

CADENCE FINANCIAL CORP
Form PREM14A
October 20, 2010
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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

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

Cadence Financial Corporation

(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):

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No fee required.

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

(1) Title of each class of securities to which transaction applies:
Common stock, par value \$1.00 per share of Cadence Financial Corporation (the Common Stock)

(2) Aggregate number of securities to which transaction applies:
11,909,127 shares of Common Stock, 299,142 options to purchase Common Stock and 11,246 phantom stock units

(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):
The maximum aggregate value was determined based on the sum of (A) 11,909,127 shares of Common Stock (the number of issued and outstanding shares of Common Stock as of October 15, 2010, plus the aggregate number of shares of Common Stock issuable upon exercise of all outstanding options multiplied by \$2.50 plus (B) 11,246 phantom stock units outstanding as of October 15, 2010 multiplied by \$2.50. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000713 by the sum reflected in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
29,800,933

(5) Total fee paid:
\$2,124.80

Fee paid previously with preliminary materials.

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Cadence Shareholders:

You are cordially invited to attend the special meeting of shareholders of Cadence Financial Corporation (Cadence) to be held on [], [], 2010 at [] a.m. at 301 East Main Street, Starkville, Mississippi 39759.

At this special meeting, you will be asked to consider and vote on the approval of the Agreement and Plan of Merger entered into on October 6, 2010 by Cadence and Community Bancorp LLC (CBC), pursuant to which a wholly-owned subsidiary of CBC will be merged with and into Cadence, with Cadence continuing thereafter as a wholly-owned subsidiary of CBC. If the merger is completed, each outstanding share of Cadence common stock will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding taxes (other than shares of Cadence common stock held by Cadence or CBC, which will be cancelled without payment). In addition, CBC has offered to purchase the \$44.0 million of Cadence preferred stock and the associated warrant issued to the U.S. Department of the Treasury (Treasury) under the Capital Purchase Program for approximately \$38.0 million in cash plus accrued dividends through the signing of the definitive purchase agreement with the Treasury. Treasury has indicated its willingness to agree to sell its Cadence preferred stock and warrant for such cash consideration subject to entry into definitive documentation acceptable to Treasury in its sole discretion.

Upon completion of the merger, shares of Cadence common stock will no longer be listed on any stock exchange or quotation system, and you will not participate in our future earnings or growth.

We cannot complete the merger unless we obtain the necessary regulatory approvals and unless our shareholders approve the merger agreement. We are asking our shareholders to consider and vote on this merger proposal at a special meeting of shareholders. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to Cadence or submit your proxy by telephone or over the Internet following instructions on the proxy card. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the merger agreement.

The board of directors of Cadence enthusiastically supports the merger and recommends that you vote FOR the merger agreement.

This proxy statement contains a more complete description of the special meeting and the terms of the merger. We urge you to carefully review this entire proxy statement and the documents included with this proxy statement.

Sincerely yours,

Lewis F. Mallory, Jr.

Chairman of the Board and

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger, passed upon the merits or fairness of the merger or determined if this proxy statement is accurate or adequate. Any representation to the contrary is a criminal offense.

Proxy statement dated [], 2010 and first mailed to shareholders of Cadence on or about [], 2010.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2010

TO THE SHAREHOLDERS OF CADENCE FINANCIAL CORPORATION:

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Cadence Financial Corporation (Cadence) will be held at 301 East Main Street, Starkville, Mississippi 39759, on [], 2010, at [] a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of October 6, 2010, by and among Cadence, Community Bancorp LLC (CBC) and Maroon Acquisition Corp., a wholly-owned subsidiary of CBC (Merger Sub), pursuant to which Merger Sub will be merged with and into Cadence, with Cadence continuing thereafter as a wholly-owned subsidiary of CBC on and subject to the terms and conditions contained therein.
2. To consider and vote upon a proposal to adjourn the meeting to a later date or dates to permit further solicitation of proxies in the event that there are not sufficient votes at the time of the meeting to approve the matters to be considered by the shareholders at the meeting.

These proposals are described in detail in the attached proxy statement. Only shareholders of record at the close of business on [], 2010 are entitled to notice of and to vote at the special meeting.

The board of directors of Cadence unanimously recommends that you vote FOR the approval of the merger agreement and FOR adjustment of the meeting to a later date or dates to permit further solicitation of proxies, if necessary.

Your vote is important regardless of the number of shares you own. We cannot complete the merger unless the merger agreement is approved and adopted by the affirmative vote of the holders of at least a majority of the shares of Cadence common stock present or represented by proxy at the special meeting and entitled to vote at the special meeting. Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy in the accompanying pre-addressed postage-paid envelope or submit your proxy by telephone or over the Internet following instructions on the proxy card. You may revoke your proxy card in the manner described in the proxy statement at any time before it is exercised. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card.

By order of the Board of Directors,

Lewis F. Mallory, Jr.

Chairman of the Board and

Chief Executive Officer

Starkville, Mississippi

[], 2010

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SUMMARY TERM SHEET

*The following summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement and the documents to which we refer you. We have included page references in this summary to direct you to other places in this proxy statement where you can find a more complete description of the topics we have summarized. See also **Where You Can Find More Information.***

*Except as otherwise specifically noted in this proxy statement, **Cadence, we, our, us** and similar words in this proxy statement refer to Cadence Financial Corporation and its subsidiaries.*

The Parties to the Merger (page 18)

Cadence Financial Corporation is a Mississippi corporation and a bank holding company. Through its wholly-owned subsidiary, Cadence Bank, N.A., which we refer to as Cadence Bank, Cadence operates in the states of Mississippi, Alabama, Tennessee, Florida and Georgia. Cadence's primary business is providing traditional commercial and retail banking services to customers. Cadence also provides other financial services, including trust services, mortgage services and investment products.

Community Bancorp LLC, which we refer to as CBC, is a Delaware limited liability company formed in November 2009 and a bank holding company. CBC is headquartered in Houston, Texas. CBC has raised equity capital commitments in excess of \$900 million for the purpose of making investments in the U.S. banking sector, with a particular focus on community banks that are well positioned to benefit from the equity capital and industry expertise CBC can provide.

Maroon Acquisition Corp., a wholly-owned subsidiary of CBC to which we refer as Merger Sub, is a Delaware corporation formed on September 20, 2010 for the purpose of effecting the merger. At the effective time of the merger, Merger Sub will be merged with and into Cadence and the name of the resulting company will be Cadence Financial Corporation. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

The Merger (page 18)

If Cadence's shareholders approve the merger agreement at the special meeting, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of all other conditions to the merger, Merger Sub will merge with and into Cadence with Cadence being the surviving corporation. As a result of the merger, Cadence will become a wholly-owned subsidiary of CBC. Upon completion of the merger, shares of Cadence common stock will no longer be listed on any stock exchange or quotation system and each such outstanding share of Cadence common stock will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding taxes (other than shares of Cadence common stock held by Cadence or CBC, which will be cancelled without payment). We currently expect to complete the merger in the first quarter of 2011, however, we cannot predict the exact timing of the consummation of the merger and whether the merger will be consummated.

We have included the merger agreement as Appendix A to this proxy statement. We encourage you to read the merger agreement in full, as it is the legal document that governs the merger.

The Special Meeting (page 15)

Date, Time and Place. The special meeting will be held on [], 2010, starting at [] at 301 East Main Street, Starkville, Mississippi 39759.

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Purpose. You will be asked to consider and vote upon (1) the adoption of the merger agreement, and (2) the adjournment or postponement of the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of such adjournment or postponement to adopt the merger agreement.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of Cadence common stock at the close of business on [], 2010, the record date for the special meeting. You will have one vote for each share of Cadence common stock that you owned on the record date. As of the record date, there were [] shares of Cadence common stock issued and outstanding and entitled to vote. A majority of Cadence common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of the special meeting. In the event that a quorum is not present at the special meeting, the meeting may be adjourned or postponed to solicit additional proxies.

Vote Required. The adoption of the merger agreement requires the affirmative vote of holders of at least a majority of the shares of Cadence common stock present or represented by proxy at the special meeting and entitled to vote at the special meeting. Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Cadence common stock present in person or represented by proxy at the special meeting and entitled to vote on the matter.

Voting and Proxies. Any shareholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or the Internet you must do so no later than 4:00 p.m. central time on the date prior to the date of the special meeting. If you do not return your proxy card, submit your proxy by phone or the Internet or attend the special meeting, your shares of Cadence common stock will not be voted. Even if you plan to attend the special meeting, if you hold your shares of common stock in your own name as the shareholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card, by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card.

If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies, if applicable.

If your shares of Cadence common stock are held in street name, you should instruct your broker, bank, trust or other nominee on how to vote such shares of common stock using the instructions provided by your broker, bank, trust or other nominee. If your shares of Cadence common stock are held in street name, you must obtain a legal proxy from such nominee in order to vote in person at the special meeting. If you fail to provide your nominee with instructions on how to vote your shares of Cadence common stock, your nominee will not be able to vote such shares at the special meeting. Because the proposals to adopt the merger agreement and to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of the shares of common stock present in person or represented at the special meeting and entitled to vote thereon, and because your broker, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your nominee with voting instructions on how to vote your shares will have no effect on the approval of those proposals.

Revocability of Proxy. Any shareholder of record of Cadence common stock may revoke his or her proxy at any time, unless noted below, before it is voted at the special meeting by any of the following actions:

delivering to Cadence's Corporate Secretary a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

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attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

signing and delivering a new proxy, relating to the same shares of Cadence common stock and bearing a later date; or

submitting another proxy by telephone or on the Internet before 4:00 p.m. central time on the date prior to the date of the special meeting (the latest telephone or Internet voting instructions will be followed).

If you are a street name holder of Cadence common stock, you may change your vote by submitting new voting instructions to your broker, bank, trust or other nominee. You must contact your nominee to obtain instructions as to how to change or revoke your proxy.

Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

Cadence Financial Corporation

P.O. Box 1187

301 East Main Street

Starkville, Mississippi 39760

Background of the Merger (page 18)

On October 6, 2010, Cadence sent notice to Trustmark Corporation (Trustmark), Jackson, Mississippi, terminating the Agreement and Plan of Reorganization entered into by Cadence and Trustmark on September 21, 2010. Cadence terminated the Trustmark merger agreement because it received a bona fide acquisition proposal from CBC that our board determined in its good faith judgment and in the exercise of its fiduciary duties, based as to legal matters on the advice of independent legal counsel and as to financial matters on the advice of its financial advisor, to be a superior proposal. Immediately thereafter, on October 6, 2010, Cadence entered into the merger agreement with CBC. See Background of the Merger.

Reasons for the Merger (page 24)

In reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated by the merger agreement, Cadence's board of directors consulted with Cadence's management, as well as its financial and legal advisors, and considered a number of factors that the board members believed supported their decision.

Recommendation of Cadence's Board of Directors (page 24)

Cadence's board of directors believes that the merger is advisable and in the best interests of Cadence's shareholders and unanimously recommends that you vote **FOR** approval of the merger agreement and **FOR** adjournment of the meeting to a later date or dates to permit further solicitation of proxies, if necessary.

Opinion of Cadence's Financial Advisor (page 26)

Cadence's financial advisor, Keefe, Bruyette & Woods, Inc. (KBW) delivered a written opinion to our board of directors that, as of the date of the opinion, based on and subject to the considerations described in its opinion, the merger consideration is fair from a financial point of view to Cadence's shareholders. The full text of this opinion is attached as *Appendix B* to this proxy statement. We encourage you to read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by KBW in rendering its fairness opinion.

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Merger Financing (page 36)

CBC's obligation to complete the merger is not subject to a financing condition. The total amount of funds necessary to complete the merger and the related transactions is anticipated to be approximately \$75 million, which includes approximately \$38 million to pay for the TARP Preferred and \$30 million to pay Cadence's shareholders, option holders and holders of restricted and phantom units the amounts due to them under the merger agreement at the closing of the merger, with the remaining funds to be used to pay customary fees and expenses in connection with the merger, the financing arrangements and the related transactions. These payments are expected to be funded by CBC from cash on hand.

Effect of the Merger on Options, Restricted Stock and Phantom Stock (page 36)

Cadence Stock Options

Owners of vested options must exercise them prior to consummation of the merger to be entitled to receive the merger consideration. Options that are not exercised will be cancelled and converted into the right to receive \$0.20 per option, subject to the execution of a release and termination of such option by the optionholder prior to the consummation of the merger.

Restricted Stock

All shares of Cadence common stock subject to time lapse restrictions are fully vested and will become free of restrictions as of the effective time of the merger and holders of such shares will be entitled to receive the merger consideration.

Phantom Stock

At the effective time of the merger, phantom stock units with respect to shares of Cadence common stock will be converted in to the right to receive a cash payment equal to \$2.50 per phantom stock unit plus accumulated dividends on such phantom stock unit.

Material U.S. Federal Income Tax Consequences of the Merger (page 34)

In general, the merger will be a taxable transaction for U.S. holders of Cadence common stock (as defined under "The Merger Material U.S. Federal Income Tax Consequences of the Merger"). For U.S. federal income tax purposes, a U.S. holder will generally realize and recognize a gain or loss measured by the difference, if any, between the cash received and the U.S. holder's tax basis in the shares exchanged in the merger. Generally, the tax basis is the amount paid if the stock was purchased, the value of the stock on the date of the original owner's death if inherited, or the amount that was originally paid for the investment if received as a gift, unless the market value of the investment on the date the gift was given was lower. Gain or loss will be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction). Holders are strongly encouraged to consult their tax advisors regarding the tax consequences of the merger to them. See the section entitled "The Merger Material U.S. Federal Income Tax Consequences of the Merger."

Interest of Cadence's Directors and Executive Officers in the Merger (page 32)

Some of the directors and officers of Cadence have interests in the merger that differ from, or are in addition to, their interests as shareholders of Cadence. The independent members of Cadence's board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the shareholders that the merger agreement be approved.

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The merger will constitute a change in control of Cadence that will trigger certain obligations that Cadence owes to Lewis F. Mallory, Jr., Mark A. Abernathy and Richard T. Haston under their respective employment agreements and to John Davis pursuant to a change of control agreement.

Under the merger agreement, current and former officers and directors of Cadence are entitled to indemnification under Cadence's articles of incorporation, bylaws or indemnification contracts or undertakings for a period of six years from the effective time of the merger. In addition, CBC is obligated to maintain Cadence's existing director's and officer's liability insurance for a period of six years or purchase a tail policy providing coverage no less favorable than Cadence's exiting policy.

The merger agreement provides that all of Cadence's outstanding vested options that are not exercised as of the effective time of the merger will be cancelled and converted into the right to receive \$0.20 per option, all Cadence restricted common stock granted subject to time lapse restrictions will become free of such restrictions and all phantom stock units will be converted into the right to receive the merger consideration and all accumulated dividends.

Security Ownership of Certain Beneficial Owners and Management (page 53)

As of [], 2010, the record date for the special meeting, the directors and executive officers of Cadence beneficially owned in the aggregate approximately [] shares of Cadence's outstanding common stock entitled to vote at the special meeting or approximately []% of Cadence's outstanding common stock.

Dissenter's Rights of Appraisal (page 46)

As a shareholder of Cadence, you do not have any dissenter's or appraisal rights under Mississippi law in connection with the merger or the other matters described in this proxy statement.

Regulatory Approvals (page 35)

The merger is subject to the approval of the Board of Governors of the Federal Reserve System. Neither Cadence nor CBC can be certain if or when all such approvals will be obtained.

Other Conditions to the Merger (page 40)

A number of other conditions must be met for the parties to complete the merger. Any of these conditions may be waived by the party for whose benefit the condition exists. Currently, neither party intends to waive any condition to the merger. Other conditions include:

the receipt of the approval of Cadence shareholders;

the absence of any order, injunction, decree or other legal restraint or prohibition preventing the consummation of the merger and related transactions;

approval from all necessary governmental agencies and authorities, including the Federal Reserve Board and any other regulatory agency whose approval must be received;

the continuing accuracy of the parties' representations and warranties to each other as of the closing date of the merger subject to the materiality standards in the merger agreement;

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the absence of any change in the business or financial condition of Cadence which would have a material adverse effect on the condition of Cadence;

the aggregate amount of loans charged off between the date of the merger agreement and the second business day prior to the closing must not exceed \$100 million; and

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the performance or compliance in all material respects by each party with its respective covenants and conditions required by the merger agreement.

Modifications or Waiver (page 44)

The parties may amend the merger agreement and each party may waive its right to require the other party to adhere to any term or condition of the merger agreement.

Payment of Trustmark Termination Fee (page 44)

Upon execution of the merger agreement, CBC advanced to Cadence \$2.0 million to be used by Cadence to pay the termination fee due upon termination of the Trustmark merger agreement. If the merger agreement is terminated by CBC for any reason or by Cadence due to receipt of a superior acquisition proposal, failure to obtain shareholder approval or mutual written consent with CBC to terminate the agreement, then Cadence must reimburse CBC for the \$2.0 million advance. Cadence is not required to reimburse CBC for the advanced \$2.0 million, if the merger agreement is terminated by Cadence for any reason other than for receipt of a superior acquisition proposal, failure to obtain shareholder approval or mutual written consent with CBC to terminate the agreement and Cadence is not in material breach of any of its representations, warranties and covenants.

Termination of the Merger Agreement (page 44)

The parties can mutually agree at any time to terminate the merger agreement.

Either party can unilaterally terminate the merger agreement if:

the merger has not become effective on or before March 30, 2011, unless the failure to complete the merger by that time is due to a material breach of the merger agreement by the party that seeks to terminate the merger agreement;

any court or other governmental body issues an order, decree or ruling or takes any other action restraining, enjoining or otherwise prohibiting the merger and such order, decree, ruling or other action is final and non-appealable;

any of the transactions contemplated by the merger agreement are disapproved by any regulatory authority or other person whose approval is required to consummate any of such transactions and such disapproval has become final and non-appealable;

the approval of the merger agreement by the shareholders of Cadence is not obtained;

the other party fails to comply in any material respect with any covenant or agreement contained in the merger agreement or breaches any of the representations or warranties and such breach would, individually or in the aggregate, cause the conditions for the merger not to be satisfied, and such breach has not been cured by the earlier of 15 days after the terminating party gives written notice of such breach to the breaching party or March 30, 2011.

Cadence may terminate the merger agreement, without the consent of CBC, if:

Cadence receives an acquisition proposal from a third party and the Cadence board of directors determines, in good faith and in the exercise of its fiduciary duties after consultation with its legal and financial advisors, that such proposal is superior to the terms of the merger agreement and the failure to terminate the merger agreement and accept such superior proposal would be inconsistent with the proper exercise of its fiduciary duties.

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CBC may terminate the merger agreement, without the consent of Cadence, if Cadence's board of directors:

withdraws or modifies, in any manner that is adverse to CBC, its recommendation or approval of the merger agreement or recommends to the shareholders of Cadence the acceptance or approval of any alternative acquisition proposal or has resolved to do so.

If the merger agreement is terminated by Cadence in connection with the receipt of an alternative acquisition proposal, or by CBC upon the withdrawal or modification of Cadence's recommendation or approval of the merger agreement or recommendation of the approval of an alternative acquisition proposal, Cadence must reimburse CBC for up to \$1.0 million for CBC's expenses incurred in connection with the merger agreement and pay CBC a termination fee calculated as follows:

\$2.5 million if the merger agreement is terminated on or before the date that is 10 days from the date of execution of the merger agreement;

\$3.5 million if the merger agreement is terminated after 10 days from the date of the execution of the merger agreement and on or before the date that is 30 days from the date of execution of the merger agreement; and

\$4.5 million if the merger agreement is terminated after that date that is 30 days from the date of execution of the merger agreement. In addition, if the merger agreement was terminated by either party because shareholder approval was not received and prior to such time a third party proposed or publicly announced an acquisition proposal, then Cadence shall pay CBC the expense reimbursement, and if an acquisition proposal (i) is signed within 12 months of such termination and later consummated or (ii) consummated within 12 months of such termination, then in each case Cadence shall on consummation of the acquisition proposal also pay CBC the termination fee (in addition to the expense reimbursement).

No Solicitations (page 39)

In addition to the restrictions on Cadence outlined above, so long as the merger agreement is in effect, Cadence and its subsidiaries have agreed not to directly take any of the following actions:

solicit, facilitate, initiate or encourage the making of any acquisition proposal; or

enter into any negotiations concerning, furnish any information relating to Cadence in connection with, or agree to any acquisition proposal.

However, Cadence may furnish information or participate in negotiations or discussions after the board of directors of Cadence has determined, based on the advice of outside counsel, that the failure to furnish any information or participate in such negotiations or discussions would or could reasonably be expected to constitute a potential breach of any of the fiduciary obligations of Cadence's board of directors. Cadence has agreed to notify CBC of any acquisition proposal received.

Cadence may terminate the merger agreement if it has received an acquisition proposal from a third party which it determines, in good faith and in the exercise of its fiduciary duties after consultation with its legal and financial advisors, to be superior to the terms of the merger agreement and the failure to terminate the merger agreement and accept such superior proposal would be inconsistent with the proper exercise of its fiduciary duties under applicable law.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that Cadence shareholders may have regarding the merger and the special meeting, and brief answers to those questions. You are encouraged to read carefully this entire proxy statement, including the Appendices, and the other documents to which this proxy statement refers or incorporates by reference because the information in this section does not provide all the information that might be important to you. Unless stated otherwise, all references in this proxy statement to CBC are to Community Bancorp LLC, a Delaware limited liability company; all references to Merger Sub are to Maroon Acquisition Corp., a Delaware corporation; all references to Cadence are to Cadence Financial Corporation, a Mississippi corporation, and its subsidiaries; all references to Cadence Bank are to Cadence Bank, N.A.; and all references to the merger agreement are to the Agreement and Plan of Merger, dated October 6, 2010, by and between CBC, Merger Sub and Cadence, a copy of which is attached as Appendix A to this proxy statement and is incorporated herein by reference.

Q: Why am I receiving this document?

A: CBC and Cadence have agreed to a merger, pursuant to which Merger Sub will merge with and into Cadence and Cadence will continue as the surviving corporation as a direct, wholly-owned subsidiary of CBC and will cease to be a publicly held corporation. To complete the merger, Cadence shareholders must vote to approve and adopt the merger agreement, and Cadence is holding a special meeting of shareholders to obtain such shareholder approval.

This document is the proxy statement by which the Cadence board of directors is soliciting proxies from you to vote on the approval and adoption of the merger agreement, as it may be amended from time to time, at the special meeting or at any adjournment or postponement of the special meeting.

Q: Does Cadence's board of directors recommend that shareholders approve and adopt the merger agreement?

A: Yes. The Cadence board of directors has approved the merger agreement and the transactions contemplated thereby, including the merger, and determined that these transactions are advisable and in the best interests of Cadence and its shareholders. Therefore, the Cadence board of directors unanimously recommends that you vote FOR the proposal to approve and adopt the merger agreement at the special meeting. See The Merger Reasons for the Merger and Recommendations of the Board of Cadence.

In considering the recommendation of Cadence's board of directors, shareholders of Cadence should be aware that members of Cadence's board of directors and its executive officers have agreements and arrangements that provide them with interests in the merger that may be different from, or in addition to, those of Cadence shareholders. See The Merger Interest of Cadence's Directors and Executive Officers of Cadence in the Merger.

Q: What will happen in the merger?

A: In the merger, Merger Sub will merge with and into