

ALABAMA NATIONAL BANCORPORATION
Form S-4
December 17, 2003
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As filed with the Securities and Exchange Commission on December 17, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

ALABAMA NATIONAL BANCORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6712
(Primary Standard Industrial
Classification Code Number)
1927 First Avenue North

63-1114426
(I.R.S Employer
Identification Number)

Birmingham, Alabama 35203

(205) 583-3600

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

JOHN H. HOLCOMB, III

Chairman and Chief Executive Officer

1927 First Avenue North

Birmingham, AL 35203

(205) 583-3600

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

CHRISTOPHER B. HARMON, ESQ.

JOHN P. GREELEY, ESQ.

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Maynard, Cooper & Gale, P.C.

Smith Mackinnon, PA

1901 Sixth Avenue North

Citrus Center, Suite 800

Suite 2400

255 South Orange Avenue

Birmingham, Alabama 35203

Orlando, Florida 32801

(205) 254-1000

(407) 843-7300

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement has become effective.

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$1.00 par value	564,542	Not Applicable	\$ 8,682,000	\$ 702.38

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f)(2) based upon the book value of all outstanding shares of Cypress Bankshares as of November 30, 2003.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Cypress Bankshares, Inc.

21 Cypress Point Parkway

Palm Coast, Florida 32164

Telephone: (386) 445-9344

MERGER PROPOSED YOUR VOTE IS

VERY IMPORTANT

Cypress Bankshares, Inc. Shareholders:

The Board of Directors of Cypress Bankshares, Inc. has agreed to a merger of Cypress Bankshares with Alabama National Bancorporation. Before we can complete this merger, the merger agreement must be approved by Cypress Bankshares' shareholders. We are sending you this proxy statement-prospectus to ask you to vote in favor of the merger.

If the merger is completed, for each share of Cypress Bankshares common stock that you own before the merger you will receive in exchange either (1) 0.6412 shares of common stock in Alabama National, subject to increase based on the average trading price of Alabama National common stock prior to the merger, or (2) at your option, but subject to certain limitations, an amount in cash in lieu of stock, determined based on an average trading price of Alabama National common stock prior to the merger. For a description of the possible increase in the exchange ratio of shares of Alabama National common stock to be received in exchange for your Cypress Bankshares common stock, refer to page 16. For a description of the calculation of optional cash consideration, refer to page 17. For a discussion of the procedures for electing cash, and the limitations on such election, see **APPROVAL OF THE MERGER AGREEMENT Procedures for Making a Cash Election** on page 17. Shares of Alabama National common stock are quoted on the Nasdaq Stock Market under the symbol **ALAB**.

The merger cannot be completed unless holders of a majority of Cypress Bankshares' common stock approve it. We have scheduled a special shareholders' meeting for you to vote on the merger.

Your vote is very important. Whether or not you plan to attend our special shareholders' meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you sign, date and mail your proxy card without indicating how you want to vote, we will vote your proxy in favor of the merger.

The date, time and place of the special meeting is:

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Date: February 17, 2004

Time: 10:00 a.m.

Place:

This proxy statement-prospectus provides you with detailed information about the proposed merger. You can also get information about Alabama National from documents Alabama National has filed with the Securities and Exchange Commission. We encourage you to read this entire document carefully.

In particular, please see the section entitled Risk Factors beginning on page 10.

We are very enthusiastic about this merger and the strength and capabilities we expect to achieve from it.

Sincerely,

*Bruce Page
Chief Executive Officer
Cypress Bankshares, Inc.*

*James Weite
President
Cypress Bankshares, Inc.*

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement-prospectus or determined if this proxy statement-prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. These securities are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other governmental agency.

This proxy statement-prospectus is dated , 2004

and was first mailed to shareholders on or about , 2004

We have not been authorized to give any information or make any representation about the merger or Cypress Bankshares or Alabama National that differs from, or adds to, the information in this proxy statement-prospectus or in documents that are publicly filed with the Securities and Exchange Commission. Therefore, if anyone gives you different or additional information, you should not rely on it.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement-prospectus incorporates important business and financial information about Alabama National that is not included or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to Alabama National that are incorporated by reference in this document through the Securities and Exchange Commission website at <http://www.sec.gov> or by requesting them in writing or by telephone from the company: Alabama National BanCorporation, 1927 First Avenue North, Birmingham, Alabama 35203, (205) 583-3600. If you would like to request documents, please do so by February 10, 2004 to receive them before Cypress Bankshares special shareholders meeting. Instructions regarding how to obtain this information are contained on page 60 under the caption **WHERE YOU CAN FIND MORE INFORMATION**.

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Cypress Bankshares, Inc.

21 Cypress Point Parkway

Palm Coast, Florida 32164

Telephone: (386) 445-9344

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on February 17, 2004

Cypress Bankshares, Inc. will hold a special meeting of shareholders at _____, _____, Palm Coast, Florida _____ at 10:00 a.m. local time on Tuesday, February 17, 2004 to vote on:

1. The Agreement and Plan of Merger, dated as of October 14, 2003 (the merger agreement), by and between Alabama National Bancorporation and Cypress Bankshares, Inc. and the transactions contemplated by the merger agreement. These transactions include the merger of Cypress Bankshares with Alabama National and the issuance of Alabama National shares and payment of optional cash consideration to Cypress Bankshares shareholders. After the merger, Cypress Bank will be a wholly owned subsidiary of Alabama National. This proposal is more fully described in the enclosed proxy statement-prospectus. You can find a copy of the merger agreement in Appendix A to this document.
2. Any other matters that properly come before the special meeting, or any adjournments or postponements of the special meeting.

Record holders of Cypress Bankshares common stock at the close of business on December 31, 2003, will receive notice of and may vote at the special meeting, including any adjournments or postponements of the special meeting. Florida law requires approval by a majority of the outstanding shares of Cypress Bankshares to approve the merger agreement.

A holder of Cypress Bankshares common stock who complies with the provisions of Florida law relating to appraisal rights applicable to the merger is entitled to assert appraisal rights under the Florida appraisal rights law, a copy of which is attached as Appendix B to this document.

You are cordially invited to attend the special meeting in person, but regardless of whether you plan to attend, please return the enclosed proxy card.

Bruce Page
Chief Executive Officer

James Weite
President

, 2004

Please mark, sign, date and return your proxy promptly, whether or not you plan to attend the special meeting.

Your Board of Directors unanimously recommends that you vote *FOR* approval of the merger agreement and the merger.

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Questions and Answers About the Merger

Q: What is this proxy statement-prospectus and why am I receiving it?

A: This proxy statement-prospectus describes in detail the proposed merger between Cypress Bankshares, Inc. and Alabama National BanCorporation. Because you are a shareholder of Cypress Bankshares, you are being asked to vote on the merger agreement at a special shareholders meeting to be held on February 17, 2004. This proxy statement-prospectus should answer any questions you may have about the merger.

Q: What will happen if the shareholders of Cypress Bankshares approve the merger agreement?

A: If the Cypress Bankshares shareholders approve the merger agreement, then shortly following the special meeting, subject to certain regulatory approvals and satisfaction of conditions, Cypress Bankshares will merge with Alabama National BanCorporation. The combined company will operate under the name of Alabama National BanCorporation. For each share of Cypress Bankshares common stock that you own, you will be entitled to receive 0.6412 shares of common stock in Alabama National, subject to increase based on the average trading price of Alabama National common stock prior to the merger. If you so elect, you have the option to receive an amount in cash in lieu of stock, determined based on the average trading price of Alabama National common stock prior to the merger, subject to limitations on the aggregate amount of cash which Alabama National is obligated to pay. For a description of the possible increase in the exchange ratio of shares of Alabama National common stock to be received in exchange for your Cypress Bankshares common stock, refer to page 16. The procedure for electing cash, and the limitations on such election, are described in greater detail at page 17.

Q: What will happen to Cypress Bank following the merger?

A: Immediately following the merger of Cypress Bankshares into Alabama National, Cypress Bank will become a wholly owned subsidiary of Alabama National and will continue operating under the name Cypress Bank.

Q: What should I do now?

A: Send in your proxy card. After reviewing this document, indicate on your proxy card how you want to vote, and sign, date and mail it in the enclosed envelope addressed to Cypress Bankshares as soon as possible to ensure that your shares will be represented at the special meeting.

If you sign, date and send in your proxy and do not indicate how you want to vote, your proxy will be voted in favor of the merger agreement and the merger. If you do not sign and send in your proxy, and if you do not attend and cast your vote in person at the special meeting, it will have the same effect as a vote against the merger.

Send in your election form if you want to receive cash for your shares. If you wish to receive cash instead of Alabama National common stock for any or all of your shares of Cypress Bankshares common stock, follow the instructions for making a cash election that we describe on pages 17 and 18 of this document and on the cash election form enclosed. Please note, however, that you may not be able to exchange all of your shares for cash even if you make a proper cash election, because the total amount of cash Alabama National is obligated to pay in the merger is limited.

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

A: Your broker will vote your shares of Cypress Bankshares common stock only if you provide your broker with instructions on how to vote. You should instruct your broker how to vote your shares by following the directions your broker provides. If you do not provide instructions to your broker, your shares will not be voted on the merger. Please see the voting form provided by your broker for additional information regarding the voting of your shares.

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Q: Can I revoke my proxy and change my mind?

A: Yes. You may revoke your proxy up to the time of the special meeting by taking any of the actions explained under **GENERAL INFORMATION Proxies and Other Matters** on page 14 of this proxy statement-prospectus, including by giving a written notice of revocation, signing and delivering a new later-dated proxy, or by attending the special meeting and voting in person. If your shares are held in the name of your broker, you will need additional documentation to vote in person at the meeting.

Q: Can I vote my shares in person?

A: Yes. You may attend the special meeting and vote your shares in person rather than signing and mailing your proxy card. If your shares are held in the name of your broker, you will need additional documentation to vote in person at the meeting.

Q: Can I change or revoke my cash election once I have mailed my signed form of election?

A: Yes. You can change or revoke your cash election in writing at any time prior to the election deadline of 5:00 p.m., Eastern Time, on February 17, 2004.

Q: Should I send in my stock certificates now?

A: No. Hold all of your stock certificates and send them in with the transmittal materials you will receive from the exchange agent after we complete the merger.

Q: Whom can I call with questions?

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

Bruce Page, Chief Executive Officer

or

James Weite, President

Cypress Bankshares, Inc.

21 Cypress Point Parkway

Palm Coast, Florida 32164

Telephone: (386) 445-9344

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SUMMARY

This summary highlights selected information from this proxy statement-prospectus. It may not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which we refer. These will give you a more complete description of the transactions we are proposing. For more information about Alabama National, see WHERE YOU CAN FIND MORE INFORMATION (page 60). Each item in this summary refers to the pages where that subject is discussed more fully.

Parties to the Merger (Pages 55 and 56)

Alabama National Bancorporation

1927 First Avenue North

Birmingham, Alabama 35203

(205) 583-3600

Alabama National is a bank holding company headquartered in Birmingham, Alabama. Alabama National operates 69 locations through twelve bank subsidiaries in Alabama, Florida and Georgia. Through its subsidiary banks, Alabama National provides full banking services to individuals and small businesses. As of September 30, 2003, Alabama National had total assets of about \$3.85 billion, total deposits of about \$2.75 billion, and total shareholders' equity of about \$272.1 million.

Cypress Bankshares, Inc.

21 Cypress Point Parkway

Palm Coast, Florida 32164

(386) 445-9344

Cypress Bankshares, Inc. is a bank holding company, providing commercial banking services through its bank subsidiary, Cypress Bank, a Florida state bank headquartered in Palm Coast, Florida and operating through branch offices in Palm Coast and Flagler Beach, Florida. As of September 30, 2003, Cypress Bankshares had total assets of about \$110.2 million, deposits of about \$100.0 million and shareholders' equity of about \$8.4 million.

Shareholder Meeting to Approve Merger (Page 14)

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We will hold the special meeting of Cypress Bankshares shareholders at 10:00 a.m. local time, on Tuesday, February 17, 2004, at . At this important meeting, we will ask Cypress Bankshares shareholders to (1) consider and vote upon approval of the merger agreement, and (2) act on any other matters that may properly be put to a vote at the Cypress Bankshares special meeting. You may vote at the Cypress Bankshares meeting if you owned Cypress Bankshares shares at the close of business on December 31, 2003. As of such date, there were shares of Cypress Bankshares common stock issued and outstanding and entitled to be voted at the special meeting.

Approval of the Merger Agreement (Page 16)

Terms of the Merger (Page 16). The merger agreement is the document that governs the merger of Cypress Bankshares with Alabama National and the issuance of shares of Alabama National common stock and optional cash consideration to Cypress Bankshares shareholders in connection with the merger. We encourage you to read the merger agreement that is attached to this proxy statement-prospectus as Appendix A. The merger agreement provides for the merger of Cypress Bankshares with Alabama National BanCorporation. The surviving entity following the merger will be Alabama National. Cypress Bank will become a wholly owned subsidiary of Alabama National upon consummation of the merger.

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Merger Consideration (Page 16). The merger agreement provides that Cypress Bankshares shareholders who do not exercise their appraisal rights will receive for each share of Cypress Bankshares common stock either (1) 0.6412 shares of Alabama National common stock or (2) optional cash in lieu of Alabama National common stock, subject to certain limitations. These two options are described in more detail below.

Stock Consideration (Page 16).

Absent a cash election, each share of Cypress Bankshares common stock issued and outstanding at the effective time of the merger will be converted into and exchanged for 0.6412 shares of Alabama National common stock (the Exchange Ratio). The Exchange Ratio may be increased, however, depending upon the average trading price of Alabama National common stock prior to the Merger, as described below.

The price per share of Alabama National's common stock fluctuates from day-to-day. On the fifth business day prior to the effective time of the merger, an average price of Alabama National's stock price will be calculated based on the averages of the high and low sales prices of Alabama National's common stock reported on the Nasdaq Stock Market for the previous ten business days. If the average price is equal to or less than \$48.00, then the Exchange Ratio will be increased as follows:

<u>Average Price</u>	<u>Adjusted Exchange Ratio</u>
Equal to or less than \$48.00, and greater than \$47.00	0.6447
Equal to or less than \$47.00, and greater than \$46.00	0.6482
Equal to or less than \$46.00, and greater than \$45.00	0.6517
Equal to or less than \$45.00, and greater than \$44.00	0.6552
Equal to or less than \$44.00, and greater than \$43.00	0.6587
Equal to or less than \$43.00, and greater than \$42.00	0.6622
Equal to or less than \$42.00	0.6657

If the average price falls below \$42.00 per share, the Cypress Bankshares board of directors has the option to terminate the merger agreement. Alabama National, however, may elect to cancel the termination by either (1) increasing the Exchange Ratio to an amount equal to the quotient of \$27.96 divided by the average price, or (2) paying with respect to each share of Cypress Bankshares common stock additional cash consideration equal to the difference of (A) \$27.96 minus (B) the product of the average price multiplied by 0.6657. For example, if the average price were \$40.00, the Cypress Bankshares board of directors provided a notice of termination, and Alabama National elected to void such termination, Alabama National would be required to either increase the Exchange Ratio to at least 0.6990 (i.e., the quotient of \$27.96 divided by \$40.00) or make a cash payment of \$1.33 (i.e., the difference in \$27.96 and the product of \$40.00 multiplied by 0.6657, or \$26.63) for each share of Cypress Bankshares common stock.

Election to Receive Cash Consideration In Lieu of Common Stock (Page 17).

A shareholder may elect to receive cash instead of the shares of Alabama National common stock that he or she would otherwise receive in exchange for some or all of his or her shares of Cypress Bankshares common stock. Any such cash election must be made in accordance with the election procedures described in this proxy statement-prospectus. See APPROVAL OF THE MERGER AGREEMENT Procedures for Making a Cash Election on page 17. The amount of cash that a Cypress Bankshares shareholder will receive under a cash election will be subject to the cash allocation procedures described below. In our discussion we may refer to the amount of cash to be received for each share of Cypress Bankshares common stock converted in connection with the cash election as the per share cash election consideration.

Shareholders who choose to receive cash consideration will receive an amount in cash for each share of Cypress Bankshares stock covered by the election equal to the product of (1) the average price of Alabama National common stock (calculated as described above) multiplied by (2) the Exchange Ratio.

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Under the merger agreement, the maximum amount of cash consideration that Alabama National is required to pay in connection with the merger is 10% of the aggregate merger consideration. If the number of shareholders who elect to receive cash instead of shares of Alabama National common stock would cause the total amount of cash to be paid by Alabama National to exceed the maximum cash amount, Alabama National is permitted to allocate and proportionately reduce the cash elections made by Cypress Bankshares shareholders. Alternatively, Alabama National, in its discretion, may increase the amount of cash consideration to an amount not to exceed 25% of the aggregate merger consideration. Cypress Bankshares shareholders who elect, but do not receive, cash for all or a portion of their shares will automatically receive Alabama National common stock. See **APPROVAL OF THE MERGER AGREEMENT Procedures for Making a Cash Election** on page 17.

Regulatory Approvals; Effective Time (Pages 35 and 21). We cannot complete the merger unless we obtain the approval of the Board of Governors of the Federal Reserve System and the Florida Department of Financial Services. While we do not know of any reason why we should not obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we can obtain them.

The merger will become effective as of the date and at the time that the later of the following occurs:

- (1) the articles of merger reflecting the merger are accepted for filing by the Secretary of State of Florida;
- (2) the certificate of merger reflecting the merger is accepted for filing by the Secretary of State of Delaware; or
- (3) such later date and time as agreed upon in writing by Alabama National and Cypress Bankshares and specified in the articles of merger and certificate of merger.

We will not file the articles of merger and the certificate of merger until all conditions contained in the merger agreement have been satisfied or waived.

Recommendation of Cypress Bankshares Board of Directors; Opinion of The Carson Medlin Company (Pages 15 and 24). Cypress Bankshares board of directors believes that the merger is fair to you and in your best interests, and recommends that you vote FOR the proposal to approve the merger and the merger agreement. In deciding to approve the merger, Cypress Bankshares board of directors considered, among other things, the opinion of The Carson Medlin Company, that, as of the date of the opinion, the consideration to be received by Cypress Bankshares shareholders, as provided for in the merger agreement, was fair from a financial point of view to Cypress Bankshares shareholders. We have attached as Appendix C the written opinion of Carson Medlin dated _____, 2004. You should read it and the disclosure entitled **Opinion of The Carson Medlin Company** beginning on page 24 carefully to understand the assumptions made, matters considered and limitations of the review undertaken by Carson Medlin in providing its opinion.

Votes Required (Page 14). In order to approve the merger agreement, Cypress Bankshares shareholders holding a majority of the outstanding shares of Cypress Bankshares common stock must vote for the merger agreement. The directors of Cypress Bankshares beneficially owned, as of December 31, 2003, a total of _____ shares (_____ %) of Cypress Bankshares outstanding common stock. Each member of the board of directors of Cypress Bankshares has agreed, subject to certain conditions, to vote his or her shares of Cypress Bankshares common stock in favor of the merger agreement.

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Surrender of Certificates (Page 18). Following the merger, holders of Cypress Bankshares stock certificates will need to exchange their certificates for new certificates of Alabama National common stock, or, if properly elected, for per share cash election consideration. Shortly after we complete the merger, Alabama National will send Cypress Bankshares shareholders detailed instructions on how to exchange their shares. Please do not send us any stock certificates until you receive these instructions.

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Conditions to Consummation of the Merger (Page 33). The completion of the merger depends on meeting a number of conditions, including the following: (1) Cypress Bankshares' shareholders must approve the merger agreement, (2) we must receive all required regulatory approvals and any waiting periods required by law must have passed, (3) we must receive consents of third parties necessary to the consummation of the merger, and (4) we must receive certain opinions of counsel.

Effect on Certain Employee Benefit Plans of Cypress Bankshares (Page 32).

401(k) Plan. Cypress Bank currently participates in a multi-employer 401(k) plan. Cypress Bank will cease to participate in this plan prior to the merger, and Alabama National will offer each eligible employee of Cypress Bankshares the opportunity to enroll in Alabama National's 401(k) plan.

Treatment of Cypress Bankshares Stock Options. At the time we complete the merger, all outstanding stock options granted by Cypress Bankshares under its stock option plans will be converted automatically into options to purchase Alabama National common stock. Alabama National will assume these options subject to their existing terms, including any acceleration in vesting that will occur as a consequence of the merger. The number of shares of Alabama National common stock that may be purchased upon exercise of each assumed option will be calculated according to an option exchange ratio established by the merger agreement.

Federal Income Tax Consequences (Page 40). We expect that you will not recognize gain for U.S. federal income tax purposes in the merger when you exchange all of your shares of Cypress Bankshares common stock for shares of Alabama National common stock, except in connection with any cash received instead of fractional shares. If you receive cash for all or part of your shares of Cypress Bankshares common stock by invoking a cash election, or if you receive all cash through the exercise of appraisal rights, you generally will recognize gain or loss measured by the difference between the amount of cash received and your adjusted basis in the Cypress Bankshares common stock surrendered. Cypress Bankshares and Alabama National have received a legal opinion that this will be the case. This legal opinion is filed as an exhibit to the Registration Statement of which this proxy statement-prospectus forms a part.

This tax treatment may not apply to some Cypress Bankshares shareholders. Determining the actual tax consequence of the merger to you as an individual taxpayer can be complicated. The tax treatment will depend on your specific situation and many variables not within our control. You should consult your own tax advisor for a full understanding of the tax consequences of this merger to you.

Management and Operations after the Merger (Page 38). Following the merger, the combined company will operate under the name Alabama National Bancorporation, and Cypress Bank will become a subsidiary of Alabama National. The Board of Directors of Cypress Bank will consist of 10 of the current directors of Cypress Bank plus one or more officers of Alabama National. Following the merger, Bruce Page will continue to serve as Chief Executive Officer of Cypress Bank, and James Weite will continue to serve as President of Cypress Bank. All current Alabama National officers and directors will continue to serve in their current positions after the completion of the merger.

Interests of Certain Persons in the Merger that are Different from Yours (Page 38). Certain directors and officers of Cypress Bankshares have interests in the merger that are different from your interests. Certain officers and directors of Cypress Bank will continue to serve as officers and directors of Cypress Bank following the merger. In addition, Bruce Page, Chief Executive Officer and James Weite, President of Cypress Bank, have signed new employment agreements with Cypress Bank to be effective upon the completion of the merger that will provide each of Mr. Page and Mr. Weite a salary of at least \$145,000 per year for up to three years following the merger, plus the opportunity to earn annual bonuses.

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In December 2003, each of Mr. Page and Mr. Weite received a one-time payment of \$177,000 as consideration for signing his new employment agreement, which contains non-compete provisions. Alabama National has agreed to reimburse Cypress Bank for these payments if the merger agreement is terminated and Cypress Bankshares is not in breach. In such event, Mr. Page and Mr. Weite have agreed to reimburse Alabama National for such payments.

Furthermore, Thomas B. Hury, Chief Financial Officer, also will enter into a new employment agreement with Cypress Bank upon the completion of the merger that will provide him an annual salary of at least \$91,000 for up to three years following the merger, plus the opportunity to earn annual bonuses. Upon the closing of the merger, Mr. Hury will receive a payment in the amount of \$91,000 in connection with the termination of his current employment agreement with Cypress Bank.

In December 2003, each of Messrs. Page and Weite signed a termination letter with respect to his current employment agreement to be held in escrow pending the closing of the merger. At the time the termination letters were signed, each of Mr. Page and Mr. Weite received a payment in the amount of \$177,000 that was paid in connection with the termination of his current employment agreement with Cypress Bank. Alabama National has agreed to reimburse Cypress Bank for these payments if the merger agreement is terminated and Cypress Bankshares is not in breach. In such event, Mr. Page and Mr. Weite have agreed to reimburse Alabama National for such payments.

Alabama National has also agreed to negotiate new employment agreements on mutually satisfactory terms with each of Patrick Kelly, Commercial Lender of Cypress Bank, and Mary Stetler, Vice President and Branch Manager of Cypress Bank.

In addition, the directors and officers of Cypress Bankshares hold stock options that will be converted at the time we complete the merger into options to purchase Alabama National common stock. These options will be subject to immediate vesting because of the merger.

Accounting Treatment (Page 41). The merger will be accounted for as a purchase by Alabama National of Cypress Bankshares under generally accepted accounting principles. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of completion of the merger, recorded at their respective fair values and added to those of the surviving company. To the extent the consideration paid exceeds the fair value of the net assets acquired, goodwill is recorded. Financial statements of the surviving company issued after consummation of the merger reflect these values, but are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving.

Market Prices. The following table sets forth (1) the market value of Alabama National common stock, (2) the market value of Cypress Bankshares common stock and (3) the price to be paid for each share of Cypress Bankshares common stock on an equivalent per share basis determined as if the completion of the merger occurred on (A) October 14, 2003, the business day immediately preceding the announcement of the execution of the merger agreement and (B) _____, 2004, the last day for which such information could be calculated prior to the printing and mailing of this proxy statement-prospectus:

	Alabama National	Cypress Bankshares	Equivalent Price Per Share
	Common Stock(1)	Common Stock(2)	of Cypress Bankshares(3)
October 14, 2003	\$ 51.29	N/A	\$ 32.89
, 2004		N/A	

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- (1) Determined on an historical basis with reference to the last sales price as reported on the Nasdaq Stock Market for each particular date.
 - (2) There is no established public trading market for the Cypress Bankshares common stock on which an historical market value could be based.
 - (3) Determined on an equivalent price per share basis by multiplying the Alabama National market value on each particular date by the Exchange Ratio of 0.6412.

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Resales of Alabama National Stock (Page 41). The shares of Alabama National common stock issued to Cypress Bankshares shareholders in the merger will be freely transferable under federal securities law, except for shares issued to any shareholder who may be deemed an affiliate of Cypress Bankshares for purposes of Rule 145 under the Securities Act (generally including directors, executive officers and beneficial owners of 10% of any class of capital stock). Affiliates will be subject to certain restrictions on resales of newly acquired Alabama National shares.

Waiver and Amendment; Termination (Page 37). Either Alabama National or Cypress Bankshares may waive or extend the time for performing the others obligations under the merger agreement. In addition, the boards of directors of each of Alabama National and Cypress Bankshares may mutually agree to amend the merger agreement. The merger agreement may be terminated at any time prior to completion of the merger by the agreement of Cypress Bankshares and Alabama National.

Either company can also terminate the merger agreement under the following circumstances:

- (1) if any government body whose approval is necessary to complete the merger makes a final decision not to approve the merger;
- (2) if we do not or cannot complete the merger by April 30, 2004;
- (3) if Cypress Bankshares shareholders do not approve the merger agreement;
- (4) if Cypress Bankshares or Alabama National, as the case may be, materially violates any of its representations, warranties or obligations under the merger agreement; or