

GREENE COUNTY BANCSHARES INC

Form PREM14A

April 04, 2007

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. 1)

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

Greene County Bancshares, Inc.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

\$3,150

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

S-4, No. 333-141409

(3) Filing Party:

Greene County Bancshares, Inc.

(4) Date Filed:

3/19/07

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

PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 3, 2007

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The board of directors of Greene County Bancshares, Inc. and the board of directors of Civitas BankGroup, Inc. have agreed to a strategic combination of the two companies under the terms of an Agreement and Plan of Merger, dated January 25, 2007. If the merger is approved, Greene County shareholders will own approximately 76.2% of the combined company on a fully diluted basis, and Civitas shareholders will own approximately 23.8% of the combined company on a fully diluted basis.

If you are a Civitas shareholder:

In the merger, subject to the allocation procedures and adjustments described in this document, you may elect to receive for each Civitas share that you own either (1) 0.2674 (subject to adjustment as described below) shares of Greene County common stock for each share of Civitas stock owned by you; (2) \$10.25 in cash; or (3) a combination of cash and Greene County common stock. For purposes of illustration only, if the merger had occurred on January 25, 2007, the last trading day prior to announcement of the proposed merger, or on April [], 2007, the last trading date prior to the date of this document, the exchange ratio on both dates for each Civitas share would have been 0.2674 Greene County shares having a value of \$9.80 and \$[9.07], respectively, as of those dates. Because Greene County stock represents 70% of the merger consideration, with the remaining 30% of the merger consideration being represented by \$10.25 per share, the implied value of the overall merger consideration to Civitas shareholders on those dates, respectively, was \$9.94 per share and \$[9.42] per share.

Although it is subject to adjustment as described in this document, the exchange ratio will not exceed 0.2968 or be less than 0.2380.

Although you may elect whether to receive cash, stock or a combination of cash and stock for your Civitas shares, elections will be limited by the requirement that 70% of the total merger consideration will be in the form of Greene County common stock. As a result, the allocation of cash and Greene County common stock that you will receive will depend upon the elections of other Civitas shareholders.

Because the market price of Greene County stock may fluctuate between the date of this document and the date that the merger is completed, we cannot predict the number of shares of Greene County stock that you would receive or their value upon election of the all stock or mixed consideration alternatives.

We expect the merger to be tax-free with respect to Greene County common shares you receive. If you receive cash in the merger you may have to recognize income or gain for tax purposes.

If you are a Greene County shareholder:

Your Greene County shares will be unaffected by the merger and the merger will be tax-free to you.

Whether you are a Civitas or a Greene County shareholder, we need your vote to complete the merger. Greene County and Civitas officers and directors own, respectively 12% and 20% of the outstanding shares of Greene County and Civitas that are expected to be voted in favor of the merger. Civitas will hold a special shareholders meeting to vote on the merger on April 26, 2007. Greene County will hold its annual shareholders meeting April 25, 2007, and the merger will be one of the matters that Greene County shareholders will be asked to vote on.

We look forward to the successful combination of Greene County and Civitas.

Stan Puckett
Chairman and Chief Executive Officer
Greene County Bancshares, Inc.

Richard Herrington
President and Chief Executive Officer
Civitas BankGroup, Inc.

You are encouraged to carefully consider the risks described on pages 9 through 12 of this document.

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

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

This joint proxy statement/prospectus is dated April [], 2007, and is first being mailed to the shareholders of Greene County and Civitas on or about April [], 2007.

100 North Main Street, Greeneville, TN 37743-4992

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 25, 2007

To our shareholders:

The Annual Meeting of Shareholders of Greene County Bancshares, Inc. (Greene County) will be held at the General Morgan Inn, 100 North Main Street, Greeneville, Tennessee 37743, at 11:00 a.m. local time on April 25, 2007, to:

consider and vote upon a proposal to approve the merger agreement, dated as of January 25, 2007, between Greene County and Civitas BankGroup, Inc. (Civitas), a copy of which is attached as *Appendix A* to the joint proxy statement/prospectus accompanying this notice, pursuant to which Civitas will merge with Greene County, and to approve the issuance of Greene County common stock in connection with the merger;

elect five persons to serve as directors of Greene County, each for a three-year term and until their respective successors are elected and qualified;

consider and vote upon a proposal to ratify the appointment of Dixon Hughes PLLC as Greene County's independent registered public accounting firm for 2007;

consider and vote upon a proposal to amend the Greene County Amended and Restated Charter to increase the number of authorized shares from 15 million to 20 million shares of common stock;

consider and vote upon a proposal to amend the Greene County Amended and Restated Charter to change the corporate name of Greene County to Green Bankshares, Inc.;

consider and vote upon a proposal to approve the adjournment of the annual meeting, including, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting for any of the foregoing proposals; and

transact any other business that may properly come before the Greene County annual meeting or any adjournment or postponement thereof.

The Greene County board of directors has fixed the close of business on March 16, 2007 as the record date for determining those Greene County shareholders entitled to receive this notice of and to vote their shares at the annual meeting, including any adjournment or postponement of the annual meeting.

The Greene County board of directors recommends that you vote FOR each of the proposals listed above.

BY ORDER OF THE BOARD OF DIRECTORS

Phil M. Bachman
Secretary

Greeneville, Tennessee
April [], 2007

YOUR VOTE IS IMPORTANT

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

4 Corporate Centre, 810 Crescent Centre Drive, Suite 320, Franklin, Tennessee 37067

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held on April 26, 2007**

To our shareholders:

A special meeting of shareholders of Civitas BankGroup, Inc. (Civitas) will be held at the Embassy Suites Hotel located at 820 Crescent Centre Drive, Franklin, Tennessee 37067, at 3:00 p.m. local time on April 26, 2007, for the following purposes:

to consider and vote upon a proposal to approve the merger agreement, dated as of January 25, 2007, between Greene County Bancshares, Inc. (Greene County) and Civitas, a copy of which is attached as *Appendix A* to the joint proxy statement/prospectus accompanying this notice, pursuant to which Civitas will merge with Greene County;

to consider and vote upon a proposal to approve the adjournment of the special meeting, including, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting for the foregoing proposal; and

to transact any other business that may properly come before the Civitas special meeting or any adjournment or postponement thereof.

The Civitas board of directors has fixed the close of business on March 16, 2007 as the record date for determining those Civitas shareholders entitled to receive this notice of and to vote their shares at the special meeting, including any adjournment or postponement of the special meeting.

The Civitas board of directors, by a majority vote, has approved the merger and recommends that you vote FOR each of the proposals listed above.

BY ORDER OF THE BOARD OF DIRECTORS

Danny Herron
Secretary

Franklin, Tennessee
April [], 2007

YOUR VOTE IS IMPORTANT

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

ADDITIONAL INFORMATION

This joint proxy statement/prospectus serves two purposes: it is a proxy statement being used both by the Greene County Bancshares, Inc. board of directors and the Civitas BankGroup, Inc. board of directors to solicit proxies for use at their respective annual or special meetings; it is also the prospectus of Greene County regarding the issuance of Greene County common stock to Civitas shareholders if the merger is completed. This joint proxy statement/prospectus provides you with detailed information about the proposed merger of Civitas into Greene County. We encourage you to read this entire joint proxy statement/prospectus carefully. Greene County has filed with the United States Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933, as amended, and this joint proxy statement/prospectus is the prospectus filed as part of that registration statement. This joint proxy statement/prospectus does not contain all of the information in the registration statement nor does it include the exhibits to the registration statement. Please see **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 102.

When used in this joint proxy statement/prospectus, the terms **Greene County** and **Civitas** refer to Greene County Bancshares, Inc. and Civitas BankGroup, Inc., respectively, and, when the context requires, to Greene County Bancshares, Inc. and Civitas BankGroup, Inc. and their respective predecessors and subsidiaries. **We or us**, unless the context requires otherwise, refers to both Greene County and Civitas.

This joint proxy statement/prospectus incorporates by reference important business and financial information about Greene County and Civitas that is not included in or delivered with this document. You should refer to **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 102 for a description of the documents incorporated by reference into this joint proxy statement/prospectus. You can obtain documents related to Greene County and Civitas that are incorporated by reference into this document through the SEC's web site at www.sec.gov. You may also obtain copies of these documents, other than exhibits, unless such exhibits are specifically incorporated by reference into the information that this joint proxy statement/prospectus incorporates, without charge by requesting them in writing or by telephone from the appropriate company:

If you are a Greene County shareholder:

Greene County Bancshares, Inc.
100 North Main Street
Greeneville, TN 37743-4992
Attention: Chief Financial Officer
(423) 639-5111

TO OBTAIN TIMELY DELIVERY OF GREENE COUNTY DOCUMENTS, YOU MUST MAKE YOUR REQUEST ON OR BEFORE APRIL 16, 2007.

If you are a Civitas shareholder:

Civitas BankGroup, Inc.
4 Corporate Centre
810 Crescent Centre Drive, Suite 320
Franklin, TN 37067
Attention: Investor Relations
(615) 263-9500

TO OBTAIN TIMELY DELIVERY OF CIVITAS DOCUMENTS, YOU MUST MAKE YOUR REQUEST ON OR BEFORE APRIL 16, 2007.

Greene County maintains a website at www.mybankconnection.com and Civitas maintains a website at www.civitasbankgroup.com. The information contained on these websites is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider it a part of this joint proxy statement/prospectus.

You should rely only on the information incorporated by reference into or provided in or with this joint proxy statement/prospectus to vote at your annual or special meeting. We have not authorized anyone to give you

different information. You should not assume that the information in this joint proxy statement/prospectus, or in any documents delivered with this joint proxy statement/prospectus, or any supplement, is accurate as of any date other than the date on the front of such documents, and neither the mailing of the joint proxy statement/prospectus to you nor the issuance of Greene County common stock in connection with the merger shall create any implication to the contrary.

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

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QUESTIONS AND ANSWERS ABOUT VOTING AND THE MERGER

The following are some questions that you, as a shareholder of Greene County or Civitas, may have regarding the merger and the other matters being considered at the shareholders' meetings and the answers to those questions. Greene County and Civitas recommend that you read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the shareholders' meetings. Additional important information is also contained in the appendices to, and the documents incorporated by reference, into this document.

Q: Why are you receiving this document?

A: You are receiving this document because you were a shareholder of record of either or both Greene County or Civitas on March 16, 2007. Greene County and Civitas have agreed to the combination of Civitas with Greene County under the terms of a merger agreement that is described in this document. A copy of the merger agreement is attached to this document as *Appendix A*.

In order to complete the merger, both Greene County and Civitas shareholders must vote to approve these respective proposals:

Greene County shareholders must approve the merger agreement and the related issuance of shares of Greene County common stock in connection with the merger. Pursuant to the Marketplace Rules of the Nasdaq Stock Market, shareholder approval is required when the issuance may exceed 20% of the outstanding shares of Greene County common stock prior to the merger.

Civitas shareholders must approve the merger agreement.

This document contains important information about the merger and the meetings of the respective shareholders of Greene County and Civitas, and you should read it carefully. Among the matters discussed in greater detail in this document are:

the reasons why Greene County and Civitas are proposing to merge;

the nature and the value of what Civitas shareholders will receive in the merger;

the effect of the merger upon outstanding Civitas stock options; and

the federal income tax consequences of the merger.

Greene County and Civitas will hold separate shareholders' meetings to obtain these approvals. Greene County shareholders will consider other proposals in addition to the merger-related proposals as more fully described below under **OTHER MATTERS TO BE CONSIDERED AT GREENE COUNTY'S ANNUAL MEETING**. The enclosed voting materials allow you to vote your shares without attending your respective shareholders' meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: Why is your vote important?

A:

First, both Greene County and Civitas, in order to conduct a lawful meeting, must obtain a quorum – the presence in person or proxy of a majority of their outstanding shares. Also, under the Tennessee Business Corporation Act, or TBCA, which applies to both Greene County and Civitas, the merger agreement must be approved by the holders of a majority of the outstanding shares of both Greene County and Civitas common stock entitled to vote. Accordingly, if a Greene County or Civitas shareholder fails to vote, or if a Greene County or Civitas shareholder abstains, that will make it more difficult for Greene County and Civitas to obtain the approval of the merger agreement.

Because approval of the merger of Greene County and Civitas requires the approval of a majority of the outstanding shares of both Greene County and Civitas, your failure to vote or your abstention on the merger will have the same effect as a vote against the approval of the merger.

Q: When and where will the shareholders meetings be held?

A: The Greene County annual meeting will be held the General Morgan Inn, 100 North Main Street, Greeneville, Tennessee 37743, at 11:00 a.m. local time on April 25, 2007.

The Civitas special meeting will be held at the Embassy Suites Hotel located at 820 Crescent Centre Drive, Franklin, Tennessee 37067, at 3:00 p.m. local time on April 26, 2007.

Q: How do you vote?

A: If you are a shareholder of record of Greene County as of the record date for the Greene County annual meeting or a shareholder of record of Civitas as of the record date for the Civitas special meeting, you may vote in person by attending your shareholders meeting or, to ensure your shares are represented at the meeting, you may vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning the enclosed proxy card in the postage-paid envelope provided.

If you hold either Greene County or Civitas shares in the name of a bank or broker, please see the discussion below.

If you are a participant in the Civitas Employee Stock Purchase Plan, you will receive a proxy card to vote your shares.

Q: What happens if you fail to vote or you abstain from voting?

A: If you are either a Greene County or Civitas shareholder and fail to vote or vote to abstain with respect to the proposed merger of Greene County and Civitas, it will have the same effect as a vote Against the proposal to approve and adopt the merger agreement. Otherwise, your failure to vote or your vote to abstain as to any other proposal at either of the meetings will have no effect on those proposals, assuming a quorum is present.

Q: Your shares are held in your broker s (also known as street) name. How do you vote those shares?

A: Copies of this joint proxy statement/prospectus were sent to you by your broker. The broker will request instructions from you as to how you want your shares to be voted, and the broker will vote your shares according to your instructions.

Q: If your shares are held in street name by a broker, won t your broker vote those shares for you?

A: Not unless you provide your broker with instructions on how to vote your street name shares. Without instructions from you, your broker will not be permitted to vote them, in the case of Civitas shareholders, on the approval of the merger agreement by Civitas shareholders, or, in the case of Greene County shareholders, on the approval of the merger agreement and the issuance of Greene County common stock in connection with the merger. You should therefore be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

Q: What if you fail to instruct your broker?

A: If you hold your shares in street name and fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the respective annual or special meeting, but it will otherwise have the consequences of a vote Against approval of the merger agreement, and, for Greene County shareholders, it also will have the consequences of a vote Against the issuance of Greene County common stock in connection with the merger. See What happens if you fail to vote or you abstain from voting?

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Q: What happens if you return your proxy card without indicating how to vote?

A: If you return your signed proxy card without indicating how to vote on any particular proposal, the Greene County or Civitas stock represented by your proxy will be voted on each proposal presented at your shareholders' meeting in accordance with the board's recommendation on that proposal.

Q: Can you change your vote after you have delivered your proxy card?

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

by sending a written notice to the corporate secretary of Greene County or Civitas, as appropriate, in time to be received before your shareholders' meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card bearing a later date and returning it by mail in time to be received before your annual or special meeting or, if you submitted your proxy through the Internet or by telephone, you can change your vote by submitting a proxy card at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending the annual or special meeting, as the case may be, and voting in person.

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

Q: If you've lost your Civitas stock certificate, can you receive consideration in the merger?

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

Q: Will shareholders have dissenters' or appraisal rights?

A: Neither Civitas nor Greene County shareholders will have any right to dissent from the merger and demand an appraisal of their shares of either Civitas or Greene County common stock.

Q: If you are a Civitas shareholder, will you be able to sell the Greene County shares that you receive in the merger?

A: Generally, yes. Shares of Greene County common stock that you receive in the merger will be freely transferable, unless you are an affiliate of Civitas (or become an affiliate of Greene County) under applicable federal securities laws. Affiliates generally include directors, certain executive officers or holders of 10% or more of a company's common stock. Generally, all shares of Greene County common stock received by affiliates of Civitas (including shares they beneficially own for others) may only be sold by them only upon compliance with certain requirements of the Securities Act of 1933, as amended (the Securities Act). For more detail regarding this subject, see page 51.

Q: Where will your shares be listed after the merger?

A: Shares of Greene County's common stock issued in the transaction will be listed on the Nasdaq Global Select Market and will trade under the symbol GCBS. However, if the Greene County shareholders approve the proposal to change Greene County's corporate name to Green Bankshares, Inc., it is expected that the trading symbol will change to GRNB.

Q: What else other than the merger are you being asked to vote upon and how does your board recommend you vote?

A: The Greene County board of directors unanimously recommends that you vote in favor of each of the proposals on which you will be voting at the Greene County annual meeting. At that meeting, along with the proposal to approve the merger with Civitas and the related issuance of Greene County shares, Greene County shareholders are also being asked to:

elect five persons to serve as directors of Greene County;

consider and vote upon a proposal to ratify the appointment of Greene County's independent registered public accounting firm for 2007;

consider and vote upon a proposal to amend Greene County's charter to increase the number of authorized shares from 15 million to 20 million shares of common stock;

consider and vote upon a proposal to amend Greene County's charter to change the corporate name of Greene County to Green Bankshares, Inc.;

consider and vote upon a proposal to approve the adjournment of the annual meeting, including, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting for any of the foregoing proposals; and

transact any other business that may properly come before the Greene County annual meeting or any adjournment or postponement thereof.

The only other matter that Civitas shareholders are being asked to vote upon is a proposal to adjourn the Civitas special meeting in the event additional time is necessary to solicit additional proxies, either to obtain a quorum or to attempt to obtain the requisite votes to approve the merger with Greene County. Although two members of the Civitas board of directors voted against the proposed merger with Greene County, the remaining members of the board are fully supportive of the proposed merger and determined it to be in the best interests of Civitas and its shareholders. Additionally, one of the Civitas board members who voted against the proposed merger was the Civitas Chief Executive Officer, who has since indicated to Civitas that he intends to vote his shares in favor of the Greene County merger. **Accordingly, the required majority of the Civitas board of directors recommends that you vote in favor of the proposed merger with Greene County.**

Neither Greene County nor Civitas is aware of any other business to be considered at their respective meetings.

Q: What do you need to do now?

A: After you carefully read and consider the information contained in and incorporated by reference into this document, please respond as soon as possible by completing, signing and dating your proxy card and returning it in the enclosed postage-paid return envelope, or, by submitting your proxy or voting instruction by telephone or through the Internet so that your shares will be represented and voted at your shareholders' meeting. This will not prevent you from attending and voting in person; however in order to assist us in tabulating the votes at your shareholders' meeting, we encourage you to vote by proxy even if you do plan to attend your meeting in person.

Q: What must Civitas shareholders do to elect to receive cash, stock or a combination of both?

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- A: A form for making an election will be sent to you separately after the effective time of the merger. For your election to be effective, your properly completed election form, along with your Civitas stock certificates or an appropriate guarantee of delivery, must be sent to and received by the exchange agent no later than the election deadline specified in the election form (which will not in any event be less than twenty (20) business days after the form is mailed to Civitas shareholders). Do not send your stock certificates to Civitas, Greene County or Greene County's exchange agent until you receive the transmittal materials with instructions from the exchange agent. If you do not make a timely election you will be deemed to have elected to receive the mixed consideration of cash and stock.

Q: Should you send in your Civitas stock certificates now?

A: No. After the merger is completed, the combined company will send Civitas shareholders written instructions for exchanging their stock certificates for merger consideration. You should not send in your stock certificates until you receive these instructions. If you are a Greene County shareholder, you are not required to take any action with respect to your Greene County stock certificates.

Q: Who can help answer any other questions that you might have?

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

If you are a Greene County shareholder:

Chief Financial Officer
Greene County Bancshares, Inc.
100 North Main Street
Greeneville, TN 37743-4992
(423) 639-5111

or

If you are a Civitas shareholder:

Investor Relations
Civitas BankGroup, Inc.
4 Corporate Centre
810 Crescent Centre Drive, Suite 320
Franklin, TN 37067
(615) 263-9500

SUMMARY

This following summary highlights selected information from this joint proxy statement/prospectus. Because this is a summary, it may not contain all of the information that may be important to you and, therefore, is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere or incorporated by reference in this joint proxy statement/prospectus. You should read carefully this entire document and the other documents to which this joint proxy statement/prospectus refers to before making a decision on whether to vote for the merger of Greene County and Civitas or to vote for the other matters that will be considered at the Greene County annual meeting. Each item in this summary refers to the page where that subject is discussed in more detail.

Civitas Will Merge With and Into Greene County (Page 26)

We propose a merger of Civitas with and into Greene County. Greene County will survive the merger. We have attached the merger agreement to this document as *Appendix A*. Please read the merger agreement carefully. It is the legal document that governs the merger. See also **THE MERGER AGREEMENT** at page 54.

What Civitas Shareholders Will Receive In the Merger (Page 54)

Subject to the prorationing mechanism described in this document, Civitas shareholders will be able to elect, for each share of Civitas common stock you own either:

0.2674 (subject to adjustment as described below) shares of Greene County common stock;

\$10.25 in cash, without interest; or

a combination of cash and Greene County common stock designated by you.

We refer to the 0.2674 ratio as the exchange ratio. For purposes of illustration only, if the merger had occurred on January 25, 2007, the last trading day prior to announcement of the proposed merger, or on April [], 2007, the last trading date prior to the date of this document, the exchange ratio on both dates for each Civitas share would have been 0.2674 Greene County shares having a value of \$9.80 and \$[9.07], respectively, as of those dates. Because Greene County stock represents 70% of the merger consideration, with the remaining 30% of the merger consideration being represented by \$10.25 per share, the implied value of the overall merger consideration to Civitas shareholders on those dates, respectively, was \$9.94 per share and \$[9.42] per share.

Other aspects of the merger consideration include:

The Greene County common stock component is fixed at 70% of aggregate merger consideration, which likely will result in the form and relative allocation of merger consideration to Civitas shareholders being different from that requested;

The exchange ratio can be adjusted based upon changes in Greene County stock price relative to the NASDAQ Bank Index, which results in the possibility that the number of shares of Greene County shares received by Civitas shareholders could change;

The exchange ratio is subject to a cap of 0.2968 and a floor of 0.2380, which results in the possibility that the implied value to Civitas shareholders, respectively, will decrease or increase if Greene County's stock trades at a level that would otherwise require an adjustment to the exchange ratio but for the cap and the floor; and

Civitas shareholders will not receive any fractional shares of Greene County common stock. Instead, they will receive cash, without interest, for any fractional share of Greene County common stock they might otherwise have been entitled to receive based on fractional share interest multiplied by \$10.25.

See THE MERGER AGREEMENT Merger Consideration; on page 54 which shows examples of the consideration a Civitas shareholder could receive in the merger.

You should obtain current stock price quotations for Greene County common stock and Civitas common stock. You can obtain these quotations from a newspaper, on the Internet or by calling your broker. The NASDAQ Bank Index, against which the value of Greene County shares are measured to determine whether the exchange ratio is to be adjusted, can be found at www.nasdaq.com.

Treatment of Civitas Stock Options (Page 54)

Each outstanding option to acquire Civitas common stock granted under Civitas stock option and incentive plans will be purchased at the effective time of the merger for a cash purchase price equal to the number of Civitas shares subject to the option multiplied by the excess, if any, of \$10.25 over the exercise price per share of the share subject to the option.

What Greene County Shareholders Will Receive (page 26)

Each share of Greene County common stock will remain issued and outstanding and will not be affected by the merger. Greene County shareholders will not need to surrender their Greene County stock certificates or exchange them for new ones.

Our Reasons for the Merger (Page 29)

Greene County Bancshares Board of Directors. Greene County's board of directors is proposing the merger because, among other reasons:

it provides accelerated entry in the Davidson County and Williamson County markets;

increased size and scale the combined company is expected to have pro forma assets of approximately \$2.8 billion, a pro forma market capitalization of approximately \$288 million and offices in some of the fastest growing areas in the Nashville MSA;

enhanced geographic market;

the board believes that the merger may result in synergies and cost savings through the centralization of operations and corporate functions;

the anticipated effect of the merger on the earnings per share of Greene County following the merger; and

increased float pro forma shares outstanding of the combined company would increase from approximately 9.8 million shares to approximately 12.9 million shares.

Civitas Board of Directors. Civitas board of directors is proposing the merger because, among other reasons:

the consideration to be received by Civitas shareholders, as indicated by the opinion of Keefe, Bruyette & Woods, is fair, from a financial point of view;

the per share value of the merger consideration to Civitas shareholders and the fact that up to 30% of the merger consideration can be in cash;

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

the merger allows Civitas shareholders who elect to become shareholders of Greene County to be part owner of a larger, more diversified financial services institution; and

the anticipated positive impact of the merger on Civitas customers.

Opinions of Financial Advisors (Page 32)

Greene County shareholders. In connection with the merger, the Greene County board of directors considered the opinion of Scott & Stringfellow, Inc. (Scott & Stringfellow), Greene County s financial advisor. Scott & Stringfellow rendered a written opinion to the Greene County board of directors that, as of

January 25, 2007, and based upon and subject to the factors and assumptions set forth therein, the exchange ratio and the aggregate merger consideration to be paid by Greene County pursuant to the merger agreement was fair from a financial point of view to Greene County and Greene County's shareholders. This opinion, which is attached to this document as *Appendix B*, sets forth the procedures followed assumptions made and limitation on the review undertaken by Scott & Stringfellow in providing its opinion. Please read this opinion carefully and in its entirety.

Civitas shareholders. In connection with the merger, the Civitas board of directors considered the opinion of Keefe, Bruyette & Woods, Civitas' financial advisor. Keefe, Bruyette & Woods rendered a written opinion to the Greene County board of directors that, as of January 25, 2007, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid by Greene County pursuant to the merger agreement was fair from a financial point of view to Civitas and Civitas shareholders. This opinion, which is attached to this document as *Appendix C*, sets forth the procedures followed assumptions made and limitation on the review undertaken by Keefe, Bruyette & Woods in providing its opinion. Please read this opinion carefully and in its entirety.

Material United States Federal Income Tax Consequences (Page 45)

You generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of your exchange of Civitas common stock for shares of Greene County common stock. Civitas shareholders may, however, have to recognize income or gain in connection with the receipt of any cash received in the merger. This tax treatment may not apply to all Civitas shareholders. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you. You will not be obligated to exchange your shares of Civitas common stock unless we receive a legal opinion that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368 of the Internal Revenue Code. This opinion, however, will not bind the Internal Revenue Service, which could take a different view.

Civitas shareholders will also be required to file certain information with their federal income tax returns and to retain certain records with regard to the merger.

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

Our Recommendations (Page 29)

Greene County shareholders. The Greene County board of directors believes that the merger is fair to Greene County shareholders and in their best interests. Accordingly, it is recommended that Greene County shareholders vote **FOR** approval of the merger of Civitas and Greene County and the related issuance of Greene County common stock pursuant to the merger and **FOR** each of the other matters to be considered at the Greene County annual meeting.

Civitas shareholders. A majority (nine out of twelve, with one director absent) of the Civitas board of directors determined that the merger is fair to Civitas shareholders and in their best interests. Accordingly, it is recommended that Civitas shareholders vote **FOR** the proposal to approve the merger with Greene County. The only other matter that Civitas shareholders are being asked to vote upon is a proposal to adjourn the Civitas special meeting in the event additional time is necessary to solicit additional proxies, either to obtain a quorum or to attempt to obtain the requisite votes to approve the merger with Greene County. As indicated, although not unanimous, **the required majority of the Civitas board of directors recommends that you vote in favor of each proposal, including the proposal to merge with Greene County.** See THE PROPOSED MERGER Background of the Merger at page 27.

Interests of Certain Directors and Officers in the Merger That Differ From Your Interests (Page 48)

Some of the directors and of Civitas have financial and other interests in the merger that differ from, or are in addition to, their interests as shareholders of Civitas. These interests include:

Certain officers of Civitas and Cumberland Bank will enter into new employment, consulting or change of control agreements with Greene County or Greene County Bank, which become effective as of the closing of the merger. These agreements provide for the payment of additional payments and benefits to these officers and contain covenants not to compete. The aggregate of all payments associated with these agreements is approximately \$1 million.

Greene County has agreed that it will maintain a policy of directors and officers liability insurance coverage for the benefit of Civitas directors and officers serving at the effective time of the merger for three years following completion of the merger.

Conditions to Completion of the Merger (Page 57)

Our obligations to complete the merger depend on a number of conditions being met. These include:

Greene County shareholders approval of the merger agreement and the issuance of shares in the merger;

Civitas shareholders approval of the merger agreement;

approval of the merger by the necessary federal and state regulatory authorities;

the absence of any burdensome condition, requirement or restriction imposed in connection with regulatory approval of the merger;

the absence of any order, injunction, decree, law or regulation that would prohibit the merger or make it illegal; and

receipt by Greene County and Civitas of the opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC that, for United States federal income tax purposes, the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Where the law permits, either of us could choose to waive a condition to our obligation to complete the merger, even if that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

Regulatory Approvals (Page 49)

We cannot complete the merger unless we receive the prior approval of the Federal Reserve Board and the Tennessee Department of Financial Institutions. In addition, we need to obtain approvals or consents from, or make filings with, a number of federal and state bank, insurance and other regulatory authorities. Once the Federal Reserve Board approves the merger, we have to wait from 15 to 30 days before we can complete it. During that time, the United States Department of Justice could challenge the merger.

As of the date of this document, we have received the approval of the Federal Reserve Board but have not yet received the other required approvals. While we do not know of any reason why we would not be able to obtain the necessary approvals in a timely manner, we cannot be certain when or if we will receive them.

Termination of the Merger Agreement; Fees Payable (Page 62)

We may jointly agree to terminate the merger agreement at any time without completing the merger, even if our respective shareholders have approved it. Also, either of us can decide, without the consent of the other, to terminate the merger agreement in a number of other situations, including:

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

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

the merger is not completed on or before June 30, 2007 (although this termination right is not available to a party whose failure to comply with the merger agreement resulted in the failure to complete the merger by that date);

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

the other party is in breach of its representations, warranties, covenants or agreements set forth in the merger agreement and the breach rises to a level that would excuse the terminating party's obligation to complete the merger and is either incurable or is not cured within 10 days;

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

the shareholders of Greene County do not approve the merger agreement and the issuance of Greene County common stock in connection with the merger at the Greene County shareholders' meeting.

The merger agreement provides that in limited circumstances, described more fully beginning on page 61, involving a change in the recommendation of Civitas' board that Civitas shareholders approve the merger agreement, Civitas failure to hold a shareholders' meeting to vote on the merger agreement, Civitas' authorization, recommendation or proposal of a third party acquisition proposal or if the merger agreement is otherwise terminated (other than by Civitas for Greene County's material breach) after Civitas shall have received a third party acquisition proposal, Civitas may be required to pay termination fees to Greene County of \$5 million.

We May Amend the Terms of the Merger and Waive Rights Under the Merger Agreement (Page 63)

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

Accounting Treatment (Page 45)

The merger will be accounted for under the purchase method of accounting.

No Dissenters and Appraisal Rights (Pages 67 and 70)

Under Tennessee law, neither Greene County nor Civitas shareholders are entitled to dissenters or appraisal rights in connection with the merger.

Comparison of the Rights of Civitas Shareholders and Greene County Shareholders (Page 71)

Both Greene County and Civitas are incorporated under Tennessee law. Civitas shareholders, upon completion of the merger will become Greene County shareholders, and their rights as such will be governed by Greene County's charter and bylaws. Greene County, however, in its charter, has taken advantage of certain Tennessee anti-takeover laws and has imposed certain heightened voting requirements on transactions with interested shareholders as well as on charter amendments that would change those provisions. Greene County also has a staggered board of directors, one-third of which is elected annually as compared with Civitas, whose entire board of directors is elected annually. The overall effect of these differences may make it more difficult for a person to acquire control of Greene County than it would for a person to acquire control of Civitas. See **COMPARISON OF THE RIGHTS OF SHAREHOLDERS** beginning on page 71, which discusses in greater detail the material differences between the rights of Civitas shareholders and Greene County shareholders.

The Shareholder Meetings (Pages 65 and 68)

Greene County shareholders. The Greene County annual meeting will be held at the General Morgan Inn, 111 North Main Street, Greeneville, Tennessee 37743 on April 25, 2007 at 11:00 a.m., local time. At the annual meeting, Greene County shareholders will be asked:

to consider and vote upon a proposal to approve the merger between Greene County and Civitas, and the issuance of Greene County common stock in connection with the merger;

to elect five directors;

to consider and vote upon a proposal to ratify the appointment of Greene County's independent registered public accounting firm for 2007;

to consider and vote upon a proposal to amend Greene County's charter to increase the number of authorized shares from 15 million to 20 million shares of common stock;

to consider and vote upon a proposal to amend Greene County's charter to change the corporate name of Greene County to Green Bankshares, Inc.;

to consider and vote upon a proposal to approve the adjournment of the meeting, if necessary; and

to transact any other business that may properly come before the meeting.

Civitas shareholders. The Civitas special meeting will be held at the Embassy Suites Hotel, 820 Crescent Centre Drive, Franklin, Tennessee 37067, at 3:00 p.m., on April 26, 2007, local time. At the special meeting, Civitas shareholders will be asked:

to consider and vote upon a proposal to approve the merger between Greene County and Civitas;

to consider and vote upon a proposal to approve the adjournment of the meeting, if necessary; and

to transact any other business that may properly come before the meeting.

Record Dates; Votes Required (Pages 65 and 68)

Greene County shareholders. You may vote at the Greene County annual meeting if you owned Greene County common stock at the close of business on March 16, 2007. On that date, there were 9,818,312 shares of Greene County common stock outstanding and entitled to vote, approximately 12% of which were owned and entitled to be voted by Greene County directors and executive officers and their affiliates. You may cast one vote for each share of Greene County common stock you owned on that date. Approval of the merger between Greene County and Civitas and the issuance of Greene County common stock in connection with the merger requires that the holders of a majority of Greene County's outstanding shares vote in favor of (*i.e.*, **FOR**) the merger. Directors are elected by a plurality. Approval of the remaining proposals requires, in each case, that the number of votes in favor of the proposal exceed the number of votes against the proposal.

Civitas shareholders. You may vote at the Civitas special meeting if you owned Civitas common stock at the close of business on March 16, 2007. On that date, there were 15,932,173 shares of Civitas common stock outstanding and entitled to vote, approximately 24.8% of which were owned and entitled to be voted by Civitas directors and executive officers and their affiliates. You may cast one vote for each share of Civitas common stock you owned on that date. Civitas executive officers, directors and their affiliates owning approximately 20% of Civitas outstanding shares have indicated that they intend to vote in favor of the merger with Greene County. Approval of the merger between Greene County and Civitas requires that the holders of a majority of Civitas outstanding shares vote in favor of (*i.e.*, **FOR**) the merger. Approval of a proposal to adjourn or postpone the meeting, if necessary, requires that the number of votes in favor of the proposal exceed the number of votes against the proposal.

Information about Greene County and Civitas (Page 15)

Greene County Bancshares, Inc.
100 North Main Street
Greeneville, TN 37743-4992
(423) 639-5111

Greene County was formed in 1985 and serves as the bank holding company for Greene County Bank (which will be changing its name to GreenBank effective April 2, 2007), which is a Tennessee-chartered commercial bank established in 1890 that conducts the principal business of Greene County. At December 31, 2006, and based on Federal Reserve Board data as of September 30, 2006, Greene County believes it was the third largest bank holding company headquartered in the state of Tennessee. Greene County's assets consist primarily of its investment in Greene County Bank and liquid investments.

The principal business of Greene County Bank, which has its principal executive offices in Greeneville, Tennessee, consists of attracting deposits from the general public and investing those funds, together with funds generated from operations and from principal and interest payments on loans, primarily in commercial loans, commercial and residential real estate loans, and installment consumer loans. Greene County Bank has 49 full-service banking offices located in 17 counties in East and Middle Tennessee as well as two other full service branches outside Tennessee—one in Madison County, North Carolina and the other in Bristol, Virginia. Greene County Bank also operates a wealth management office in Sumner County, Tennessee, a mortgage banking operation in Knox County, Tennessee, and also offers other financial services through three wholly-owned subsidiaries.

At December 31, 2006, Greene County's consolidated total assets were \$1.77 billion, its consolidated net loans were \$1.54 billion, its total deposits were \$1.33 billion and its total shareholders' equity was \$184.47 million.

Civitas Bancorp, Inc
4 Corporate Centre
810 Crescent Centre Drive, Suite 320
Franklin, Tennessee 37067
(615) 263-9500

Civitas is a Tennessee registered bank holding company headquartered in Franklin, Tennessee that resulted from the 1997 merger of a multi-thrift holding company with a bank holding company. Civitas serves as the bank holding company for Cumberland Bank, which provides banking and other financial services through twelve (12) branches located in five (5) markets throughout Middle Tennessee. Civitas focuses its efforts on the Nashville metropolitan market generally, with particular attention on the Williamson and Sumner County markets. As of June 30, 2006, Cumberland Bank was the fifth largest bank and largest independent bank in Williamson County.

Civitas principal operations include traditional banking services incorporating commercial and residential real estate lending, commercial business lending, consumer lending, construction lending and other financial services, including depository services. Civitas serves both metropolitan and rural areas, targeting local

consumers, professionals and small businesses. Net interest income, which is the principal source of earnings for Civitas, is the difference between the interest income earned on its loans, investment assets and other interest-earning assets and the interest paid on deposits and other interest-bearing liabilities. To a lesser extent, Civitas' net income also is affected by its noninterest income derived principally from service charges and fees as well as the level of noninterest expenses such as salaries and employee benefits.

At December 31, 2006, Civitas' consolidated total assets were \$898.2 million, its consolidated net loans were \$607.7 million, its total deposits were \$732.5 million and its total shareholders' equity was \$53.9 million.

RISK FACTORS RELATING TO THE MERGER

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including without limitation, Greene County's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and Civitas' Annual Report on Form 10-K for the fiscal year ended December 31, 2006, you should carefully consider the following risk factors in deciding whether to vote to approve the merger agreement and, in the case of the Greene County shareholders, the stock issuance in connection with the merger.

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

Greene County and Civitas expect to incur costs associated with combining the operations of the two companies. Greene County and Civitas have just recently begun collecting information in order to formulate detailed integration plans to deliver planned synergies. Additional unanticipated costs may be incurred in the integration of the businesses of Greene County and Civitas. Although Greene County and Civitas expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all. Greene County and Civitas currently expect the pretax costs of combining the companies to be approximately \$5 million and the anticipated cost savings associated with expected synergies to be approximately \$5.89 million. See **SELECTED FINANCIAL DATA** Selected Consolidated Unaudited Pro Forma Financial Data.

Whether or not the merger is consummated, Greene County and Civitas will incur substantial expenses, such as legal, accounting, printing and financial advisory fees, in pursuing the merger. Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals, including approval by federal and state banking regulators. Greene County and Civitas intend to pursue all required approvals in accordance with the merger agreement. See **THE MERGER AGREEMENT** Conditions to the Completion of the Merger beginning on page 57 for a discussion of the conditions to the completion of the merger and **THE PROPOSED MERGER** Regulatory Approvals beginning on page 49 for a description of the regulatory approvals necessary in connection with the merger.

Greene County May Not Be Able To Successfully Integrate Civitas or To Realize the Anticipated Benefits of the Merger

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

the loss of key employees and customers;

the disruption of operations and business;

inability to maintain and increase competitive presence;

deposit attrition, customer loss and revenue loss;

possible inconsistencies in standards, control procedures and policies;

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

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

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

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

Civitas Shareholders Are Not Guaranteed To Receive the Mix of Consideration That They Request On Their Election Form.

Although Civitas shareholders will be able to elect to receive either cash, Greene County common stock or the combination of cash and Greene County common stock in exchange for their Civitas common stock, elections will be limited by the requirement that of the total merger consideration, 70% must be in the form of Greene County common stock and 30% must be in cash. As a result, the form and relative mix of consideration that a shareholder receives will depend in part on the elections of other Civitas shareholders. If cash elections representing more than 30% of the outstanding shares of Civitas common stock prior to the merger are made, Greene County will prorate the amount of cash that Civitas shareholders as follows:

first, to holders of less than 200 Civitas shares and to Civitas option holders; and

second, pro-rata to Civitas shareholders who elected to receive cash based upon the ratio that the number of your shares for which you elected to receive cash bears to the total number of Civitas shares as to which Civitas shareholders elected to receive cash.

See THE MERGER AGREEMENT Proration Procedures.

Persons Who Receive All Cash in the Merger Will Not Participate in Future Growth.

Civitas shareholders who elect and receive all cash in the merger will not own any interest in Greene County, which will not afford them the opportunity to participate in future growth, if any, in the value of Greene County.

The Value of the Consideration Received by Civitas Shareholders in the Merger Will Change Based Upon Changes In the Prices of Greene County Stock And Changes In The Exchange Ratio That Could Be Caused By Changes That Occur After The Shareholders' Meetings; Accordingly, Civitas Shareholders Cannot be Sure of the Value of the Merger Consideration That They Will Receive.

The value of the consideration Civitas shareholders may elect to receive in exchange for their Civitas common stock is dependent on the exchange ratio. The exchange ratio initially is set at 0.2674, meaning that, unless adjusted, for every share of Civitas owned by you, you would receive 0.2674 shares of Greene County common stock. Fluctuations in the trading price of Greene County common stock therefore results in the value received by Civitas shareholders changing to the extent it is paid in Greene County stock. Any price fluctuations can result from a number of factors, many of which are beyond the control of either Civitas or Greene County.

Also, approval of the merger by the shareholders of Civitas and Greene County is only one condition of several that must occur prior to the closing of the merger. As a result, a significant amount of time could pass between the time of

the respective shareholder meetings and the closing of the merger. Also, not until the merger is effective will election forms be sent to Civitas shareholders. During those periods of time, the price of Greene County stock could change, which would result in changes in the value ultimately received by each Civitas shareholder.

Finally, the exchange ratio is adjusted if the average closing price of Greene County common stock changes by more than 10% of the change in the NASDAQ Bank Index since November 14, 2006. The

average closing price means the average of the daily closing sales price of Greene County common stock during the twenty (20) trading day period ending ten (10) trading days prior to the closing date of the merger. As a result, the number of Greene County shares that a Civitas shareholder may elect to receive may fluctuate depending on the average closing price of Greene County common stock. Civitas shareholders should read the section entitled THE MERGER AGREEMENT Merger Consideration on page 54, which shows examples of the consideration a Civitas shareholder could receive in the merger.

The delays that could occur between the shareholders meeting and closing and between the closing and the time the election forms are sent and received will result in Greene County and Civitas shareholders, at the time of their respective shareholder meetings, not knowing the exact value of the Greene County common stock that will be issued in connection with the merger.

We recommend that Greene County and Civitas shareholders obtain current market quotations for Greene County and Civitas common stock, and they may obtain such quotations from a newspaper, the Internet or by calling their broker. The NASDAQ Bank Index, against which the value of Greene County shares are measured to determine whether the exchange ratio is to be adjusted, can be found at www.nasdaq.com. The price of Greene County common stock and Civitas common stock at the effective time of the merger may vary from their prices on the date of this document. The historical prices of Greene County common stock and Civitas common stock included in this document may not be indicative of their prices on the date the merger becomes effective. The future market prices of Greene County common stock and Civitas common stock cannot be guaranteed or predicted. See COMPARATIVE MARKET PRICES beginning at page 24.

Fluctuations in the Trading Price of Greene County Common Stock That Either Do Not Result in an Adjustment of the Exchange Ratio or That Occur After the Exchange Ratio Has Been Set Will Change the Value of the Shares of Greene County Common Stock You Receive in the Merger.

The exchange ratio, absent significant fluctuations in the price of Greene County Stock, will essentially be fixed and, as a result, the market value of Greene County common stock issued in the merger may be higher or lower than the value of such shares on earlier dates. If the price of Greene County common stock declines prior to completion of the merger, the value of the merger consideration to be received by Civitas shareholders will decrease. Once the average closing price of Greene County common stock is determined and the exchange ratio is set, the market value of the Greene County common stock that you receive in the merger will increase or decrease depending on the direction of the price movement of the Greene County common stock. Also, after the merger, the market value of Greene County common stock may decrease and be lower than the Greene County average closing price used in calculating the exchange ratio in the merger.

If Fluctuations in the Average Closing Price of Greene County Common Stock Would Otherwise Cause the Exchange Rate to Fall Outside the Agreed Upon Range, Neither Party Has a Right to Terminate the Agreement and, As a Result, the Implied Value of the Merger to Civitas Shareholders Will Either Increase or Decrease, Depending Upon the Trading Price of Greene County's Stock.

The exchange rate is subject to a cap of 0.2968 (it can be no higher even if the change in the actual average closing price relative to the change in the NASDAQ Bank Index otherwise would result in a higher exchange ratio) and to a floor of 0.2380 (it can be no lower even if the change in the actual average closing price relative to the change in the NASDAQ Bank Index otherwise would result in a lower exchange ratio). As a result, if the price of Greene County common stock were to decline below that which would cause the exchange ratio but for the cap to exceed 0.2968, the implied offer value to Civitas shareholders will decline. Correspondingly, if the price of Greene County common stock were to increase above that which would cause the exchange ratio but for the floor to decrease below 0.2380, the implied offer value to Civitas shareholders will increase.

Civitas Shareholders Will Have Less Influence As a Shareholder of Greene County Than As a Shareholder of Civitas.

Civitas shareholders currently have the right to vote in the election of the board of directors of Civitas and on other matters affecting Civitas. Based upon the amount of cash selected to be received by Civitas shareholders in the merger, the shareholders of Civitas as a group will own approximately 23.8% of the combined organization. When the merger occurs, each Civitas shareholder that receives Greene County stock will become a shareholder of Greene County with a percentage ownership of the combined organization much smaller than such shareholder's percentage ownership of Civitas. Because of this, Civitas shareholders will have less influence on the management and policies of Greene County than they now have on the management and policies of Civitas.

Failure To Complete the Merger Could Cause Greene County's or Civitas' Stock Price To Decline

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

Directors and Officers of Civitas Have Interests in the Merger That Differ from the Interests of Non-Directors or Non-Management Shareholders.

Some of the directors and officers of Civitas have interests in the merger that differ from, or are in addition to, their interests as shareholders of Civitas generally. These interests exist because of, among other things, employment agreements that the officers entered into with Civitas, rights that Civitas officers and directors have under Civitas benefit plans (including the treatment of their stock options following the merger) and rights to indemnification and directors and officers insurance following the merger. Although the members of each of Greene County's and Civitas board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger, you should understand that some of the directors and officers of Civitas will receive benefits in connection with the merger that you will not receive. See **THE PROPOSED MERGER - Interests of Certain Civitas Executive Officers and Directors in the Merger** beginning on page 48.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

The ability of Greene County and Civitas to predict results or the actual effects of the combined company's plans and strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to the risk factors that are described in information that is incorporated by reference into this document, those described in RISK FACTORS RELATING TO THE MERGER discussed above as well as the following:

- difficulties in obtaining required shareholder and regulatory approvals for the merger and related transactions;
- the level and timeliness of realization, if any, of expected cost savings from the merger;
- difficulties related to the consummation of the merger and the integration of the businesses of Greene County and Civitas;
- a materially adverse change in the financial condition of Greene County or Civitas;
- greater than expected deposit attrition, customer loss, or revenue loss following the merger;
- loan losses that exceed the level of allowance for loan losses of the combined company;
- lower than expected revenue following the merger;
- management of the combined company's growth;
- the risks inherent or associated with possible or completed acquisitions;
- increases in competitive pressure in the banking industry;
- changes in the interest rate environment that reduce margins;

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

changes in accounting principles, policies or guidelines;

legislative or regulatory changes;

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

dependence on key personnel;

changes in business conditions and inflation; and

changes in the securities markets.

Additional factors are discussed in the reports filed with the Securities and Exchange Commission (SEC) by Greene County and Civitas. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 102.

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

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

INFORMATION ABOUT THE COMPANIES

Greene County Bancshares, Inc.

Greene County was formed in 1985 and serves as the bank holding company for Greene County Bank (which will be changing its name to GreenBank effective April 2, 2007), which is a Tennessee-chartered commercial bank that conducts the principal business of Greene County. At December 31, 2006, and based on Federal Reserve Board data as of September 30, 2006, Greene County believes it was the third largest bank holding company headquartered in the state of Tennessee. At December 31, 2006, Greene County maintained a main office in Greeneville, Tennessee and 49 full-service bank branches (of which eleven are in leased operating premises) and nine separate locations operated by Greene County Bank's subsidiaries.

Greene County's assets consist primarily of its investment in Greene County Bank and liquid investments. Its primary activities are conducted through Greene County Bank, which is a chartered commercial bank established in 1890 that has its principal executive offices in Greeneville, Tennessee. The principal business of Greene County Bank consists of attracting deposits from the general public and investing those funds, together with funds generated from operations and from principal and interest payments on loans, primarily in commercial loans, commercial and residential real estate loans, and installment consumer loans. At December 31, 2006, Greene County Bank had 48 full-service banking offices located in Greene, Washington, Blount, Knox, Hamblen, McMinn, Loudon, Hawkins, Sullivan, Cocke and Monroe Counties in East Tennessee and in Sumner, Rutherford, Davidson, Lawrence, Montgomery and Williamson Counties in Middle Tennessee. Greene County Bank also operates two other full service branches—one located in nearby Madison County, North Carolina and the other in nearby Bristol, Virginia. Further, Greene County Bank operates a wealth management office in Wilson County, Tennessee, and a mortgage banking operation in Knox County, Tennessee.

Greene County Bank also offers other financial services through three wholly-owned subsidiaries. Through Superior Financial Services, Inc., Greene County Bank operates eight consumer finance company offices located in Greene, Blount, Hamblen, Washington, Sullivan, Sevier, Knox and Bradley Counties, Tennessee. Through GCB Acceptance Corporation, Greene County Bank operates a sub-prime automobile lending company with a sole office in Johnson City, Tennessee. Through Fairway Title Co., Greene County Bank operates a title company headquartered in Knox County, Tennessee.

At December 31, 2006, Greene County's consolidated total assets were \$1.77 billion, its consolidated net loans were \$1.54 billion, its total deposits were \$1.33 billion and its total shareholders' equity was \$184.47 million.

Civitas BankGroup, Inc.

Civitas is a Tennessee registered bank holding company headquartered in Franklin, Tennessee. Civitas serves as the bank holding company for Cumberland Bank, which provides banking and other financial services through twelve (12) branches located in five (5) markets throughout Middle Tennessee. Civitas focuses its efforts on the Nashville metropolitan market generally, with particular attention on the Williamson and Sumner County markets. As of June 30, 2006 Cumberland Bank was the fifth largest bank and largest independent bank in Williamson County.

In July of 1997, Civitas resulted from a merger of equals between the two parent holding companies of a Tennessee multi-thrift holding company with a Tennessee bank holding company, forming Cumberland Bancorp, Inc. In 2004, Cumberland Bancorp changed its name to Civitas BankGroup, Inc.

Cumberland Bank was chartered in 1976 as The Savings & Loan Association of Smith County, Tennessee. Cumberland Bank was later converted to a state commercial bank. Cumberland Bank South was founded as First

Southern Savings & Loan in 1975. First Southern was acquired by First Federal in 1992. Cumberland Bank and Cumberland Bank South merged in 2004.

Civitas principal operations include traditional banking services incorporating commercial and residential real estate lending, commercial business lending, consumer lending, construction lending and other financial services, including depository services. Civitas serves both metropolitan and rural areas, targeting local

consumers, professionals and small businesses. Net interest income, which is the principal source of earnings for Civitas, is the difference between the interest income earned on its loans, investment assets and other interest-earning assets and the interest paid on deposits and other interest-bearing liabilities. To a lesser extent, Civitas' net income also is affected by its noninterest income derived principally from service charges and fees as well as the level of noninterest expenses such as salaries and employee benefits.

At December 31, 2006 Civitas also owned a 50% interest in Insurers Bank of Tennessee (IBOT), headquartered in Nashville, Tennessee. IBOT opened in November 2000 and had \$83.3 million in assets at December 31, 2006. The remaining 50% interest in IBOT was owned by InsCorp, a Tennessee corporation owned predominately by Tennessee insurance agents. In February 2007, Civitas divested itself of its 50% interest in IBOT by selling it to InsCorp.

At December 31, 2006, Civitas' consolidated total assets were \$898.2 million, its consolidated net loans were \$607.7 million, its total deposits were \$732.5 million and its total shareholders' equity was \$53.9 million.

Additional Information about Greene County and Civitas

Information concerning:

directors and executive officers,

executive compensation,

principal shareholders,

certain relationships and related transactions, and

other related matters concerning Greene County and Civitas

is included or incorporated by reference in the companies' Annual Reports on Form 10-K for the year ended December 31, 2006. Additionally, financial statements and information as well as management's discussion and analysis of financial condition and results of operation are included in those reports. Each of Greene County's and Civitas' Annual Report on Form 10-K for the year ended December 31, 2006 is incorporated by reference into this document. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 102.

SELECTED FINANCIAL DATA**Greene County Bancshares, Inc. Selected Historical Financial Data**

Set forth below is selected consolidated financial data for Greene County as of December 31, 2006, 2005, 2004, 2003 and 2002. Except for the data under Selected Ratios, the summary historical consolidated financial data as of December 31, 2006, 2005 and 2004 is derived from the audited financial statements, which were audited by Dixon Hughes PLLC, an independent registered public accounting firm. The data for December 31, 2003 and 2002 is derived from the audited financial statements, which were audited by Crowe Chizek and Company LLC, an independent registered public accounting firm. This information should be read together with Greene County's consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Greene County's Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into this joint proxy statement/prospectus.

Selected Historical Condensed Financial Data of Greene County Bancshares, Inc.

	2006	2005	2004	2003	2002
	(In thousands, except ratios and share data)				
Total interest income	\$ 117,357	\$ 87,191	\$ 65,076	\$ 56,737	\$ 59,929
Total interest expense	45,400	28,405	16,058	15,914	18,680
Net interest income	71,957	58,786	49,018	40,823	41,249
Provision for loan losses	(5,507)	(6,365)	(5,836)	(5,775)	(7,065)
Net interest income after provision for loan losses	66,450	52,421	43,182	35,048	34,184
Non-interest income:					
Investment securities gains					46
Other income	20,778	14,756	13,028	11,588	10,484
Noninterest expense	(52,776)	(44,340)	(36,983)	(30,618)	(29,199)
Income before income taxes	34,452	22,837	19,227	16,018	15,515
Income tax expense	(13,190)	(8,674)	(7,219)	(5,781)	(5,702)
Net income	\$ 21,262	\$ 14,163	\$ 12,008	\$ 10,237	\$ 9,813
Per Share Data:					
Net income, basic	\$ 2.17	\$ 1.73	\$ 1.57	\$ 1.48	\$ 1.44
Net income, assuming dilution	\$ 2.14	\$ 1.71	\$ 1.55	\$ 1.47	\$ 1.43
Dividends declared	\$.64	\$.62	\$ 0.61	\$.59	\$.58
Book value	\$ 18.80	\$ 17.20	\$ 14.22	\$ 13.31	\$ 10.94
Tangible book value(1)	\$ 14.87	\$ 13.15	\$ 11.12	\$ 10.57	\$ 10.53
Financial Condition Data:					
Assets	\$ 1,772,654	\$ 1,619,989	\$ 1,233,403	\$ 1,108,522	\$ 899,396
Loans, net of unearned interest	\$ 1,539,629	\$ 1,378,642	\$ 1,046,867	\$ 952,225	\$ 750,257
Cash and investments	\$ 91,997	\$ 104,872	\$ 76,637	\$ 80,910	\$ 61,980
Federal funds sold	\$ 25,983	\$ 28,387	\$ 39,921	\$ 5,254	\$ 39,493

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Deposits	\$ 1,332,505	\$ 1,295,879	\$ 988,022	\$ 907,115	\$ 719,323
FHLB advances and notes payable	\$ 177,571	\$ 105,146	\$ 85,222	\$ 63,030	\$ 82,359
Subordinated debentures	\$ 13,403	\$ 13,403	\$ 10,310	\$ 10,310	\$
Federal funds purchased and repurchase agreements	\$ 42,165	\$ 17,498	\$ 13,868	\$ 12,896	\$ 10,038
Shareholders equity	\$ 184,471	\$ 168,021	\$ 108,718	\$ 101,935	\$ 74,595
Tangible shareholders equity(1)	\$ 145,930	\$ 128,399	\$ 85,023	\$ 80,965	\$ 71,799
Selected Ratios:					
Interest rate spread	4.32%	4.30%	4.53%	4.59%	4.99%
Net interest margin(2)	4.77%	4.61%	4.75%	4.83%	5.29%
Return on average assets	1.28%	1.02%	1.06%	1.12%	1.17%
Return on average equity	11.91%	11.09%	11.23%	12.59%	13.40%
Return on average tangible equity(1)	15.25%	14.04%	13.95%	13.38%	13.93%
Average equity to average assets	10.78%	9.20%	9.47%	8.87%	8.72%
Dividend payout ratio	29.49%	35.84%	38.85%	39.86%	40.28%
Ratio of nonperforming assets to total assets	0.29%	0.65%	0.69%	0.79%	1.48%
Ratio of allowance for loan losses to nonperforming loans	635.93%	293.56%	227.64%	321.57%	161.73%
Ratio of allowance for loan losses to total loans, net of unearned income	1.45%	1.43%	1.50%	1.53%	1.68%

(1) Tangible shareholders equity is shareholders equity less goodwill and intangible assets.

(2) Net interest margin is the net yield on interest earning assets and is the difference between the interest yield earned on interest-earning assets less the interest rate paid on interest bearing liabilities.

Civitas BankGroup, Inc. Selected Historical Financial Data

Set forth below is selected consolidated financial data for Civitas as of December 31, 2006, 2005, 2004, 2003 and 2002. Except for the data under Selected Operating Ratios, the summary historical consolidated financial data as of December 31, 2006, 2005, 2004, 2003 and 2002 is derived from our audited consolidated financial statements, which were audited by Crowe Chizek and Company LLC, an independent registered public accounting firm. This information should be read together with Civitas' consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Civitas' Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into this joint proxy statement/prospectus.

Selected Historical Condensed Financial Data of Civitas BankGroup, Inc.

	2006	2005	2004	2003	2002
	(In thousands, except ratios and share data)				
<u>Summary of Operations</u>					
Interest income	\$ 53,456	\$ 40,357	\$ 32,940	\$ 31,622	\$ 31,761
Interest expense	29,309	19,107	13,123	12,162	13,505
Net interest income	24,147	21,250	19,817	19,460	18,256
Provision for loan losses	2,375	993	1,446	3,083	4,663
Noninterest income	10,352	7,571	7,793	6,261	6,830
Noninterest expense	21,882	22,209	22,917	20,382	18,690
Income before income taxes	10,242	5,619	3,247	2,256	1,733
Income tax expense	3,557	1,715	941	823	596
Income from continuing operations	6,685	3,904	2,306	1,433	1,137
Basic earnings per share					
continuing operations	0.42	0.24	0.13	0.09	0.08
Diluted earnings per share					
continuing operations	0.42	0.24	0.13	0.09	0.08
Cash dividends per common share	0.06	0.00	0.03	0.06	0.06
Book value per common share	3.39	2.98	3.28	3.19	2.96
<u>Selected Period-End Balances</u>					
Total assets of continuing operations	\$ 898,166	\$ 749,516	\$ 703,678	\$ 643,543	\$ 534,183
Loans, net of unearned income	614,037	476,421	430,617	412,609	391,934
Allowance for loan losses	6,298	4,765	4,427	5,688	5,761
Total deposits	732,520	600,766	566,873	520,505	437,607
Other borrowings and subordinated debt	105,906	97,452	90,451	79,565	60,688
Shareholders' equity	53,945	47,225	57,736	54,741	45,473
<u>Selected Operating Ratios</u>					
Annual % change in loans	28.89%	10.64%	4.36%	5.28%	6.50%
Annual % change in assets	19.83%	6.51%	9.34%	20.47%	13.64%
Return on assets from continuing operations	0.74%	0.52%	0.33%	0.22%	0.21%
Return on equity from continuing operations	12.39%	8.27%	3.99%	2.62%	2.50%

Per share amounts are adjusted to reflect the effect of stock splits and stock dividends.

Selected Consolidated Unaudited Pro Forma Financial Data

The following unaudited pro forma condensed consolidated statement of financial condition as of December 31, 2006, and the unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2006, have been prepared to reflect the proposed merger of Greene County and Civitas. The unaudited pro forma condensed consolidated statement of financial condition and the unaudited pro forma condensed consolidated statements of operations are presented as if the merger occurred on January 1, 2006. The unaudited pro forma acquisition adjustments, including those to adjust Civitas net assets to fair value, are preliminary and subject to change as additional analyses are performed and as additional information becomes available.

The unaudited pro forma financial data set forth below is not necessarily indicative of results that would have actually been achieved if the merger transaction had been consummated as of the date indicated, or that may be achieved in the future. This information should be read in conjunction with the historical consolidated financial statements of each of Greene County and Civitas (and the notes to them), which are incorporated by reference into this joint proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION beginning on page 102.

Selected Consolidated Unaudited Pro Forma Financial Data
December 31, 2006

	Greene County Bancshares, Inc.	Civitas Bank-Group, Inc.	Pro Forma Acquisition Adjustments	Pro Forma Combined
(In thousands except share amounts)				
ASSETS				
Cash and cash equivalents	\$ 70,640	\$ 38,608(a)	\$ (50,517)	\$ 109,679
		(c)	56,000	
		(d)	(5,052)	
Investment securities:				
Held to maturity	2,545	110,758(f)	(110,758)	2,545
Available for sale	37,740	99,098(f)	110,758	246,587
		(e)	(1,009)	
Loans held for sale	1,772	4,246		6,018
Loans, net of unearned income	1,539,629	614,037(e)	(1,020)	2,152,646
Allowance for loan losses	(22,302)	(6,298)		(28,600)
Goodwill	31,327	(a)	114,446	145,553
		(b)	(6,512)	
		(d)	5,052	
		(d)	(1,920)	
		(e)	3,160	
Other intangibles	7,213	508(b)	10,503	18,224
Premises and equipment, net	57,258	14,875		72,133
Other assets	46,832	22,334		69,166
Total assets	\$ 1,772,654	\$ 898,166	\$ 123,131	\$ 2,793,951
Liabilities and Shareholders Equity				
Deposits	\$ 1,332,505	\$ 732,520(e)	\$ 2,681	\$ 2,067,706
Federal funds purchased and repurchase agreements	42,165	58,406		100,571
FHLB advances and notes payable	177,571	30,500(e)	75	208,146
Subordinated debentures	13,403	17,000(c)	56,000	86,715
		(e)	312	
Other liabilities	22,539	5,795(b)	3,991	28,468

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			(d)	(1,920)	
			(e)	(1,937)	
Total liabilities	1,588,183	844,221		59,202	2,491,606
Shareholders' equity:					
Common stock	19,622	7,956(a)		(7,956)	25,772
		(a)		6,150	
Additional paid-in capital	71,828	24,666(a)		(24,666)	183,552
		(a)		111,724	
Retained earnings	93,150	22,390(a)		(22,390)	93,150
Accumulated other comprehensive loss	(129)	(1,067)(a)		1,067	(129)
Total shareholders' equity	184,471	53,945		63,929	302,345
Total liabilities and shareholders' equity	\$ 1,772,654	\$ 898,166		\$ 123,131	\$ 2,793,951

**Notes to Selected Consolidated Unaudited Pro Forma Financial Data:
(in thousands except share and per share amounts)**

		Calculation
(a)	To reflect the impact of the issuance of Greene County common stock for outstanding Civitas common stock. Values are as of January 25, 2007, the announcement date of the acquisition	
	<u>Goodwill before Fair Value Adjustments and Deal Cost:</u>	
	Number of Civitas shares outstanding	15,911,750
	Purchase price per Civitas share	\$ 10.25
	Deal value for Civitas shares outstanding	\$ 163,095
	Cash paid for Civitas options:	
	Number of options outstanding	1,811,235
	Dollar amount per option (\$10.25 less average exercise price \$7.326)	\$ 2.924
	Total cash to be paid for options	5,296
	Aggregate acquisition cost	168,391
	Less: Civitas stockholders' equity	(53,945)
	Goodwill before Fair Value Adjustments and Deal Cost	\$ 114,446
	<u>Greene County Bancshares shares to be issued:</u>	
	Number of Civitas shares outstanding	15,911,750
	(less) Shares that will be purchased with cash	(4,411,805)
	Shares exchanged for Greene County common stock	11,499,945
	Exchange ratio	0.2674
	Shares to be issued	3,075,085
	<u>Cash paid:</u>	
	Aggregate consideration	168,391
	30% cash consideration	30.00%
	Total cash paid	\$ 50,517
	(less) cash paid for options	(5,296)
	Cash available to purchase shares	\$ 45,221
	Purchase price	\$ 10.25
	Shares that can be purchased with cash	4,411,805

Entries/Account	Debit	Credit
Goodwill	114,446	
Common Stock of Civitas	7,956	
Additional paid-in capital Civitas	24,666	
Retained earnings Civitas	22,390	
Other comprehensive income		1,067
Common stock (3,075,085 @ \$2 par)		6,150
Additional paid-in capital		111,724
Cash for 30% consideration		50,517

	Entries/Account	Debit	Credit	
(b)	To reflect the estimated value of core deposit intangible asset associated with the core deposits of Civitas. For purpose of the pro forma condensed financial statements, such intangible will amortized using the straight line method over nine (9) years	Core deposit intangible	10,503	
		Other liabilities (deferred income taxes)		3,991
		Goodwill		6,512
(c)	Issuance of Trust Preferred Securities to handle the cash consideration paid to Civitas shareholders and merger related cost	Cash	56,000	
		Subordinated debentures		56,000
(d)	Merger related cost 3% of total deal cost using effective tax rate of 38%	Goodwill	5,052	
		Other liabilities (Taxes Payable)	1,920	
		Goodwill		1,920
		Cash		5,052
(e)	Estimated purchase accounting entries to adjust Civitas financial information to their fair value	Goodwill	3,160	
		Investment securities: available for sale to mark to FMV reclassified		
		HTM securities		1,009
		Loans		1,020
		Bank premises & Equipment N/A at this time		
		Time deposits		2,681
		FHLB Advances		75
		Subordinated Debentures		312
(f)	Upon acquisition all investments held to maturity will be reclassified to available for sale	Investment securities: Available for sale	110,758	
		Investment securities: Held to maturity		110,758

**Unaudited Pro Forma Condensed Consolidated Statement of
Operations for the Year Ended December 31, 2006**

	Greene County Bancshares, Inc.	Civitas Bank-Group, Inc.	Pro Forma Acquisition Adjustments	Pro Forma Combined
	(Dollars in thousands, except per share data)			
Interest income	\$ 117,357	\$ 53,456(a)	\$ 204	\$ 171,017
Interest expense	45,400	29,309(a)	(1,341)	77,096
		(a)	(30)	
		(a)	(78)	
		(c)	3,836	
Net interest income	71,957	24,147	(2,183)	93,921
Provision for loan losses	5,507	2,375		7,882
Net interest income after provision for loan losses	66,450	21,772	(2,183)	86,039
Noninterest income	20,778	10,352		31,130
Noninterest expense	51,694	21,737(d)	(5,689)	67,742
Amortization of intangible assets	1,082	145(b)	1,167	2,394
Income before income taxes	34,452	10,242	2,339	47,033
Income taxes	13,190	3,557(e)	889	17,636
Net income	\$ 21,262	\$ 6,685	\$ 1,450	\$ 29,397

(a) **Amortization of fair value adjustments for the following items:**

Increase in interest income	Accretion of discount	204
Decrease in interest expense	Amortization of deposit premium	1,341
Decrease in interest expense	Amortization of FHLB Advance premium	30
Decrease in interest expense	Amortization of subordinated debentures premium	78
Increase in noninterest expense	Depreciation related to premise & equipment write-up. (N/A at this time)	
(b)	Increase in amortization of intangible assets Amortization of core deposit intangible over nine years using a straight-line method	1,167
(c)	Interest expense for subordinated debentures	3,836
(d)	The projected cost savings for the acquisition is 26% of total non-interest expense for Civitas	5,689
(e)	Increase in tax expense due to tax impact of above items	889

Unaudited Historical and Pro Forma Comparative Share Data

The following table shows comparative per share data about our historical and pro forma net income, cash dividends and book value. The comparative per share data below provides Greene County and Civitas shareholders with information about the value of their shares prior to the merger as opposed to the value of their shares after the merger and once the two companies are combined.

You should not rely on the pro forma information as necessarily indicative of historical results we would have experienced had we been combined or of future results we will have after the merger.

This information should be read in conjunction with the unaudited pro forma financial data (and the notes thereto) included elsewhere in this joint proxy statement/prospectus, and the historical consolidated financial statements (and the notes thereto), of Greene County and Civitas, which are incorporated by reference into this joint proxy statement/prospectus. See Selected Unaudited Pro Forma Financial Data above, and WHERE YOU CAN FIND MORE INFORMATION beginning on page 102.

The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of Civitas at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. The significant pro forma assumptions include (i) that the exchange ratio of Greene County Bancshares common stock for Civitas common stock is 0.2674 (ii) the issuance of 3,075,085 shares of Greene County Bancshares common stock valued at \$38.33 per share, and (iii) a nine-year straight-line amortization relating to core deposit intangible of approximately \$10.5 million to be recorded in accordance with the purchase method of accounting. Assumptions also include no amortization or impairment of the goodwill resulting from the transaction in the amount of approximately \$114.2 million.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods. Upon completion of the merger, the operating results of Civitas will be reflected in the consolidated financial statements of Greene County on a prospective basis.

Unaudited Historical and Pro Forma Per Share Data

	Greene County Bancshares, Inc. Common Stock	Civitas Bancorp, Inc. Common Stock	Combined Pro Forma Per Share Data	Civitas Equivalent Pro Forma Per Share Data(1)
<i>Year ended December 31, 2006</i>				
Net income, basic	\$ 2.17	\$ 0.42(2)	\$ 2.29	\$ 0.61
Net income, diluted	2.14	0.42(2)	2.26	0.60
Cash Dividends	0.64	0.06	0.64	0.17

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Book value	18.80	3.39	23.46	6.27
Weighted average shares, basic	9,788,004	15,888,219	12,863,089	
Weighted average shares, diluted	9,933,278	15,959,011	13,008,363	
Actual shares outstanding	9,810,867	15,911,750	12,885,952	
Shares to be issued in conjunction with the Civitas acquisition	3,075,085			

(1) Equivalent pro forma per share data represents the pro forma per share amounts attributed to one share of Civitas common stock that has been exchanged for stock consideration. Equivalent pro forma per share amounts are calculated by multiplying the pro forma combined amounts by the exchange ratio of 0.2674.

(2) From continuing operations.

COMPARATIVE MARKET PRICES

Shares of Greene County common stock are traded on the Nasdaq Global Select Market under the symbol GCBS. Shares of Civitas common stock are traded on the Nasdaq Global Market under the symbol CVBG.

The following table shows, for the periods indicated, the reported closing sale prices per share for Civitas common stock and Greene County common stock on (i) January 25, 2007, the last trading day before the public announcement of the execution of the merger agreement, and (ii) April , 2007, the latest practicable date prior to the date this document was printed. This table also shows Equivalent Price Per Civitas Share , which represents the value of the merger consideration on the date indicated based upon 70% Greene County stock and 30% cash.

We can give no assurances as to what the market price of the Greene County common stock will be when the merger is completed or anytime thereafter. Because the market value of Greene County common stock will fluctuate after the date of this document, we cannot assure you what value a share of Greene County common stock will have when received by a Civitas shareholder. Civitas shareholders should obtain current stock price quotations for Greene County and Civitas common stock. Such quotations may be obtained from a newspaper, the Internet or a broker.

Date	Greene County Bancshares, Inc. Common Stock	Civitas BankGroup, Inc. Common Stock	Equivalent Price Per Civitas BankGroup, Inc. Share
January 25, 2007	\$ 36.67	\$ 8.00	\$ 9.94
April , 2007	\$ [33.91]	\$ [9.30]	\$ [9.42]

Greene County Shares

The following table shows, for the periods indicated, the high and low sales prices for Greene County common stock as reported by the Nasdaq Global Select Market, and the cash dividends declared per share of Greene County common stock.

	High	Low	Cash Dividends Per Share Declared
2005:			
First Quarter	\$ 28.50	\$ 25.88	\$ 0.12
Second Quarter	29.75	23.75	0.12
Third Quarter	29.50	25.09	0.12
Fourth Quarter	28.32	25.65	0.26
2006:			
First Quarter	\$ 29.93	\$ 27.01	\$ 0.12
Second Quarter	32.20	27.90	0.12
Third quarter	37.77	29.28	0.12

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Fourth Quarter 2007:	39.73	35.06	0.28
First Quarter	\$ [40.50]	\$ [32.83]	\$ 0.13
Second Quarter (through April [], 2007)	[]	[]	[]

As of March 16, 2007, Greene County had approximately 2,000 shareholders of record and approximately 2,200 beneficial owners.

Holders of Greene County common stock are entitled to receive dividends when, as and if declared by the Greene County's board of directors out of funds legally available for dividends. Historically, Greene County has paid quarterly cash dividends on its common stock, and its board of directors presently intends to

continue to pay regular quarterly cash dividends. Greene County's ability to pay dividends to its shareholders in the future will depend on its earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, its ability to service any equity or debt obligations senior to its common stock, including its outstanding trust preferred securities and accompanying junior subordinated debentures, and other factors deemed relevant by its board of directors. In order to pay dividends to shareholders, Greene County must receive cash dividends from Greene County Bank. As a result, Greene County's ability to pay future dividends will depend upon the earnings of Greene County Bank, its financial condition and its need for funds. A discussion of the restrictions on Greene County's dividend payments is included in Greene County's Annual Report on Form 10-K for the fiscal year ended December 31, 2006. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 102 of this document.

Civitas Shares

The following table shows, for the periods indicated, the high and low sales prices for Civitas common stock as reported by the Nasdaq Global Market, and the cash dividends declared per share of Civitas common stock.

Cash Dividends