GREENE COUNTY BANCSHARES INC
Form S-4
March 19, 2007

As filed with the Securities and Exchange Commission on March 19, 2007

Registration No. 333-[ ].

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

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GREENE COUNTY BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

Tennessee	**6022**	**62-1222567**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

100 North Main Street
Greeneville, TN 37743-4992
(423) 639-5111
(Address, including zip code, and telephone number,
including area code, of registrant s principal executive offices)

R. Stan Puckett
Chairman and Chief Executive Officer
Greene County Bancshares, Inc.
100 North Main Street
Greeneville, TN 37743-4992
(423) 639-5111
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Mary Neil Price, Esq.
Miller & Martin PLLC

Gary M. Brown, Esq.
Baker, Donelson, Bearman, Caldwell, &

150 Fourth Avenue North
Suite 1200
Nashville, Tennessee 37219

Berkowitz, PC
211 Commerce Street
Suite 1000
Nashville, Tennessee 37201

Approximate date of commencement of the proposed sale to the public: As soon as practicable after the merger described in this Registration Statement becomes effective.

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, $2.00 par value per share	3,075,085	N/A	$102,600,000	$3,150

(1) Represents the maximum number of shares of common stock, $2.00 par value per share, of Greene County Bancshares, Inc. (Greene County) estimated to be issuable upon completion of the transactions contemplated in the merger of Civitas BankGroup, Inc. (Civitas) with and into Greene County.

(2) Pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) under the Securities Act of 1933, as amended (Securities Act), and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to (x) the estimated number of shares of Civitas common stock to be exchanged upon completion of the transactions contemplated in the merger agreement multiplied by (y) $9.29, the last sale price of Civitas common stock on March 13, 2007, as reported on the Nasdaq Global Select, less the amount of cash to be paid by the registrant in connection with the exchange.

(3) This fee has been calculated under Section 6(b) of the Securities Act, by multiplying the proposed maximum aggregate offering amount of $102,600,000 by 0.00003070.

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

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 MARCH 19, 2007

MERGER PROPOSAL   YOUR VOTE IS VERY IMPORTANT

The board of directors of Greene County Bancshares, Inc, or Greene County, and the board of directors of Civitas BankGroup, Inc., or Civitas, have agreed to a strategic combination of the two companies under the terms of the Agreement and Plan of Merger, dated January 25, 2007 and referred to in this document as the merger agreement by and between Greene County and Civitas. 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 described in this document, you may elect to receive for each Civitas share that you own either (1) $10.25 in cash; (2) Greene County common stock based on a formula in which 1.0 share of Greene County common stock is multiplied by an exchange ratio (currently 0.2674, subject to adjustment as described in this document but in no event to a ratio greater than 0.2968 or less than 0.2380); or (3) a combination of cash and Greene County common stock.
>
> 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. Also, because the market price of Greene County common stock may fluctuate between the date of this joint proxy statement/prospectus and the date that the merger is completed, we cannot predict the number of shares of Greene County common stock that a Civitas shareholder would receive 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. 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 [8] through [11] 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 March *[   ]*, 2007, and is first being mailed to the shareholders of Greene County and Civitas on or about March *[   ]*, 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
March [ ], 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
March [ ], 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 where 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.

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.

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. 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?

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: Why are Greene County and Civitas proposing to merge?

A: Greene County and Civitas believe that, among other things, the merger will provide the resulting company with expanded opportunities for profitable growth. In addition, they believe that by combining the resources of the two companies, the resulting company will have an improved ability to compete in the changing and competitive financial services industry. An additional factor in the case of Civitas is that its shareholders are receiving a premium of approximately 22.6% based upon the trading price of Civitas shares immediately prior to announcement of the proposed merger with Greene County.

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

A: It depends. Civitas shareholders will be able to elect to receive all cash, all Greene County common stock, or a combination of cash and stock for their Civitas shares, subject to the prorationing mechanism described in this document. At your election, for each share of Civitas common stock you own you will receive either (i) $10.25 in cash, without interest, (ii) 1.0 share of Greene County common stock multiplied by the exchange ratio (described in detail in the next question) or (iii) a combination of cash and Greene County common stock designated by you.

Although you will be able to elect to receive either cash, Greene County common stock or the combination of cash and Greene County common stock described above in exchange for your shares of 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 of consideration that you receive will depend in part on the elections of other Civitas shareholders. For example, if you elect cash for all or a portion of your Civitas shares and more than 30% of Civitas shareholder elect to receive cash, your election will be prorated and you will receive a combination of cash and stock. A similar result would occur if you elected to receive all Greene County stock and more than 70% of Civitas shareholders elected Greene County common stock in that case, you also would receive a combination of cash and stock. Also, if you elect a combination of cash and stock, the elections of other Civitas shareholders could result in your receiving cash and stock in different proportions that you request.

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.

Please see page 50 of this joint proxy statement/prospectus for a full description of the all cash, all stock and mixed consideration options and shareholder election procedures.

Q: How do you determine the value of the consideration received by Civitas shareholders?

A: 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 one share of Civitas owned by you, you would receive 0.2674 shares of Greene County common stock. The exchange ratio, however, is adjusted if the average closing price of Greene County common stock changes by more than 10% of the change in the NASDAQ bank stock 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, which shows examples of the consideration a Civitas shareholder could receive in the merger.

In addition, 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 stock 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 stock 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.

For purposes of illustration only, if the merger had closed on March 23, 2007, the exchange ratio for each share of Civitas would have been 0.2674 shares of Greene County, having a value of $ based on the change in the value of Greene County common stock relative to the NASDAQ bank stock index during the applicable measurement periods.

We recommend that you get current quotes for both Greene County and Civitas common stock.

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

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: 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: What are the federal income tax consequences of the merger to Civitas shareholders?

A: For federal income tax purposes, Civitas shareholders who exchange their shares solely for Greene County common stock will generally not recognize gain or loss on the exchange, except with respect to any cash paid for fractional shares. You will recognize gain or loss if you exchange your Civitas common stock solely for cash in the merger in an amount equal to the difference between the amount of cash you receive and your tax basis in your shares of Civitas common stock. You will recognize gain (but not loss) if you exchange your Civitas common stock for a combination of stock and cash, subject to certain conditions.

Please see page 44 of this document for a description of the material United States federal income tax consequences of the merger.

Q: When do we expect the merger to be completed?

A: We anticipate that the merger will be completed in the second quarter of 2007. In addition to shareholder approvals, we must also obtain certain regulatory approvals. Any delay in obtaining any of these approvals may delay the consummation of the merger.

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: 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 s 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 it 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 each 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: 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: If the merger is completed, what will happen to my options to acquire Civitas common stock?

A: Upon completion of the merger, each outstanding Civitas stock option will be terminated in exchange for a cash payment by to each holder in an amount equal to $10.25 per share minus the applicable exercise price per share for Civitas common stock covered by the applicable stock option.

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:		**If you are a Civitas shareholder:**
Chief Financial Officer Greene County Bancshares, Inc. 100 North Main Street Greeneville, TN 37743-4992 (423) 639-5111	or	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.

Information about Greene County and Civitas (Page 14)

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

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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.

Civitas Will Merge With and Into Greene County (Page 25)

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 53.

Our Reasons for the Merger (Page 28)

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 shareholder 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 employees and customers.

What Civitas Shareholders Will Receive In the Merger (Page 53)

Civitas shareholders will be able to elect to receive all cash, all Greene County common stock, or a combination of cash and stock for their Civitas shares, subject to the prorationing mechanism described in this document. At your election, for each share of Civitas common stock you own you will receive, subject to the requirement that 70% of the aggregate merger consideration consist of Greene County common stock, either

$10.25 in cash, without interest;

1.0 share of Greene County common stock multiplied by the 0.2674 (the exchange ratio); or

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

Other aspects of the merger consideration include:

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

Possibility of adjustment in exchange ratio based upon changes in Greene County stock price relative to the NASDAQ bank stock index results in possibility of fluctuation of number of shares of Greene County shares received by Civitas shareholders;

Cap (0.2968) and floor (0.2380) on exchange ratio results in possibility of implied value to Civitas shareholders, respectively, decreasing or increasing if Greene County s stock trades at such a level as 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 53 which shows examples of the consideration a Civitas shareholder could receive in the merger.

For purposes of illustration only, if the merger had closed on March 23, 2007, the exchange ratio for each share of Civitas would have been .0.2674 shares of Greene County, having a value of $[ ] based on the change in the value of Greene County common stock relative to the NASDAQ bank stock index during the applicable measurement periods.

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.

What Greene County Shareholders Will Receive (page 25)

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.

No Dissenters and Appraisal Rights (Page 30)

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

Our Recommendations (Page 28)

Greene County shareholders. The Greene County board of directors believes that the merger is fair to Greene County s 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 26.

Opinions of Financial Advisors (Page 31)

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.

The Scott & Stringfellow opinion is addressed to the Greene County board of directors and is not a recommendation as to how any shareholder of either Greene County or Civitas should vote with respect to the merger agreement and the issuance of Greene County common stock in connection with the merger.

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.

The Keefe, Bruyette & Woods opinion is addressed to the Civitas board of directors and is not a recommendation as to how any shareholder of either Civitas or Greene County should vote with respect to the merger agreement.

Accounting Treatment (Page 43)

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

Certain Federal Income Tax Consequences (Page 44)

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.

The discussion of United States federal income tax consequences set forth above is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that

may apply to a holder of Civitas common stock. Civitas shareholders are strongly encouraged to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

The Shareholder Meetings (Pages 64 and 67)

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 64 and 67)

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 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. Approval of the merger between Greene County and Civitas requires 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.

Conditions to Completion of the Merger (Page 56)

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

Greene County s 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 47)

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 not yet received the 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 61)

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 62)

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.

Interests of Certain Directors and Officers in the Merger That Differ From Your Interests (Page 47)

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;

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.

The Civitas board of directors knew about these additional interests, and considered them, when it adopted the merger agreement.

Treatment of Civitas Stock Options (Page 53)

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.

Comparison of the Rights of Civitas Shareholders and Greene County Shareholders (Page 70)

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. See COMPARISON OF THE RIGHTS OF SHAREHOLDERS beginning on page 70 for the material differences between the rights of Civitas shareholders and Greene County shareholders.

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.

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 56 for a discussion of the conditions to the completion of the merger and THE PROPOSED MERGER Regulatory Approvals beginning on page 47 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.

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 Market Value of the Greene County Common Stock Received by Civitas Shareholders in the Merger May Change Based Upon the Average Closing Price of Greene County Common Stock; 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 one 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. Also, 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 stock 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 53, which shows examples of the consideration a Civitas shareholder could receive in the merger.

During the 12-month period ending on March 23, 2007, the most recent practical date prior to the mailing of this joint proxy statement/prospectus, Greene County common stock traded in a range from a low of $27.90 to a high of $40.50 and ended that period at $34.21, and Civitas common stock traded in a range from a low of $*[ ]* to a high of $*[ ]* and ended that period at $*[ ].* See COMPARATIVE MARKET PRICES beginning on page 23 for more detailed share price information.

These variations may be the result of various factors, many of which are beyond the control of Civitas and Greene County, including:

- changes in the business, operations or prospects of Greene County, Civitas or the combined company;

governmental and/or litigation developments and/or regulatory considerations;

market assessments as to whether and when the merger will be consummated and the anticipated benefits of the merger;

governmental action affecting the banking and financial industry generally;

market assessments of the potential integration or other costs; and

general market and economic conditions.

The merger may not be completed until a significant period of time has passed after the Greene County and Civitas annual or special meetings. At the time of their respective shareholder meetings, Greene County and Civitas shareholders will not know 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 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.

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 stock 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 stock 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 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 47.

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 ne 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 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 Insurors 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

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)				
Summary of Operations					
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
Selected Period-End Balances					
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
Selected Operating Ratios					
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

			(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

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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				
	Goodwill before Fair Value Adjustments and Deal Cost:				
	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			**$**	**114,446**
	Greene County Bancshares shares to be issued:				
	Number of Civitas shares outstanding		15,911,750		
	(less) Shares that will be purchased with cash		(4,411,805)		
	Shares exchanged for Greene County common stock		11,499,945		
	Exchange ratio		0.2674		
	Shares to be issued		**3,075,085**		
	Cash paid:				
	Aggregate consideration		168,391		
	30% cash consideration		30.00%		
	Total cash paid	**$**	**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)	Core deposit intangible	10,503	
	Other liabilities (deferred income taxes)		3,991
	Goodwill		6,512
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			
(c)	Cash	56,000	
	Subordinated debentures		56,000
Issuance of Trust Preferred Securities to handle the cash consideration paid to Civitas shareholders and merger related cost			
(d)	Goodwill	5,052	
	Other liabilities (Taxes Payable)	1,920	
	Goodwill		1,920
	Cash		5,052
Merger related cost 3% of total deal cost using effective tax rate of 38%			
(e)	Goodwill	3,160	
	Investment securities: available for sale to mark to FMV reclassified HTM securities		1,009
Estimated purchase accounting entries to adjust Civitas financial information to their fair value			
	Loans		1,020
	Bank premises & Equipment N/A at this time		
	Time deposits		2,681
	FHLB Advances		75
	Subordinated Debentures		312
	Other liabilities (deferred income taxes)	1,937	
(f)		110,758	

	Investment securities: Available for sale	
	Investment securities: Held to maturity	110,758
Upon acquisition all investments held to maturity will be reclassified to available for sale		

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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)
Year ended December 31, 2006				
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

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) March 23, 2007, the latest practicable date prior to the date this document was printed. This table also shows in the column entitled Equivalent Price Per Civitas Share the closing price of a share of Greene County common stock on that date, multiplied by an exchange ratio of 0.2674.

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	$ 9.81
March 23, 2007	$ [ ]	$ [ ]	$ [ ]

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

Fourth Quarter	39.73	35.06	0.28
2007:			
First Quarter (through March 23, 2007)	$ [ ]	$ [ ]	$ 0.13

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

	High	Low	Cash Dividends Per Share Declared
2005:			
First Quarter	$ 8.50	$ 7.32	$ 0.00
Second Quarter	7.75	6.50	0.00
Third Quarter	8.40	7.05	0.00
Fourth Quarter	8.15	7.50	0.00
2006:			
First Quarter	$ 7.65	$ 6.90	$ 0.00
Second Quarter	7.75	6.95	0.02
Third quarter	8.00	7.40	0.02
Fourth Quarter	8.24	7.11	0.02
2007:			
First Quarter (through March 23, 2007	$ [ ]	$ [ ]	$ [ ]

As of March 16, 2007, Civitas had approximately shareholders of record and, additionally, approximately beneficial owners. Holders of Civitas common stock are entitled to receive dividends when, as and if declared by the Civitas board of directors out of funds legally available for dividends. A discussion of the restrictions on Civitas dividend payments is included in Civitas 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 joint proxy statement/prospectus.

THE PROPOSED MERGER

General

Greene County s board of directors is using this joint proxy statement/prospectus to solicit proxies from the holders of Greene County common stock for use at the Greene County annual meeting. Civitas board of directors is also using this document to solicit proxies from the holders of Civitas common stock for use at the Civitas special meeting. At the Greene County annual meeting, holders of Greene County common stock will be asked to vote upon, among other things, the approval of the merger agreement and the issuance of Greene County common stock in connection with the merger. At the Civitas special meeting, holders of Civitas common stock will be asked to vote upon, among other things, the approval of the merger agreement.

The merger will not be completed unless Greene County s shareholders approve the merger agreement and the issuance of Greene County common stock in connection with the merger and Civitas shareholders approve the merger agreement.

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

Transaction Structure

The Greene County board of directors and the Civitas board of directors each has adopted the merger agreement, which provides for the merger of Civitas with and into Greene County and the Greene County board also has approved the issuance by Greene County of shares of Greene County common stock to Civitas shareholders in connection with the merger. Greene County will be the surviving corporation subsequent to the merger. We expect to complete the merger in the second quarter of 2007. Each share of Greene County common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of Greene County, and each share of Civitas common stock issued and outstanding at the effective time of the merger will be converted, at the election of each Civitas shareholder, into the right to receive all cash, all Greene County common stock, or a combination of cash and stock for their Civitas shares, subject to the prorationing mechanism described in this document.

At each Civitas shareholder s election, for each share of Civitas common stock owned, the shareholder will receive either (i) $10.25 in cash, without interest, (ii) 1.0 share of Greene County common stock multiplied by the exchange ratio (initially set in the agreement at 0.2674 but subject to adjustment if the market price of the Greene County common stock changes by more than 10% of the change in the NASDAQ bank stock index, but not greater than 0.2968 or less than 0.2380)) or (iii) a combination of cash and Greene County common stock designated each shareholder.

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. Each outstanding option to purchase Civitas common stock will be converted into a cash payment 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. See THE MERGER AGREEMENT Merger Consideration on page 53.

The Greene County charter and bylaws will be the charter and bylaws of the combined company after the completion of the merger.

The merger agreement provides that the parties can amend the merger agreement, to the extent legally permissible. However, after any approval of the merger agreement by Civitas and Greene County shareholders, no amendment can alter the kind or amount of consideration to be provided to Civitas shareholders without further approval by Civitas and Greene County shareholders.

Background of the Merger

On August 11, 2006, management of Greene County presented to its board of directors for consideration and approval Greene County s five year strategic plan. One of the key initiatives re-affirmed and identified in the strategic plan was the continued geographic expansion of the franchise within the Nashville market as well as other identified attractive markets.

From time to time, the board of directors of Civitas has considered Civitas strategic alternatives, including whether it was in the long term interests of shareholders, customers and the Middle Tennessee communities served by Cumberland Bank to remain an independent institution, or to sell or merge with another financial institution. On September 20, 2006, the board of directors of Civitas held a strategic planning retreat during which the board received an informational presentation from Keefe, Bruyette & Woods, Inc. (KBW) concerning strategic alternatives including the potential impact of such alternatives. The presentation included a summary review of possible valuations that might be received in the event of future merger or sales transactions. At the strategic planning retreat, the board decided to engage KBW to explore potential merger or sale transactions.

In October 2006, the Civitas board determined that KBW should initially contact certain bank holding companies which were identified as potential purchasers because of their size, stock liquidity and perceived interest in the Middle Tennessee area market, and if such companies were willing to sign confidentiality agreements, to provide preliminary information concerning Civitas and its operations to such potential purchasers. Greene County was one of those bank holding companies.

During October and November 2006, three bank holding companies, including Greene County, executed confidentiality agreements and were provided information concerning Civitas and its operations. On November 3, 2006, Greene County received the evaluation material, and, accordingly, upon completion of preliminary due diligence Greene County management recommended to its board of directors, at a meeting held on November 13, 2006, the approval to submit a non-binding indication of interest letter.

On November 16, 2006, the board of directors of Civitas held a special meeting during which KBW reviewed with the board the results of this process. KBW reported that a formal indication of interest had been received from Greene County and that the other two bank holding companies failed to submit an indication. One of such companies indicated to KBW that Civitas was not of a size that met their criteria. The other company indicated that while it had internal timing issues in submitting an indication by the requested date and did not believe it would be able to bid at a significant premium to Civitas then market price, but that it might be able to develop a proposal after further limited due diligence discussions with Civitas management. In addition, the chief executive officer advised the directors that he had received very tentative expressions of interest from another community bank holding company concerning a possible merger of equals transaction, but that no specific terms had been proposed. After extensive discussion of Greene County s indication of interest, the other party s request for further due diligence and the potential merger of equals transaction, the board of directors of Civitas authorized KBW to negotiate further with Greene County, for management to have the requested limited due diligence discussions with the other party to determine if a proposal would be forthcoming, and for the Chairman of the Executive Committee to explore the merger of equals with the party expressing that interest. Civitas outside counsel advised the Board that because it had served as counsel to Greene County in the past, it would be unable to represent Civitas or Greene County in any transaction between the two.

Subsequently, Greene County and Civitas retained Baker, Donelson, Bearman, Caldwell & Berkowitz, PC and Miller & Martin PLLC, respectively as counsel. Based upon the results of Greene County s due diligence, as reviewed with the board of Greene County on December 11, 2006, Greene County submitted a written proposal to acquire

Civitas on December 12, 2006. Under this proposal, the merger consideration would consist of 75% stock and 25% cash, with the cash value of $10.10 per share of Civitas stock. Civitas shareholders would be able to elect to receive either all stock, all cash or a combination of both. All stock options would be cashed out.

On December 14, 2006, the Civitas Board met in a special meeting to consider the Greene County proposal. At this meeting KBW presented an extensive analysis of the Greene County proposal in light of the current merger and acquisition environment in the financial services industry and recent similar transactions. Following extensive discussion, the Civitas board authorized a counteroffer to be made to Greene County. This counteroffer was communicated to Greene County through KBW.

On December 21, 2006, the Civitas Board met in a special meeting to consider a second merger proposal made by Greene County, and to follow up on strategic options. At this meeting, KBW reported that following the December 14, 2006 board meeting, Civitas counter-proposal had been communicated to Stan Puckett, the CEO of Greene County, and that Mr. Puckett had requested additional time for Greene County to consider the counter-proposal. KBW also reported that Greene County s response had been to increase its offer to $10.25 per share, of which 30% would be payable in cash and 70% would be payable in Greene County common stock. At this meeting, KBW updated the Civitas board on the analysis of the financial impact on the Civitas shareholders of the proposed Greene County transaction, taking into account recent industry transactions. It was also reported that a potential all-cash purchaser that had not been previously contacted by KBW had expressed interest in pursuing a possible purchase transaction. By majority vote, the Civitas board invited Mr. Puckett to make a presentation to the full board regarding Greene County, its future plans and prospects and the proposed transaction, and to allow the potential all-cash purchaser time to consider a potential transaction. Nine directors voted in favor of this course of action and two directors, including the chief executive officer, voting against it. Director William Wallace was absent.

On January 3, 2007, the Civitas board met in a special meeting to follow up on the board s invitation to Stan Puckett, CEO of Greene County, to address the Board as to his vision for the future of the Greene County. At this meeting, it was announced that the potential all-cash purchaser previously discussed with the board had decided not to pursue a transaction with Civitas and that discussions with this potential purchaser had been terminated. Following Mr. Puckett s presentation to the board, the board of directors voted to conduct a due diligence investigation of Greene County and to allow Mr. Puckett sufficient time to satisfy himself as to the future intentions of key Civitas employees. Nine directors voted in favor of this course of action and two directors, including the chief executive officer, voting against it. Director William Wallace was absent.

From January 4, 2007 to January 25, 2007, members of Greene County s and Civitas senior management, along with their financial and legal advisors, met to conduct due diligence and to discuss the compatibility of the companies operational systems and other potential synergies as well as employment-related matters and to negotiate the terms of the definitive merger agreement.

On January 10, 2007, the Civitas board met in a special telephonic meeting during which the board was updated on the preliminary results of due diligence and the resolution of employment-related matters. Civitas Chief Executive Officer, Richard Herrington, reported that Stan Puckett, the CEO of Greene County, was expected to report back on his efforts to secure the support of certain key Civitas employees by January 12, 2007. Another special meeting of the Civitas board was called for January 15, 2007.

On January 15, 2007, a special meeting of the Civitas board was held telephonically to update the board on the status of the resolution of employment-related matters and the negotiation of a definitive agreement. It was reported that according to KBW, Stan Puckett had been unable to satisfy himself as to the commitment of certain key employees to Greene County and had requested more time in which to do so before proceeding any further with the proposed transaction. The Civitas board requested that Director Joel Porter, Chairman of the Executive Committee of the Civitas Board, contact Mr. Puckett directly and report back to the board.

On January 16, 2007, a special meeting of the Civitas board was held telephonically to update the board on the status of the resolution of employment-related matters and the negotiation of a definitive agreement. It was reported that Stan Puckett had been unable to satisfy himself as to the commitment of certain key employees to Greene County. As a result, due diligence efforts and negotiation of a definitive agreement had been suspended. The Civitas board requested that Director Joel Porter meet with Mr. Puckett and the employees in question in order to attempt to resolve the matter. This meeting was held on January 19, 2007, and Mr. Puckett was able to satisfy himself as to the intentions of these employees, and due diligence and negotiations of a definitive agreement resumed.

The Civitas board met in a special meeting on January 25, 2007 to review the results of due diligence and the terms of the proposed merger with Greene County. At this meeting, KBW presented its written opinion that the transaction was fair to the Civitas shareholders from a financial point of view. After consultation with its legal and financial advisers, 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 and, accordingly, approved the merger agreement and recommended its approval to the Civitas shareholders. The two dissenting directors, which included Civitas Chief Executive Officer, indicated that they had voted against the merger because they believed that it would be more advantageous for Civitas to remain an independent public company. Director William Wallace was absent. Since the announcement of the proposed merger, Civitas Chief Executive Officer has informed Civitas that he intends to vote his shares in favor of the proposed merger with Greene County.

The Greene County board met at a special meeting on January 25, 2007 to review and approve the merger agreement. At this meeting, Scott & Stringfellow presented an opinion that the transaction was fair from a financial point of view to Greene County and its shareholders. After consultation with its legal and financial advisers, the board of directors of Greene County approved the merger agreement and the issuance of Greene County common stock in connection with the merger and recommended the approval of the merger agreement and the issuance of Greene County common stock in connection with the merger by Greene County shareholders.

The merger agreement between Civitas and Greene County was executed by both parties on January 25, 2007. The transaction was announced on that date by a press release jointly issued by Greene County and Civitas.

Greene County s Reasons for the Merger; Recommendation of the Greene County Board of Directors

The Greene County board of directors has determined that the merger is advisable, fair to and in the best interests of Greene County and its shareholders. In adopting the merger agreement, the Greene County board consulted with its financial advisor with respect to the financial aspects of the merger and fairness to Greene County, from a financial point of view, of the aggregate consideration to be paid to Civitas shareholders in the merger and with its legal counsel as to its legal duties and the terms of the merger agreement. In arriving at its determination, the Greene County board of directors also considered a number of factors, including the following material factors:

- the merger is fair to Greene County and the Greene County shareholders;
- the two institutions have potential synergies Greene County will be utilizing Civitas current work force to help with Greene County s growth and Greene County will be taking planned expenses that it was to incur in 2007 and Civitas current work force to help with the synergy;
- the merger enables Greene County to significantly accelerate its penetration of the targeted market, specifically Davidson and Williamson County;
- the merger will enable Greene County to increase its size and scale;
- the merger is anticipated to enhance the franchise value of Greene County, both in the short-run and in the long-run;
- the merger is expected to enhance Greene County s geographic market coverage;
- the merger is expected to be accretive to Greene County s earnings;

the merger enables Greene County to diversify its revenue mix in a meaningful way;

the merger brings to Greene County s team a number of outstanding bankers;

the merger valuation multiples are similar to those of recent business combinations involving southeastern financial institutions, either announced or completed, during the past few years;

the merger will generally be a tax-free transaction for Greene County and its new shareholders to the extent such shareholders receive solely shares of Greene County common stock; and

the merger will result in Greene County and its bank subsidiary being well-capitalized institutions, the financial positions of which would be in excess of all applicable regulatory capital requirements.

The foregoing discussion of the information and factors considered by the Greene County board of directors is not exhaustive, but includes all material factors considered by the Greene County board of directors. In view of the wide variety of factors considered by the Greene County board of directors in connection with its evaluation of the merger and the complexity of such matters, the Greene County board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Greene County board of directors discussed the factors described above, asked questions of Greene County s management and Greene County s legal and financial advisors, and reached general consensus that the merger was in the best interests of Greene County and Greene County shareholders.

In considering the factors described above, individual members of the Greene County board of directors may have given different weights to different factors. It should be noted that this explanation of the Greene County board s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS above on page 12.

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

For the reasons set forth above, the Greene County board of directors has adopted the merger agreement and approved the issuance of Greene County common stock in connection with the merger and believes that it is in the best interests of Greene County and its shareholders and recommends that its shareholders vote FOR this proposal.

Civitas Reasons for the Merger; Recommendation of the Civitas Board of Directors

In reaching its decision by majority vote to adopt the merger agreement and recommend the merger to its shareholders, the Civitas board of directors consulted with Civitas management, as well as its legal and financial advisors, and considered a number of factors, including:

its analysis of the business, operations, financial condition, earnings and prospects of the combined company, taking into account the results of its due diligence review;

the strategic nature of the business combination, the complimentary businesses of Greene County and Civitas, the potential prospects of the combined company, including anticipated savings derived from potential synergies;

the financial analyses presented by KBW to the Civitas board of directors and the oral opinion delivered by KBW, to the effect that, as of January 25, 2007 (which opinion was confirmed in a written opinion dated January 25, 2007), and based upon and subject to the assumptions made, matters considered and limitations set forth in the opinion, the merger consideration specified in the merger agreement was fair from a financial point of view to the holders of shares of Civitas common stock;

the value of the consideration to be received by Civitas shareholders in the merger, including the historical market prices and trading information for the shares of Greene County s common stock and that the exchange ratio represents a premium of approximately 22.6% over the closing sales price for Civitas common stock on January 25, 2007, the day the Civitas board approved the merger agreement;

the fact that Civitas shareholders would own approximately 23.8% of the combined company;

its belief that a majority of Civitas existing employees would be offered employment with the combined company and become eligible to participate in the combined company s equity incentive plan;

the expected treatment of the merger as a tax-free transaction for United States federal income tax purposes which would generally allow Civitas shareholders receiving solely Greene County common stock in the merger to avoid recognizing gain or loss upon conversion of shares of Civitas common stock into shares of Greene County common stock;

the risks described under the section of this joint proxy statement/prospectus above entitled RISK FACTORS RELATING TO THE MERGER, including the risk that the proposed transaction would not be completed;

the limitations imposed in the merger agreement on Civitas business and the selection by Civitas of alternative business combinations prior to the completion of the merger;

the fact that the merger agreement provides for a fixed exchange ratio and that the value of the consideration to be received in the merger by the Civitas shareholders depends on the value of the Greene County common stock at the effective time of the merger and that there can be no assurances that future results, including results expected or considered in the factors listed above would be achieved;

the possibility that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on Civitas stock price, its operating results, particularly in light of the expenses related to the transaction, and its continued ability to attract and retain key personnel; and

its belief that a combination with Greene County would allow Civitas shareholders to participate in a combined company that would have better future prospects than Civitas could achieve either on a stand-alone basis or through a combination with other potential merger partners, with greater market penetration and more diversified customer bases and revenue sources.

The foregoing discussion of the factors considered by the Civitas board of directors is not intended to be exhaustive, but, rather, includes some of the material factors considered by the Civitas board of directors. In reaching its decision by majority vote to adopt the merger agreement and approve the other transactions contemplated by the merger agreement, the Civitas board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Civitas board of directors considered all these factors as a whole, and overall and a majority considered them to be favorable to, and to support, its determination. In considering the factors described above, individual members of the Civitas board of directors may have given different weights to different factors. It should be noted that this explanation of the Civitas board of directors reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS above on page 12.

The Civitas board of directors determined by majority vote that the merger, the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Civitas and its shareholders. Two directors, including the Chief Executive Officer of Civitas, voted against the merger agreement. Director William Wallace was absent.

For the reasons set forth above, the Civitas board of directors has adopted the merger agreement by majority vote and a majority of the board believes that it is in the best interests of Civitas and Civitas shareholders and recommends that its shareholders vote FOR this proposal.

Dissenters and Appraisal Rights

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

Opinion of Greene County s Financial Advisor

Scott & Stringfellow, Inc. (Scott & Stringfellow) acted as financial advisor to Greene County in connection with the merger. Greene County selected Scott & Stringfellow because Scott & Stringfellow is a recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Greene County and its business. As part of its investment banking business, Scott & Stringfellow is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On January 25, 2007, Greene County s board of directors held a special meeting to approve the merger agreement. At that meeting Scott & Stringfellow rendered an oral opinion, followed by a written opinion of the same date, that as of that date and based upon and subject to the factors and assumptions set forth in its fairness opinion presentation, the consideration to be paid by Greene County in the merger was fair to Greene County from a financial point of view. That opinion was confirmed in a written opinion as of the date of this proxy statement/prospectus.

The full text of Scott & Stringfellow s written opinion is attached as *Appendix B* to this document and is incorporated herein by reference. The opinion outlines matters considered and qualifications and limitations on the review undertaken by Scott & Stringfellow in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. We recommend that shareholders of Greene County read the entire opinion carefully in connection with their consideration of the proposed merger.

Scott & Stringfellow s opinion is directed to the Greene County board and addresses only the fairness, from a financial point of view, of the merger consideration paid by Greene County. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Greene County stockholder as to how the stockholder should vote at the Greene County annual meeting on the merger agreement or any related matter.

In rendering its opinion, Scott & Stringfellow:

- reviewed, among other things:
  - the merger agreement;
  - annual reports to stockholders and annual reports on Form 10-K of Greene County for the three years ended December 31, 2005;
  - annual reports to stockholders and annual reports on Form 10-K of Civitas for the three years ended December 31, 2005;
  - recent quarterly reports on Form 10-Q of Greene County;
  - recent quarterly reports on Form 10-Q of Civitas;
  - other recent communications from Greene County and Civitas;
  - other financial information concerning the businesses and operations of Greene County and Civitas furnished to Scott & Stringfellow by Greene County and Civitas for the purposes of Scott & Stringfellow s analysis;

certain publicly available information concerning the trading of, and the trading market for, the common stock of Greene County and Civitas; and

certain publicly available information with respect to publicly traded companies and the nature and terms of certain other transactions that Scott & Stringfellow considered relevant to its inquiry;

reviewed the market prices, valuation multiples, publicly reported financial conditions and results of operations for Greene County and for Civitas and compared them with those of certain publicly traded companies that Scott & Stringfellow deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Scott & Stringfellow deemed to be relevant; and

performed such other analyses that it considered appropriate.

In conducting its review and arriving at its opinion, Scott & Stringfellow relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to Scott & Stringfellow or that was discussed with, or reviewed by or for Scott & Stringfellow, or that was publicly available. Scott & Stringfellow did not assume any responsibility to verify such information independently. Scott & Stringfellow assumed that the financial and operating forecasts for Greene County and Civitas provided by the management of Greene County have been reasonably prepared and reflect the best currently available estimates and judgments of senior management of Greene County as to the future financial and operating performance of Greene County and Civitas. Scott & Stringfellow assumed, without independent verification, that the aggregate allowances for loan and lease losses for Greene County and Civitas are adequate to cover those losses. Scott & Stringfellow did not make or obtain any evaluations or appraisals of any assets or liabilities of Greene County or Civitas, and Scott & Stringfellow did not examine any books and records or review individual credit files.

For purposes of rendering its opinion, Scott & Stringfellow assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements or amendments or modifications will be imposed that will have a material adverse effect on the future results of operations or financial condition of Greene County, Civitas or the combined entity, as the case may be, or the contemplated benefits of the merger.

Scott & Stringfellow further assumed that the merger will be accounted for as a purchase under accounting principles (GAAP) generally accepted in the United States. Scott & Stringfellow s opinion is not an expression of an opinion as to the prices at which shares of Greene County common stock or Civitas common stock will trade following the announcement of the merger or the actual value of Greene County common stock when issued pursuant to the merger, or the prices at which Greene County common stock will trade following the completion of the merger.

In performing its analyses, Scott & Stringfellow made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Scott & Stringfellow, Greene County and Civitas. Any estimates contained in the analyses performed by Scott & Stringfellow are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Scott & Stringfellow opinion was among several factors taken into consideration by the Greene County Board of Directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as solely determinative of the decision of the Greene County board or management of Greene County with respect to the fairness of the merger consideration.

The following is a summary of the material analyses presented by Scott & Stringfellow to the Greene County Board of Directors on January 25, 2007, in connection with its written opinion. The summary is not a complete description of the analyses underlying the Scott & Stringfellow opinion or the presentation made by Scott & Stringfellow to the Greene County Board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Scott & Stringfellow did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, Scott & Stringfellow believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone are not a complete description of the financial analyses.

Transaction Overview. Scott & Stringfellow reviewed the financial terms of the merger agreement, including a fixed exchange ratio of 0.2674 shares of Greene County common stock for each share of Civitas common stock and a fixed cash consideration of $10.25 per Civitas share. Stockholders of Civitas will have the option to receive $10.25 per share in cash, 0.2674 shares of Greene County common stock, or a combination of cash and stock subject to an aggregate consideration mix of 70% stock and 30% cash and subject to adjustment as fully described in the merger agreement. Civitas stock option holders will receive a cash consideration amount equal to the difference of $10.25 per share less the value of their options. Based on the closing price of Greene County s common stock on January 23, 2007 of $36.51, Scott & Stringfellow calculated an aggregate value (Implied Aggregate Value) of approximately $163 million, or $9.91 per share for Civitas common stock. Completion of the transaction is subject to Greene County and Civitas stockholder approvals, required regulatory approvals and other conditions.

Transaction Pricing Multiples. Scott & Stringfellow calculated the following multiples:

Transaction Multiples (Civitas data as of 1/23/06)	
Premium to Market Price ($7.99)	24.0%
Price/Last 12 Months Reported Earnings per Share ($0.40)	24.5x
Price/FY 2007 Management s Projected Earnings per Share ($0.44)	22.4x
Price/Book Value per Share ($3.31)	299.2%
Price/Tangible Book Value per Share ($3.31)	299.2%
Price/Total Assets	18.2%
Price/Total Deposits	22.8%
Tangible Premium/Core Deposits	31.4%

Selected Peer Group Analysis. Scott & Stringfellow reviewed and compared publicly available financial data, market information and trading multiples for Civitas with other selected publicly traded companies that Scott & Stringfellow deemed relevant to Civitas. The peer group selected consisted of publicly traded commercial banks headquartered in the Southeast and Mid-West with assets between $500 and $1,500 million (20 companies). The peer group excluded commercial banks identified as the target of a publicly announced merger as of January 23, 2007.

Name (Ticker)	Name (Ticker)
American National Bankshares Inc. (AMNB)	First South Bancorp, Inc. (FSBK)
Appalachian Bancshares, Inc. (APAB)	First Security Group, Inc. (FSGI)
Auburn National Bancorporation, Inc. (AUBN)	National Bankshares, Inc. (NKSH)
BNC Bancorp (BNCN)	Nexity Financial Corporation (NXTY)
Cooperative Bankshares, Inc. (COOP)	Old Point Financial Corporation (OPOF)
Crescent Financial Corporation (CRFN)	Porter Bancorp, Inc. (PBIB)
Crescent Banking Company (CSNT)	People Bancorp of North Carolina, Inc. (PEBK)
Eastern Virginia Bankshares, Inc. (EVBS)	Peoples Financial Corporation (PFBX)
First Community Corporation (FCCO)	Premier Community Bankshares, Inc. (PREM)
First Financial Service Corporation (FFKY)	Tennessee Commerce Bancorp, Inc. (TNCC)

For the selected publicly traded companies, Scott & Stringfellow analyzed, among other things, stock price as a multiple of last twelve months earnings, estimated 2006 and 2007 earnings, book value per share and tangible book value per share. All multiples were based on closing stock prices as of January 23, 2007. Projected earnings per share for the comparable companies were based on SNL Financial consensus estimates. SNL Financial is an information provider that publishes, among other things, a compilation of estimates of projected financial performance for publicly traded commercial banks produced by equity research analysts at leading investment banking firms. Estimated 2007 earnings per share for Civitas was based on data received from Greene County s management. The following table sets forth the median multiples and market capitalization indicated by the market analysis of selected publicly traded companies compared to Civitas multiples and market capitalization based on its closing stock price on January 23, 2007 of $7.99 per share.

	Civitas	Comparable Companies Median
Price to:		
Book value per share	241.4%	157.3%
Tangible book value per share	241.4%	199.6%
LTM earnings per share	19.0x	16.2x
2007E earnings per share	18.1x	14.0x
Market capitalization (January 23, 2007)	$ 127.0 million	$ 121.2 million

No company used in the analysis described above is identical to Civitas or the pro forma combined company. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the merger, public trading, or other values of the companies to which they are being compared. In addition, mathematical analyses, such as determining the median, are not of themselves meaningful methods of using comparable company data.

Selected Transaction Analysis. Scott & Stringfellow reviewed and analyzed certain financial data related to fifteen completed and pending mergers and acquisitions announced between January 1, 2003 and January 23, 2007. These transactions involved Southeastern commercial bank sellers with the following characteristics (Tennessee Region Bank Transactions):

Total assets of $500 million to $1.5 billion, and

Prior year return on average assets greater than or equal to 0.50%.

Those transactions were as follows:

Acquiror	**Acquiree**
Park National Corp.	Vision Bancshares Inc.
IBERIA BANK Corp.	Pulaski Investment Corp.
Alabama National BanCorp.	PB Financial Services Corp.
Mercantile Bankshares Corp.	James Monroe Bancorp Inc.
BB&T Corp.	First Citizens Bancorp
Pinnacle Financial Partners	Cavalry Bancorp Inc.
Synovus Financial Corp.	Riverside Bancshares Inc.
FLAG Financial Corp.	First Capital Bancorp, Inc.
Mercantile Bankshares Corp.	Community Bank of N. Virginia
South Financial Group Inc.	Florida Banks Inc.
South Financial Group Inc.	CNB Florida Bancshares Inc.
Synovus Financial Corp.	Trust One Bank
Fulton Financial Corp.	Resources Bankshares Corp.
South Financial Group Inc.	MountainBank Financial Corp.
SunTrust Banks Inc.	Lighthouse Financial Services

For the purpose of this analysis, transaction multiples from the merger were derived from the $9.91 per share Implied Aggregate Value at January 23, 2007 and financial data as of September 30, 2006 for Civitas. Scott & Stringfellow compared these results with the multiples implied by the selected transactions listed above. The results of Scott & Stringfellow s calculations and the analysis are set forth in the following table.

	Greene County/ Civitas Transaction	**Tennessee Region Bank Transactions Median**
Deal Price/Book Value	299.2%	330.8%
Deal Price/Tangible Book Value	299.2%	332.5%
Deal Price/Last 12 Months Reported EPS	24.5x	23.0x
Premium to Market Price	24.0%	24.2%
Deal Premium/Core Deposits	31.4%	26.4%

No company or transaction used as a comparison in the above analysis is identical to Greene County, Civitas or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Discounted Dividend Stream and Terminal Value Analysis of Civitas. Scott & Stringfellow performed an analysis that estimated the future stream of dividend flows of Civitas through December 31, 2010 under various circumstances, assuming Civitas projected dividend stream and assuming that Civitas performed in accordance with the earnings projections provided by Greene County s management. For 2007 and 2008, Scott & Stringfellow used the earnings projections provided by Greene County s management. For periods after 2008, Scott & Stringfellow assumed an annual earnings per share growth rate of 20% while maintaining an adequate capital level to support this growth. To approximate the terminal value of Civitas common stock at December 31, 2010, Scott & Stringfellow applied a 22.0x to 25.0x price / LTM earnings multiple range. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 10.0% to 13.0%, chosen to reflect different assumptions regarding required rates of return to the holders of Civitas common stock. As illustrated in the following table, this analysis indicated an imputed range of values per share of Civitas common stock of $9.23 to $11.88 when applying the price/LTM earnings multiples.

Discount Rate	**22.0x**	**23.0x**	**24.0x**	**25.0x**
10.0%	$ 10.53	$ 10.98	$ 11.43	$ 11.88
11.0%	$ 10.07	$ 10.50	$ 10.94	$ 11.37
12.0%	$ 9.64	$ 10.05	$ 10.46	$ 10.88
13.0%	$ 9.23	$ 9.62	$ 10.02	$ 10.41

Contribution analysis. Scott & Stringfellow analyzed the relative contribution of each of Greene County and Civitas to certain pro forma balance sheet and income statement items of the combined entity. Scott & Stringfellow compared the relative contribution of market, balance sheet and income statement items with the estimated pro forma ownership percentage Civitas stockholders would represent in Greene County pro forma. The results of Scott & Stringfellow s analysis are set forth in the following table.

Category	**Greene County**	**Civitas**
2005A Core Net Income	78.4%	21.6%
2006E Core Net Income	85.0%	15.0%
2007E Core Net Income	77.3%	22.7%
Total Assets	66.6%	33.4%
Gross Loans	71.4%	28.6%
Deposits	64.3%	35.7%
Shareholders Equity	77.5%	22.5%
Tangible Equity	73.1%	26.9%
Market Value as of 1/23/07	73.8%	26.2%
Average Contribution	73.8%	27.2%
Implied Stock Ownership (70% stock)	76.1%	23.9%
Implied Stock Ownership (100% stock)	69.7%	30.3%

Financial Impact Analysis. Scott & Stringfellow performed pro forma merger analyses that combined projected income statement and balance sheet information. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of the pro forma company. This analysis indicated that the merger is expected to be accretive to Greene County s estimated 2008 earnings per share and book value per share, and dilutive to 2007 estimated tangible book value per share. This analysis was based on financial projections and merger assumptions (including estimated cost savings and one-time charges) provided by Greene County s management team. For all of the above analyses, the actual results achieved by the pro forma company following the merger will vary from the projected results, and the variations may be material.

Other Analyses. Scott & Stringfellow compared the relative financial and market performance of Greene County to a variety of relevant industry peer groups and indices.

As part of its investment banking business, Scott & Stringfellow is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and corporate valuations. As specialists in the securities of banking companies, Scott & Stringfellow has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Scott & Stringfellow may, from time to time, purchase securities from, and sell securities to, Greene County and Civitas. As a market maker in securities, Scott & Stringfellow may from time to time have a long or short position in, and buy or sell, debt or equity securities of Greene County and Civitas for Scott & Stringfellow s own account and for the accounts of its customers.

Greene County and Scott & Stringfellow have entered into an engagement relating to the services to be provided by Scott & Stringfellow in connection with the merger. Greene County paid to Scott & Stringfellow at the time of the delivery of the fairness opinion a cash fee equal to $150,000 less the $25,000 that had already been paid to Scott & Stringfellow in the form of a retainer. Pursuant to the Scott & Stringfellow engagement agreement, Greene County also agreed to reimburse Scott & Stringfellow for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention.

Opinion of Civitas Financial Advisor

Civitas engaged KBW to act as its exclusive financial advisor in connection with the merger. KBW agreed to assist Civitas in analyzing and effecting a transaction with Greene County. Civitas selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Civitas and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On December 1, 2006, Civitas Board held a meeting to evaluate the proposed merger with Greene County. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion that, as of that date, the merger consideration in the merger was fair to the shareholders of Civitas from a financial point of view.

The full text of KBW s written opinion is attached as Appendix C to this document and is incorporated herein by reference. Civitas shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW.

KBW s opinion is directed to the Board and addresses only the fairness, from a financial point of view, of the merger consideration to the Civitas shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Civitas shareholder as to how the shareholder should vote at the Civitas special meeting on the merger or any related matter.

In rendering its opinion, KBW:

- reviewed, among other things,
  - the merger agreement,
  - Annual Reports on Form 10-K for the three years ended December 31, 2005, 2004 and 2003 of Civitas,
  - Annual Reports to Shareholders and Annual Reports on Form 10-K for the three years ended December 31, 2005, 2004 and 2003 of Greene County,
  - certain interim reports to shareholders and Quarterly Reports on Forms 10-Q of Civitas for the fiscal quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 and certain other communications from Civitas to its respective shareholders,
  - certain interim reports to shareholders and Quarterly Reports on Form 10-Q of Greene County for the fiscal quarters ended March 31, 2006, June 30, 2006 and September 30, 2006 and certain other communications from Greene County to its respective shareholders, and

other financial information concerning the businesses and operations of Civitas and Greene County furnished to KBW by Civitas and Greene County for purposes of KBW s analysis;

held discussions with members of senior management of Civitas and Greene County regarding

past and current business operations,

regulatory relationships,

financial condition, and

future prospects of the respective companies;

reviewed the market prices, valuation multiples, publicly reported financial condition and results of operations for Greene County and compared them with those of certain publicly traded companies that KBW deemed to be relevant;

reviewed the publicly reported financial condition and results of operations for Civitas and compared them with those of certain companies that KBW deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that KBW deemed to be relevant; and

performed other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to KBW or that was discussed with, or reviewed by or for KBW, or that was publicly available. KBW did not attempt or assume any responsibility to verify such information independently. KBW relied upon the management of Civitas as to the reasonableness and achievability of the financial and operating forecasts and projections (and assumptions and bases therefor) provided to KBW. KBW assumed, without independent verification, that the aggregate allowances for loan and lease losses for Greene County and Civitas are adequate to cover those losses. KBW did not make or obtain any evaluations or appraisals of any assets or liabilities of Greene County or Civitas, and KBW did not examine any books and records or review individual credit files.

The projections furnished to KBW and used by it in certain of its analyses were prepared by Civitas senior management. Civitas does not publicly disclose internal management projections of the type provided to KBW in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

KBW further assumed that the merger will be accounted for as a purchase transaction under GAAP. KBW s opinion is not an expression of an opinion as to the prices at which shares of Civitas common stock or shares of Greene County common stock will trade following the announcement of the merger or the actual value of the shares of common stock of the combined company when issued pursuant to the merger, or the prices at which the shares of common stock of the combined company will trade following the completion of the merger.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of KBW, Civitas and Greene County. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Civitas Board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Civitas Board or management of Civitas with respect to the fairness of the merger consideration.

The following is a summary of the material analyses performed by KBW in connection with its January 25, 2007 opinion. The summary is not a complete description of the analyses underlying the KBW opinion or the presentation made by KBW to the Civitas Board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Transaction Summary. KBW calculated the merger consideration to be paid as a multiple of Civitas book value per share, tangible book value per share and latest twelve months earnings per share. KBW also calculated the merger consideration to be paid as a Core Deposit Premium. Core Deposit Premium equals the difference between the aggregate merger consideration and Civitas tangible equity divided by core deposits. Additionally, KBW has adjusted throughout its analyses the financial data to exclude any non-recurring income and expenses and any extraordinary items. The merger consideration was based on $10.25 in cash or a fixed exchange ratio of 0.2674 shares of Greene County for each share of Civitas, subject to 70% of the aggregate merger consideration being in Greene County common stock and the remaining 30% being in cash. These computations were based on Civitas stated book value per share of $3.31, tangible book value per share of $3.31 as of September 30, 2006, Civitas latest twelve months core earnings per share of $0.26 as of September 30, 2006 and core deposits of $413.5 million as of September 30, 2006. Based on those assumptions and Greene County s closing price of $37.00 on January 24, 2007, this analysis indicated Civitas shareholders would receive stock worth $9.89 for each share of Civitas common stock held or $10.25 in cash. Assuming a 72% stock, 28% cash consideration to common shareholders, the blended deal value per share of $9.99 would represent 302% of book value per share, 302% of tangible book value per share, 38.4 times latest twelve months core earnings per share and a Core Deposit Premium of 27.0%.

Selected Transaction Analysis. KBW reviewed certain financial data related to a set of comparable Southeastern bank transactions announced since December 31, 2004 with deal values between $100 million and $500 million, excluding mergers of equals and transactions where the Seller was located in Miami-Dade, Broward or Palm Beach Counties, Florida (19 transactions).

KBW compared multiples of price to various factors for the Greene County-Civitas merger to the same multiples for the comparable group s mergers at the time those mergers were announced. The results were as follows:

Comparable Transactions:

	Median	Low	High	Greene County/ Civitas Merger
Price/Stated Book Value	304%	167%	448%	302%
Price/Tangible Book Value	328%	167%	448%	302%
Price/Latest Twelve Months Earnings Per Share	23.0x	14.3x	38.1x	38.4x
Core Deposit Premium	28.3%	20.4%	39.7%	27.0%

KBW also analyzed the financial data for the period ended September 30, 2006, for Civitas and reporting periods prior to the announcement of each transaction for each target in the Selected Transactions Analysis. The results were as follows:

Comparable Targets:

	Median	Low	High	Civitas
Equity/Assets	8.23%	6.20%	17.37%	6.08%
Non-Performing Assets/Assets	0.29	0.00	0.86	0.27
Return on Average Assets (Year-to-Date Annualized)	1.18	0.78	1.57	0.56
Return on Average Equity (Year-to-Date Annualized)	13.26	5.26	21.07	9.02
Efficiency Ratio (Last Twelve Months)	57	43	66	71

No company or transaction used as a comparison in the above analysis is identical to Greene County, Civitas or the merger. Accordingly, an analysis of these results is not purely mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the value of the companies to which they are being compared.

Discounted Cash Flow Analysis. Using discounted dividends analysis, KBW estimated the present value of the future stream of dividends that Civitas could produce over the next five years, under various circumstances, assuming Civitas performed in accordance with Civitas management s earnings forecasts for 2007 and 2008, earnings are grown 12.0% annually in 2009-2012, and Civitas maintains a dividend payout ratio of 15.0% annually in all years. KBW then estimated the terminal values for Civitas stock at the end of the period by applying multiples ranging from 14.0x to 16.0x projected earnings in year six. The terminal values were then discounted to present values using different discount rates (ranging from 13.0% to 17.0%) chosen to reflect different assumptions regarding the required rates of return to holders or prospective buyers of Civitas common stock. This discounted dividend analysis indicated reference ranges of between $7.55 and $9.92 per share of Civitas common stock. These values compare to the consideration offered by Greene County to Civitas in the merger of $9.99 per share of Civitas common stock.

Relative Stock Price Performance. KBW also analyzed the price performance of Greene County common stock from December 31, 2005 to January 24, 2007, and compared that performance to the performance of the Philadelphia

Exchange/Keefe, Bruyette & Woods Bank Index (Keefe Bank Index) over the same period. The Keefe Bank Index is a market cap weighted price index composed of 24 major commercial and savings banks stocks. The Keefe Bank Index is traded on the Philadelphia Exchange under the symbol BKX . This analysis indicated the following cumulative changes in price over the period:

Greene County	35.2%
Keefe Bank Index	13.6

Selected Peer Group Analysis. KBW compared the financial performance and market performance of Greene County to those of a group of comparable holding companies. The comparisons were based on:

various financial measures including:

earnings performance

operating efficiency

capital

asset quality

various measures of market performance including:

price to book value

price to earnings

dividend yield

To perform this analysis, KBW used the financial information as of and for the quarter ended as of the most recent quarter available per SNL Financial and market price information as of January 24, 2007. The 12 companies in the peer group included publicly traded banks in Alabama, Georgia, Mississippi and Tennessee with assets between $1.0 billion and $10.0 billion. This peer group includes Alabama National BanCorporation; Ameris Bancorp; BancTrust Financial Group, Inc.; First Security Group, Inc.; GB&T Bancshares, Inc.; Hancock Holding Company; Integrity Bancshares, Inc.; Pinnacle Financial Partners, Inc.; Renasant Corporation; Security Bank Corporation; Trustmark Corporation and United Community Banks, Inc. KBW has adjusted throughout its analysis the financial data to exclude certain non-recurring income and expenses and any extraordinary items.

KBW s analysis showed the following concerning Greene County s financial performance:

Selected Peer Group:

	Median	**Low**	**High**	**Greene County**
Return on Average Equity (GAAP)	10.31%	7.27%	27.81%	11.16%
Return on Average Assets (GAAP)	1.09	0.68	2.38	1.20
Return on Average Tangible Equity (Cash)	18.58	9.21	32.38	14.57
Return on Average Tangible Assets (Cash)	1.20	0.68	2.43	1.27
Net Interest Margin	4.24	3.70	5.09	4.66
Efficiency Ratio	59	52	64	59
Leverage Ratio	8.71	7.33	10.63	9.56
Tangible Equity/Assets	7.13	5.72	10.19	8.42
Loans/Deposits	94	63	101	116
Non-Performing Assets/Assets	0.46	0.10	1.24	0.29
Loan Loss Reserve/Non-Performing Assets	196	71	786	432

Loan Loss Reserve/Total Loans	1.19	1.04	1.72	1.45

KBW s analysis showed the following concerning Greene County s market performance:

Selected Peer Group:

	Median	Low	High	Greene County
Price/Stated Book Value Per Share	181%	128%	300%	197%
Price/Tangible Book Value Per Share	277	196	367	249
Price/2006 GAAP Estimated Earnings Per Share	17.3x	14.2x	26.3x	17.3x
Price/2006 Cash Estimated Earnings Per Share	17.0	13.9	24.5	16.7
Price/2007 GAAP Estimated Earnings Per Share	15.7	14.1	20.3	15.4
Price/2007 Cash Estimated Earnings Per Share	15.2	13.8	19.2	14.9
Dividend Yield	1.8%	0.0%	3.0%	1.7%

KBW also compared the financial performance of Civitas to those of a group of comparable banks. The comparisons were based on various financial measures including:

earnings performance

operating efficiency

capital

asset quality

To perform this analysis, KBW used the financial information as of and for the quarter ended most recent quarter available per SNL Financial. The 10 companies in the peer group included publicly traded banks in Alabama, Georgia, North Carolina, South Carolina and Tennessee with assets between $1.0 billion and $1.5 billion. This peer group includes BancTrust Financial Group, Inc.; Bank of Granite Corporation; Capital Bank Corporation; Colony Bankcorp, Inc.; First Security Group, Inc.; FNB Financial Services Corporation; Integrity Bancshares, Inc.; PAB Bankshares, Inc.; Southern Community Financial Corporation and Yadkin Valley Financial Corporation. KBW has adjusted throughout its analysis the financial data to exclude certain non-recurring income and expenses and any extraordinary items.

KBW s analysis showed the following concerning Civitas financial performance:

Selected Peer Group:

	Median	Low	High	Civitas
Return on Average Equity (GAAP)	11.07%	6.20%	15.39%	9.24%
Return on Average Assets (GAAP)	1.00	0.61	1.53	0.55
Return on Average Tangible Equity (Cash)	13.88	9.21	18.37	9.24
Return on Average Tangible Assets (Cash)	1.10	0.65	1.55	0.55
Net Interest Margin	4.31	3.32	5.09	3.10
Efficiency Ratio	60	47	69	65

Leverage Ratio	9.38	8.18	12.08	8.97
Tangible Equity/Assets	7.26	6.09	11.56	6.08
Loans/Deposits	94	87	101	87
Non-Performing Assets/Assets	0.53	0.25	1.64	0.27
Loan Loss Reserve/Total Loans	1.31	1.04	2.17	1.00

Contribution Analysis. KBW analyzed the relative contribution of each of Civitas and Greene County to the pro forma balance sheet and income statement items of the combined entity, including assets, gross loans, deposits, equity, tangible equity and latest twelve months earnings. This analysis excluded any purchase accounting adjustments. The pro forma ownership analysis assumed the aggregate deal value was in the form of 70% Greene County stock and 30% cash and was based on a fixed exchange ratio of 0.2674 Greene County shares for each share of Civitas electing stock consideration. The results of KBW s analysis are set forth in the following table:

Category	Greene County	Civitas
Assets	67.2%	32.8%
Gross Loans	72.0	28.0
Deposits	65.8	34.2
Equity	77.8	22.2
Tangible Equity	73.5	26.5
Latest Twelve Months Earnings (GAAP)	83.0	17.0
Latest Twelve Months Earnings (Cash)	83.4	16.6
Estimated Pro Forma Ownership	76.2	23.8

Financial Impact Analysis. KBW performed pro forma merger analyses that combined projected income statement and balance sheet information. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of the pro forma company. This analysis indicated that the merger is expected to be dilutive to Greene County s estimated 2007 GAAP and cash earnings per share and accretive to Greene County s estimated 2008 GAAP and cash earnings per share. This analysis was based on First Call s 2007 and 2008 published earnings estimate for Greene County and Civitas 2007 and 2008 earnings projections provided by Greene County s management. First Call is a data service that monitors and publishes a compilation of earnings estimates produced by selected research analysts regarding companies of interest to institutional investors. KBW estimated cost savings equal to 25.0% of Civitas projected non-interest expenses. For all of the above analyses, the actual results achieved by pro forma company following the merger will vary from the projected results and the variations may be material.

Other Analyses. KBW reviewed the relative financial and market performance of Greene County and Civitas to a variety of relevant industry peer groups and indices. KBW also reviewed earnings estimates, historical stock performance, stock liquidity and research coverage for Greene County.

The Civitas Board has retained KBW as an independent contractor to act as financial adviser to Civitas regarding the merger. As part of its investment banking business, KBW is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to Greene County. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Greene County for KBW s own account and for the accounts of its customers.

Civitas and KBW have entered into an agreement relating to the services to be provided by KBW in connection with the merger. Civitas has agreed to pay KBW at the time of closing a cash fee equal to 0.90% of the market value of the aggregate consideration offered in exchange for the outstanding shares of common stock of Civitas in the transaction. Pursuant to the KBW engagement agreement, Civitas also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify against certain liabilities, including liabilities under the federal securities laws.

Accounting Treatment

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

Material United States Federal Income Tax Consequences of the Merger

General. The following discussion sets forth the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of Civitas common stock. This discussion does not address any tax consequences arising under the laws of any state, locality or foreign jurisdiction. This discussion is based upon the Internal Revenue Code, the regulations of the United States Department of the Treasury and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

For purposes of this discussion, the term U.S. holder means:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

This discussion assumes that you hold your shares of Civitas common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity;
- an insurance company;
- a mutual fund;
- a dealer in securities or foreign currencies;
- a trader in securities who elects the mark-to-market method of accounting for your securities;
- a Civitas shareholder whose shares are qualified small business stock for purposes of Section 1202 of the Internal Revenue Code or who may otherwise be subject to the alternative minimum tax provisions of the Internal Revenue Code;

- a Civitas shareholder who received Civitas common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;

- a person who has a functional currency other than the U.S. dollar; or

- a Civitas shareholder who holds Civitas common stock as part of a hedge, straddle or a constructive sale or conversion transaction.

If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds Civitas common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership.

Recognition of Gain or Loss. Based on representations contained in letters provided by Greene County and Civitas and on certain customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, it is the opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, counsel to Greene County, and Miller & Martin, PLLC, counsel to Civitas, that the material United States federal income tax consequences of the merger are as follows:

the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

no gain or loss will be recognized by Greene County or Civitas by reason of the merger;

you will not recognize gain or loss if you exchange your Civitas common stock solely for Greene County common stock, except to the extent of any cash received in lieu of a fractional share of Greene County common stock.

You should note the following in connection with the proposed merger:

you will recognize gain or loss if you exchange your Civitas common stock solely for cash in the merger (or receive cash in lieu of fractional shares) in an amount equal to the difference