2010

Mr. Burns is a retired businessman. Prior to his retirement on February 12, 2009, Mr. Burns served as chairman of the board and chief executive officer for O Charley's Inc., a registered public company, headquartered in Nashville, Tennessee. Mr. Burns joined O Charley's in 1983 as controller, and later held the positions of executive vice president, chief financial officer and president before becoming chief executive officer in February, 1994. Prior to joining O Charley's, he served as chief financial officer for the Nashville Banner Publishing Company and a senior accountant for Price Waterhouse. Mr. Burns recently served as chairman of the board of directors for

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Nashville Sports Council and is a board member for Vanderbilt Ingram Cancer Center, Second Harvest Food Bank, Boy Scouts of America of the Middle Tennessee Council, the University of Kentucky Business Partnership Foundation and the Nashville Alliance for Public Education. Other civic activities have included serving as chair and board member of the American Cancer Society, as a board member of the Nashville Ballet, the Gaylord Hotels Music City Bowl, and the Nashville Symphony, as well as serving as a member of the Mayor of Nashville's Tourism Working Group as a part of his involvement with the Chamber of Commerce. Mr. Burns was also inducted into the University of Kentucky Gatton College of Business and Economics Alumni Hall of Fame in 2000.

Clay T. Jackson (54)

Director since February 28, 2000

Term to expire 2010

Mr. Jackson is Senior Vice President, Regional Agency Manager, Tennessee for BB&T Cooper, Love, Jackson, Thornton & Howell. Mr. Jackson is a native of Nashville and began his insurance career with Cooper, Love and Jackson in 1976. Prior to the 2003 merger with BB&T, he was the president and a principal of Cooper, Love & Jackson, Inc. and had served in this capacity since 1989. Currently, Mr. Jackson serves on the Board of Governors of the Nashville Area Chamber of Commerce, Montgomery Bell Academy, the Agents and Brokers Roundtable Committee for Independent Insurance Agents and Brokers of America, and the Nashville Symphony. He is also active with the Rotary Club, is Chairman of the Cultural and Natural Resources Committee for the City of Forest Hills, and a member of the Forest Hills Planning Committee, is Chairman of the Forest Hills Large Parcel Committee, and is a member of the Forest Hills Green Committee. He served in various leadership roles with Insurors of Tennessee. He served as past chairman of USF&G's National Agency Council, a member of USF&G's Board of Directors and the Alumni Board of Washington & Lee University.

Gary L. Scott (62)

Director since November 30, 2007

Term to expire 2010

Mr. Scott began his banking career in 1971 eventually serving as Chairman and CEO of Cheatham State Bank and CSB Corporation until 1998. He served several terms on the Board of the Tennessee Bankers Association and on the ABA's Community Bankers Council. He is a past President of the Cheatham County Chamber of Commerce and is currently a Director and Treasurer of Leadership Middle Tennessee. He has served on the boards of numerous civic organizations. He has received the Leader of Business Excellence award from the Tennessee Bankers Association. Prior to our acquisition of Mid-America on November 30, 2007, Mr. Scott served as CEO and Chairman of the Board of Mid-America's subsidiary, PrimeTrust Bank, from 2001 and as CEO and Chairman of the Board of Mid-America from 2006. From November 30, 2007 until his retirement on October 31, 2008, Mr. Scott served as Area Chairman for the Company's operations in Dickson and Cheatham Counties.

Continuing Directors Until 2011 Meeting

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Class II Directors:

James C. Cope (59)

Director since March 15, 2006

Term to expire 2011

Mr. Cope is a member in the law firm of Cope, Hudson, Scarlett, Reed & McCreary PLLC in Murfreesboro, Tennessee and has practiced law continuously in Murfreesboro, Tennessee since 1976. Mr. Cope is a graduate of the University of Tennessee and received his Doctor of Jurisprudence degree from Vanderbilt University in 1974. Mr. Cope serves as attorney for Rutherford County, Tennessee, the Middle Tennessee Electric Membership Corporation, the Consolidated Utility District of Rutherford County, the Murfreesboro Housing Authority, the Smyrna/Rutherford County Airport Authority and otherwise engages in a general practice of civil law. He is admitted to practice before the Sixth Circuit and Eleventh Circuit Courts of Federal Appeals and the Supreme Court of the United States of America. He is a member of the American Bar Association and the Tennessee Bar Association. He has served as a hearing officer appointed by the Supreme Court of the State of Tennessee for the Board of Professional Responsibility (1988-1993). He is past President of the Middle Tennessee State University Foundation and the Murfreesboro Rotary Club. He also served on the board and was an initial class member of Leadership Rutherford. In addition, he also served on the board of the YMCA of Rutherford County. Prior to our acquisition of Cavalry on March 15, 2006, Mr. Cope served as a director of Cavalry's subsidiary, Cavalry Banking, from 1992 and as a director of Cavalry from 1998.

William H. Huddleston, IV (45)

Director since March 15, 2006

Term to expire 2011

Mr. Huddleston, a professional engineer and registered land surveyor licensed in the State of Tennessee, has been the President of Huddleston-Steele Engineering, Inc., in Murfreesboro, Tennessee since 1994. Mr. Huddleston currently serves on the Middle Tennessee Medical Center Board of Directors, City of Murfreesboro Construction Board of Adjustments and Appeals and the Webb School Board of Trustees, and was formerly a member of the First United Methodist Church Finance and Special Gifts Committees. He is also a member of the Middle Tennessee State University Foundation Board of Trustees. Prior to our acquisition of Cavalry on March 15, 2006, Mr. Huddleston had served as a director of Cavalry and Cavalry Banking since 1999.

Robert A. McCabe, Jr. (58)

Director since February 28, 2000

Term to expire 2011

Mr. McCabe began his banking career with the former Park National Bank of Knoxville, Tennessee, as an officer trainee in 1976. From 1976 to 1984, Mr. McCabe held various positions with Park National Bank in Knoxville, including senior vice president, until the acquisition of Park National by First American National Bank in 1985. Mr. McCabe joined First American as an executive vice president of the retail bank of First American National Bank of Nashville, a position he held until 1987 when First American promoted him to president and chief operating officer of the First American Bank of Knoxville. In 1989, Mr. McCabe was given added responsibility by being named president and chief operating officer for First American's east Tennessee region. Mr. McCabe continued in that position until 1991, when First American selected him as president of First American's Corporate Banking division, and shortly thereafter, as president of its General Banking

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division. In 1994, First American appointed Mr. McCabe as a vice chairman of First American Corporation. In March 1999, Mr. McCabe was appointed by First American to manage all banking and non-banking operations, a position he held until First American's merger with AmSouth Bancorporation in October 1999.

Mr. McCabe also serves as a director of the following registered public companies: Goldleaf Financial Solutions, Inc. of Nashville, Tennessee, where he serves as the chairman of the board, and National Health Investors of Murfreesboro, Tennessee. He is also a director of SSC Services of Knoxville, Tennessee.

Mr. McCabe has been active in various civic organizations within his community, including Leadership Knoxville, Leadership Nashville. He is a member of the World President's Organization, Chief Executives Organization, serves as Chairman of The Ensworth School and is past chairman of Cheekwood Botanical Gardens and Museum of Art. He is also a member of the Middle Tennessee Boy Scout Council, The Nashville Symphony and the Nashville Downtown Partnership.

David Major (60)

Director since November 30, 2007
Term to expire 2011

Mr. Major began his banking career as a bank regulator in 1971 and has since served in numerous positions, including Chief Executive Officer and director of numerous banks and bank holding companies. He previously served on the board of the Tennessee Bankers Association and was chairman of the TBA's for-profit subsidiary, Financial Products and Services, Inc. He is past-President of the West Wilson County Chamber of Commerce and Chairman of Prospect, Inc. He has served on the boards of numerous civic organizations. He recently received the Leader in Banking Excellence award from the Tennessee Bankers Association and the Paul Bauman Excellence award from the West Wilson County Chamber of Commerce.

Prior to our acquisition of Mid-America on November 30, 2007, Mr. Major served as CEO and Chairman of the Board of Mid-America's subsidiary, Bank of the South, from 2001 and as President and director of Mid-America from 2006. From November 30, 2007 until his retirement on October 31, 2008 Mr. Major served as the Company's Area Chairman for Wilson County.

Hal N. Pennington (71)

Director since February 22, 2006
Term to expire 2011

Mr. Pennington is the chairman of Genesco, Inc. Genesco, a Nashville-based specialty retailer, sells footwear, headwear and accessories in more than 2,000 retail stores in the United States and Canada. Genesco, Inc. is a registered public company whose stock trades on the New York Stock Exchange. Mr. Pennington became a member of Genesco's board in November 1999, when he was named executive vice president and chief operating officer. He became president of Genesco in 2000, was named chief executive officer in April 2002 and chairman in 2004, positions he held until August 1, 2008.

Mr. Pennington received his Bachelor of Science degree in industrial management from Auburn University. Actively involved in the community, he currently serves on the Nashville Symphony Association Board of Directors, Cheekwood Board of Trustees, the Executive Committee and Board for the Footwear Distributors and Retailers Association (FDRA) and as a director of the Two/Ten

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Foundation. In addition, he has served in a variety of leadership roles with nonprofit organizations, including Leadership Nashville and the Boy Scouts of America, among others.

Dr. Wayne J. Riley (49)

Director since December 18, 2007
Term to expire 2011

Dr. Riley is the President and CEO of Meharry Medical College in Nashville, Tennessee. Dr. Riley became Meharry's 10th president in January 2007. Prior to his appointment at Meharry, he was vice president and vice dean for health affairs and governmental relations and associate professor of medicine at Baylor College of Medicine and an adjunct professor of management at Rice University's Jesse H. Jones Graduate School of Management, both in Houston. At Houston's Ben Taub General Hospital, Baylor's primary public hospital teaching affiliate, he was assistant chief of medicine and a practicing academic general internist.

Dr. Riley holds a bachelor's degree from Yale University, the Master of Public Health (M.P.H.) degree in health systems management from Tulane University and the Doctor of Medicine (M.D.) degree from the Morehouse School of Medicine in Atlanta. In May 2002, he earned a master's degree from Rice University's Jesse H. Jones Graduate School of Management's (JGSM) MBA for Executives program.

Meetings and Committees of the Board

During the fiscal year ended December 31, 2008, the Board of Directors of the Company held ten meetings. The Company's governance guidelines require all incumbent directors to attend at least 75% of the total number of meetings of the Company's Board and committees of the Board on which he or she serves in the year prior to their election in order for the Nomination and Corporate Governance Committee to renominate them to their Board seat. All incumbent directors attended at least 75% of the total number of meetings of the Company's Board and committees of the Board on which he or she served during the time period when the director was a member of the Board in 2008.

In accordance with the Company's Corporate Governance Guidelines, the Company's Board has established the committees described below. The members of each committee are the same for the Company and the Bank and are as identified below.

EXECUTIVE COMMITTEE. The members of the Executive Committee are M. Terry Turner, Robert A. McCabe, Jr., Gregory L. Burns, Dale W. Polley, Clay T. Jackson; Hal N. Pennington and Ed C. Loughry, Jr. Under the Company's Bylaws, the Executive Committee may exercise all authority of the Board in the intervals between Board meetings, except for certain matters. The Executive Committee recommends to the Board all major policies and procedures pertaining to loan policy. Additionally, the Executive Committee has overall responsibility for asset liability management strategy of the Company and the Bank. The Executive Committee held twelve meetings in 2008.

AUDIT COMMITTEE. The Company has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Dale W. Polley, William H. Huddleston, IV, Clay T. Jackson, and Dr. Wayne J. Riley. The Audit Committee's responsibilities are set forth in a written charter that has been adopted by the Board, a copy of which is available on the Corporate Governance section of the Company's website at www.pnfp.com. The Audit Committee's charter provides that the Audit Committee shall consist of at least three members, all of whom shall be

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independent . Members of the Audit Committee shall be considered independent so long as they meet the applicable requirements for independence set forth under the NASDAQ Marketplace rules and as required by the rules and regulations of the Exchange Act, including Rule 10A-3. All members of the Audit Committee are independent within the NASDAQ Marketplace rules including, Rule 10A-3 promulgated under the Exchange Act. The Audit Committee charter also provides that the members of the Audit Committee shall be able to read and understand fundamental financial statements, including the Company s balance sheet, income statement and statement of cash flows. The Company believes that the members of the Audit Committee meet these requirements. Additionally, the rules and the regulations of the SEC require the Company to disclose whether it has an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. The Company s Board has determined that Dale W. Polley is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC and that he is independent as defined by the rules and regulations of the SEC. The primary functions of the Audit Committee consist of:

Ensuring that the affairs of the Company are subject to effective internal and external independent audits and control procedures;

Approving the selection of internal and external independent auditors annually;

Reviewing all Forms 10-K and Forms 10-Q, prior to their filing with the Securities and Exchange Commission, and reviewing the corresponding Chief Executive Officer and Chief Financial Officer certifications of these reports; and

Preparing an audit committee report for inclusion in the Company s proxy statement disclosing that the Committee has discussed the annual audited financial statements with management and the Company s independent registered public accountants and, based on these discussions, recommended whether such financial statements should be included in the Company s annual report filed with the SEC.

Company management, internal and external auditors, independent loan reviewers, compliance consultants and the Company s outside counsel may attend each meeting or portions thereof as required by the Audit Committee. The Audit Committee held nine meetings in 2008.

COMMUNITY AFFAIRS COMMITTEE. The members of the Community Affairs Committee are Sue G. Atkinson, Colleen Conway-Welch, William H. Huddleston, IV, Clay T. Jackson, Ed C. Loughry, Jr., Robert A. McCabe, Jr., and Gary L. Scott. The Community Affairs Committee evaluates overall community relations including public affairs and advertising. The Community Affairs Committee establishes the Bank s community development program, and assesses and works to ensure compliance with the Community Reinvestment Act, fair lending laws, and the Home Mortgage Disclosure Act. Additionally, this committee oversees the Bank s corporate contribution program. The Community Affairs Committee held four meetings in 2008.

HUMAN RESOURCES AND COMPENSATION COMMITTEE. The members of the Human Resources and Compensation Committee are Gregory L. Burns, James C. Cope, Harold Gordon Bone, and Reese L. Smith, III. The Human Resources and Compensation Committee s responsibilities are set forth in a written charter which has been approved by the