

GREEN BANKSHARES, INC.  
Form DEF 14A  
August 02, 2012  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934 (Amendment No. \_\_)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

GREEN BANKSHARES, INC.  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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| (2) | Aggregate number of securities to which transaction applies:  |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
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    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

100 North Main Street  
Greeneville, Tennessee 37743

NOTICE OF ANNUAL MEETING OF  
SHAREHOLDERS  
To Be Held on August 23, 2012

To Our Shareholders:

We cordially invite you to attend the 2012 Annual Meeting of Shareholders of Green Bankshares, Inc., which we are holding on Thursday, August 23, 2012, at 11:00 a.m. Eastern Daylight Time at the General Morgan Inn, located at 111 North Main Street, Greeneville, Tennessee 37743 for the following purposes:

- (1) To elect seven nominees to serve as directors with terms continuing until the Annual Meeting of Shareholders in 2013;
- (2) To ratify the action of the Audit Committee of the Board of Directors in appointing PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for the fiscal year ending December 31, 2012;
- (3) To approve a nonbinding advisory proposal on Green Bankshares, Inc.'s executive compensation matters (commonly referred to as a "say on pay");
- (4) To approve a nonbinding advisory proposal on the frequency of future advisory proposals on Green Bankshares, Inc.'s executive compensation matters (commonly referred to as a "say on frequency"); and
- (5) To transact such other business as may properly come before the Annual Meeting of Shareholders or any adjournment or postponement of the meeting.

Shareholders of record at the close of business on June 27, 2012 are entitled to notice and to vote at the Annual Meeting and any and all adjournments or postponements of the meeting.

It is important that your shares be represented at the meeting, regardless of the number of shares you may hold. Even though you may plan to attend the meeting in person, please vote by telephone or internet, or complete and return the enclosed proxy in the envelope provided. If you attend the meeting, you may revoke your proxy and vote in person.

By Order of the Board of Directors

/s/ R. Eugene Taylor  
R. Eugene Taylor  
Chairman and Chief Executive  
Officer

Greeneville, Tennessee

August 2, 2012

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GREEN BANKSHARES, INC.  
100 North Main Street  
Greeneville, Tennessee 37743

## PROXY STATEMENT

### MEETING INFORMATION

#### Annual Meeting of Shareholders To Be Held on August 23, 2012

This Proxy Statement and the accompanying proxy card are being furnished to shareholders of Green Bankshares, Inc. (the “Company”) on or about August 23, 2012, in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Thursday, August 23, 2012, at 11:00 a.m. Eastern Daylight Time at the General Morgan Inn, located at 111 North Main Street, Greeneville, Tennessee 37743, and at any adjournment or postponement. All expenses incurred in connection with this solicitation will be paid by the Company. In addition to solicitation by mail, certain officers, directors and regular employees of the Company, who will receive no additional compensation for their services, may solicit proxies by telephone or other personal communication means.

#### Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on August 23, 2012

This Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2011 are also available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

#### Purposes of the Annual Meeting

The principal purposes of the meeting are:

- to elect seven nominees to serve as directors with terms continuing until the Annual Meeting of Shareholders in 2013;
- to ratify the action of the Audit Committee of the Board of Directors in appointing PricewaterhouseCoopers LLP as the Company’s independent registered certified public accounting firm for the fiscal year ending December 31, 2012;
- to approve a nonbinding advisory proposal on Green Bankshares, Inc.’s executive compensation matters (commonly referred to as a “say on pay”);
- to approve a nonbinding advisory proposal on the frequency of future advisory proposals on Green Bankshares, Inc.’s executive compensation matters (commonly referred to as a “say on frequency”); and
- to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the meeting.

### VOTING PROCEDURES

#### How You Can Vote

You may vote shares by proxy or in person using one of the following methods:

- Voting by Telephone. You can vote using the directions on your proxy card by calling the toll-free telephone number printed on the card. The deadline for voting by telephone is Wednesday, August 22, 2012, at 11:59 p.m. Eastern Daylight Time. If you vote by telephone, you need not return your proxy card.
- Voting by Internet. You can vote over the Internet using the directions on your proxy card by accessing the website address printed on the card. The deadline for voting over the Internet is Wednesday, August 22, 2012, at 11:59 p.m. Eastern Daylight Time. If you vote over the Internet, you need not return your proxy card.
- Voting by Proxy Card. You can vote by completing and returning your signed proxy card. To vote using your proxy card, please mark, date and sign the card and return it by mail in the accompanying postage-paid envelope. You should mail your signed proxy card sufficiently in advance for it to be received by Wednesday, August 22, 2012.

- **Voting in Person.** You can vote in person at the annual meeting if you are the record owner of the shares to be voted. You can also vote in person at the annual meeting if you present a properly signed proxy that authorizes you to vote shares on behalf of the record owner.

#### Record Date and Voting Rights

The Board of Directors has fixed the close of business on June 27, 2012 as the record date for the determination of share-holders entitled to receive notice of and to vote at the Annual Meeting and all adjournments or postponements of the Annual Meeting. As of the close of business on June 27, 2012, the Company had outstanding 133,160,384 shares of its common stock, \$0.01 par value per share (the “Common Stock”), the holders of which, or their proxies, are entitled to one vote per share. Unless otherwise stated in this Proxy Statement, the presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares entitled to vote at the Annual Meeting will constitute a quorum.

#### How You Can Vote Shares Held by a Broker, Bank or Other Nominee

If your shares are held in the name of a broker, bank or other nominee, you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. If your shares are not registered in your own name and you plan to vote your shares in person at the annual meeting, you should contact your broker or agent to obtain a legal proxy or broker’s proxy card and bring it to the annual meeting in order to vote.

For shares held in “street name” through a broker, bank or other nominee, the broker, bank or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if shareholders do not give their broker, bank or nominee specific instructions, their shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Brokers are no longer permitted to vote in the election of directors if the broker has not received instructions from the beneficial owner. It is particularly important, if you are a beneficial owner, that you instruct your broker how you wish to vote your shares.

#### How Your Proxy Will Be Voted

If you vote by proxy, the proxy holders will vote your shares in the manner you indicate. You may specify whether your shares should be voted:

- for or against all, some or none of the nominees for director;
- for or against the ratification of PricewaterhouseCoopers LLP as our independent registered certified public accounting firm for our fiscal year 2012;
- for or against the nonbinding “say-on-pay” resolution; and
- for annual, bi-annual or tri-annual future nonbinding “say-on-pay” resolutions.

If the proxy card is signed and returned, but voting directions are not made, the proxy will be voted in favor of the first three proposals set forth in the accompanying “Notice of Annual Meeting of Shareholders,” for future “say-on-pay” votes to occur every three years and in such manner as the proxy holders named on the enclosed proxy card in their discretion determine upon such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

#### How You Can Revoke Your Proxy and Change Your Vote



Any proxy given pursuant to this solicitation may be revoked by the person giving it before it is voted by:

- attending the annual meeting and voting in person;
- timely delivering a written revocation to our Secretary;
- timely submitting another signed proxy card bearing a later date; or
- timely voting by telephone or over the Internet as described above.

Your most current proxy card or telephone or Internet proxy is the one that will be counted.

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## Vote Required

Directors will be elected by a plurality of the votes cast. Plurality means that the individuals who receive the largest number of votes cast, even if less than a majority, are elected as directors up to the maximum number of directors chosen at the meeting per each class. Thus, the seven nominees who receive the most votes will be elected to fill the available positions. Shareholders do not have the right to vote cumulatively in electing directors. Withholding authority in your proxy to vote for a nominee will result in the nominee receiving fewer votes. Abstentions and broker non-votes will have no effect on the election of the director nominees.

The say-on-frequency proposal will also be determined by a plurality vote, meaning the frequency option that receives the most affirmative votes of the votes cast is the one that will be deemed approved by the shareholders. Abstentions and broker non-votes will not affect the outcome of this proposal.

The remaining proposals will be approved if the votes cast for approval exceed the votes cast against approval. Abstentions and broker non-votes will not be counted for purposes of determining whether these proposals have received sufficient votes for approval.

Capital Bank Financial Corp. (“CBF”) beneficially owns Common Stock entitling them to approximately 90% of the votes entitled to be cast by all shareholders of the Company and has indicated that it will vote in favor of all of the proposals and in favor of future advisory proposals on executive compensation matters occurring every 3 years.

## PRINCIPAL SHAREHOLDERS

The following table sets forth certain information as of August 2, 2012 regarding shares of Common Stock owned of record or known by the Company to be owned beneficially by (i) each director, (ii) each director nominee (iii) each executive officer named in the Summary Compensation Table, (iv) all those known by the Company to beneficially own more than 5% of the Common Stock, and (v) all directors and executive officers as a group. The persons listed below have sole voting and investment power with respect to all shares of Common Stock owned by them, except to the extent that such power may be shared with a spouse or as otherwise set forth in the footnotes. The mailing address of Martha M. Bachman and Samuel E. Lynch and each of the named executive officers is in care of Green Bankshares’ address, which is 100 North Main Street, P.O. Box 1120, Greeneville, Tennessee 37743. The mailing address of the remaining directors is in care of Capital Bank Financial Corp.’s address, which is 121 Alhambra Plaza, Suite 1601, Coral Gables, FL 33134.

The percentages shown below have been calculated based on 133,160,384 total shares of Common Stock outstanding as of August 2, 2012.

Name of Beneficial Owner	Aggregate Number of Shares Beneficially Owned (1)	Number of Shares Acquirable within 60 Days (2)	Percent of Class
<b>5% Shareholders</b>			
Capital Bank Financial Corp.	119,900,000		—90.04%
<b>Directors and Director Nominees</b>			
Martha M. Bachman (3)	895,488	—	*
Peter N. Foss (4)		—	*
William A. Hodges (4)		—	*

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Samuel E. Lynch	5,368	—	*
Christopher G. Marshall (5)	119,900,000	—90.04%	
R. Bruce Singletary (5)	119,900,000	—90.04%	
R. Eugene Taylor (5)	119,900,000	—90.04%	
<b>Named Executive Officers</b>			
Stephen M. Rownd	48,052	—	*
Kenneth R. Vaught	39,566	—	*
Michael J. Fowler	30,865	—	*
All directors and executive officers as a group (10 persons) (6)	120,919,339	—90.81%	

\* Less than one percent

- (1) The securities “beneficially owned” by an individual are determined in accordance with the definition of “beneficial ownership” set forth in the regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they may include securities owned by or for, among others, the spouse and/or minor children of the individual and any other relative who has the same home as such individual, as well as other securities as to which the individual has or shares voting or investment power. Beneficial ownership may be disclaimed as to certain of the securities.
- (2) Any shares that a person has the right to acquire within 60 days are deemed to be outstanding for the purpose of computing the percentage ownership of such person but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. This column reflects the number of shares of Common Stock that could be purchased by exercise of options to purchase Common Stock on August 2, 2012 or within 60 days thereafter.
- (3) Martha Bachman is a director and the wife of retired director Phil Bachman. Includes 203,625 shares of common stock held directly or indirectly by Martha Bachman, 673,697 shares owned by Phil Bachman individually and 18,166 shares owned by Mr. and Mrs. Bachman jointly.
- (4) Excludes securities owned directly or indirectly by CBF, beneficial ownership of which is hereby disclaimed by each of Messrs. Foss and Hodges, except to the extent of his pecuniary interest therein, if any.
- (5) Each of Messrs. Marshall, Singletary and Taylor hereby disclaims beneficial ownership of the securities owned directly or indirectly by CBF, except to the extent of his pecuniary interest therein, if any.
- (6) Includes all shares reflected in this table as beneficially owned by each director of the Company, and by Messrs. Rownd, Vaught and Fowler each of whom is a named executive officer of the Company.

## INFORMATION ABOUT OUR BOARD OF DIRECTORS

### General

On September 7, 2011, pursuant to an agreement with North American Financial Holdings, Inc. (“NAFH”) (the “Investment Agreement”), the Company issued and sold to NAFH 119,900,000 shares of the Company’s common stock for aggregate consideration of \$217,019,000 (the “Investment”). NAFH’s funds for the Investment came from its working capital. As a result of the Investment, NAFH currently owns approximately 90% of the voting securities of the Company. Upon closing of the Investment, R. Eugene Taylor, NAFH’s Chief Executive Officer, Christopher G. Marshall, NAFH’s Chief Financial Officer, and R. Bruce Singletary, NAFH’s Chief Risk Officer, were named as the Company’s CEO, CFO and CRO, respectively, and as members of the Company’s Board of Directors. In addition, the Company’s Board of Directors was reconstituted with a combination of the three aforementioned executive officers, two existing members (Martha M. Bachman and Samuel E. Lynch) and two additional NAFH-designated members (Peter N. Foss and William A. Hodges).

On January 11, 2012, NAFH changed its name to Capital Bank Financial Corp. (“CBF”).

As the Company’s controlling shareholder, CBF has the power to control the election of the Company’s directors, determine our corporate and management policies and determine the outcome of any corporate transaction or other matter submitted to the Company’s shareholders for approval. CBF also has sufficient voting power to amend the Company’s organizational documents. In addition, five of our seven directors, including our Chief Executive Officer, our Chief Financial Officer, and our Chief Risk Officer are affiliated with CBF.

Our Board of Directors is not divided into separate classes and each member is elected by our shareholders annually for a one-year term. Each director and executive officer will hold office until his death, resignation, retirement,

removal, disqualification, or until his successor is elected (or appointed) and qualified.

#### Director Independence

Because CBF holds approximately 90% of the voting power of the Company, under NASDAQ Listing Rules, the Company qualifies as a “controlled company” and, accordingly, is exempt from the requirement to have a majority of independent directors, as well as certain other governance requirements. However, as required under NASDAQ Listing Rules, the Audit Committee of the Board of Directors is comprised entirely of independent directors. Our Board of Directors has determined that Messrs. Foss, Hodges and Lynch and Ms. Bachman meet the definition of “Independent Director” as that term is defined in NASDAQ Listing Rules. In determining director independence, the Board considers all relevant facts and circumstances, and the Board considers the issue not merely from the standpoint of a director, but also from that of persons or organizations with which the director has an affiliation. As members of management, Messrs. Taylor, Marshall and Singletary would not be considered independent under current NASDAQ Listing Rules.

#### Board of Directors Meetings

The Board of Directors met seven times during 2011. No director attended fewer than 75% of the total number of Board of Directors meetings held during 2011 and the total number of meetings held by committees of the board on which he served.

Policy on Attendance at Annual Meetings of Shareholders. The Company does not have a stated policy, but encourages its directors to attend each Annual Meeting of Shareholders. At last year's Annual Meeting of Shareholders, held on May 12, 2011, nine of the Company's then ten directors were present and in attendance.

#### Board of Directors Committees

The Board of Directors currently has two standing committees, the Executive Committee and the Audit Committee.

**Executive Committee.** Subject to applicable law, the Executive Committee has the authority to exercise all powers of the Board of Directors during intervals between meetings of the board. The Executive Committee did not meet during 2011. The members of the Executive Committee for 2012 are R. Eugene Taylor (Chairman), Christopher G. Marshall and R. Bruce Singletary.

**Audit Committee.** The Audit Committee was established by the Board of Directors to oversee the Company's accounting and financial reporting process, including the Company's internal control over financial reporting and audits of the Company's financial statements. In connection with such oversight responsibilities, the Audit Committee reviews the results and scope of the audit and other services provided by the Company's independent registered public accounting firm. The Audit Committee also has the sole authority and responsibility to select, determine compensation of, evaluate and, when appropriate, replace the Company's independent registered public accounting firm. The Audit Committee operates pursuant to a charter that is available on our website at [www.capitalbank-us.com](http://www.capitalbank-us.com) or free of charge upon written request to the attention of Christopher G. Marshall, Green Bankshares, 100 North Main Street, Greeneville, Tennessee 37743. During 2011, the Audit Committee met seven times.

The members of the Audit Committee for 2012 are Peter N. Foss (Chairman), William A. Hodges, Martha M. Bachman and Samuel E. Lynch. The Board of Directors, in its business judgment, has made an affirmative determination that each of Messrs. Foss, Hodges and Lynch and Ms. Bachman are "Independent Directors" as that term is defined by Nasdaq Listing Rules, including the special independence requirements applicable to audit committee members. The Board of Directors also has determined, in its business judgment, that Mr. Foss is an "audit committee financial expert" as such term is defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For additional information regarding the Audit Committee, see "Audit Committee Report" below, which is incorporated into this section by reference.

#### Nominations of Directors

The Company does not have a nominating committee or a nominating committee charter. The Board of Directors has decided against establishing a nominating committee because its policy is to have the full Board of Directors perform the functions that might otherwise be performed by such a committee.

In identifying candidates for the Company's Board of Directors, the directors consider the composition of the board, the operating requirements of the Company and the long-term interests of the Company's shareholders. In conducting this assessment, the directors consider diversity, age, skills, and such other factors as they deem appropriate given the current needs of the board and the Company to maintain a balance of knowledge, experience and capability. The directors believe that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, having business experience, and having high moral character; however, they retain the right to modify these minimum qualifications from time to time. Although the Company has not adopted a formal policy with regard to the consideration of diversity in identifying candidates for the Board of Directors, the directors do consider diversity in business, industry and professional experience, differences of viewpoint, education, specific skills and perspectives. The directors believe that the consideration of diversity as a factor in selecting members of the Board of Directors will enable the Company to create an assorted Board of Directors that effectively serves the needs of the Company and the interests of its shareholders. With respect to

directors who are nominated for re-election, the directors also consider the director's previous contributions to the Board of Directors.

#### Shareholder Communications

The Company's shareholders may communicate directly with the members of the Board of Directors or the individual Chairperson of standing board committees by writing directly to those individuals at Green Bankshares, Inc., 100 North Main Street, Greeneville, TN 37743. The Company's general policy is to forward, and not to intentionally screen, any mail received at the Company's corporate office that is sent directly to an individual unless the Company believes the communication may pose a security risk.

## Code of Ethics

The Company's Board of Directors has adopted a code of business conduct and ethics (the "Code of Ethics") that applies to all of the Company's directors, officers and employees, including its principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. The Code of Ethics is available at [www.capitalbank-us.com](http://www.capitalbank-us.com) or free of charge upon written request to Nancy A. Snow, Capital Bank, 333 Fayetteville Street, Suite 700, Raleigh, NC 27601. If we amend or grant any waiver from a provision of our Code of Ethics that applies to our executive officers, we will publicly disclose such amendment or waiver as required by applicable law, including by posting such amendment or waiver on our website at [www.capitalbank-us.com](http://www.capitalbank-us.com) or by filing a Current Report on Form 8-K.

## Board Leadership Structure and Role in Risk Oversight

The Company's Board of Directors has no policy with respect to the separation of the offices of Chairman and Chief Executive Officer. It is the Board's view that rather than having a rigid policy, the Board, and upon consideration of all relevant factors and circumstances, will determine, as and when appropriate, whether the offices of Chairman and Chief Executive Officer should be separate. Since the completion of the Investment on September 7, 2011, R. Eugene Taylor has served as both the Chairman of the Board and the Chief Executive Officer. While the Company does not have a "lead" independent director, all of the Directors serving on the Audit Committee are independent.

The Board of Directors oversees risk, principally through the Audit Committee, which reports directly to the Board. The Audit Committee is primarily responsible for overseeing the Company's risk management processes on behalf of the full Board of Directors. The Audit Committee focuses on, and has oversight responsibility of, risk associated with the Company's internal control over financial reporting and audits. In particular, the Audit Committee discusses with management, the internal auditors, and the independent registered public accountants the Company's policies with respect to risk assessment and risk management, including risks related to fraud, liquidity, credit operations and regulatory compliance.

The Audit Committee also assists the Board in fulfilling its duties and oversight responsibilities relating to the Company's compliance and ethics programs, including compliance with legal and regulatory requirements.

While the Board of Directors oversees the Company's risk management, management is responsible for the day-to-day risk management processes. The Company believes this division of responsibility is the most effective approach for addressing the risks the Company faces and that its board leadership structure supports this approach. The Company understands that different board leadership structures may be suitable for companies in different situations. The Board of Directors will continue to reexamine the Company's corporate governance policies and leadership structures on an ongoing basis to ensure that they continue to meet the Company's needs.

## PROPOSAL 1: ELECTION OF DIRECTORS

All seven members of the Board of Directors are standing for election at the Company's Annual Meeting with terms continuing until the 2013 Annual Meeting of Shareholders (or until such time as their respective successors are elected and qualified or their earlier resignation, death or removal from office): Martha M. Bachman, Peter N. Foss, William A. Hodges, Samuel E. Lynch, Christopher G. Marshall, R. Bruce Singletary and R. Eugene Taylor.

There are no family relationships among the Company's directors, director nominees or executive officers. There are no material proceedings to which any of the Company's directors, director nominees or executive officers, or any associate of any of the Company's directors, director nominees or executive officers, is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.



To the Company's knowledge, none of its directors, director nominees or executive officers has been convicted in a criminal proceeding during the last ten years (excluding traffic violations or similar misdemeanors) and none of its directors, director nominees or executive officers was a party to any judicial or administrative proceeding during the last ten years (except for any matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

The Board of Directors has no reason to believe that the persons named above as nominees for directors will be unable or will decline to serve if elected. However, in the event of death or disqualification of any nominee or the refusal or inability of any nominee to serve as a director, it is the intention of the proxy holders named in the accompanying proxy card to vote for the election of such other person or persons as the proxy holders determine in their discretion. In no circumstance will the proxy be voted for more than seven nominees. Properly executed and returned proxies, unless revoked, will be voted as directed by the shareholder or, in the absence of such direction, will be voted in favor of the election of the recommended nominees.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE ELECTION OF THE NOMINEES.

Set forth below are the names and other information pertaining to the board’s nominees whose terms of office will continue after the Annual Meeting:

Name	Position with Company	Age	Year First Elected Director
R. Eugene Taylor (1)	President, Chief Executive Officer and Chairman of the Board	64	2011
Christopher G. Marshall (1)	Executive Vice President, Chief Financial Officer and Director	53	2011
R. Bruce Singletary (1)	Executive Vice President, Chief Risk Officer and Director	61	2011
Martha M. Bachman (2)	Director	57	2005
Peter N. Foss (2)	Director	68	2011
William A. Hodges (2)	Director	63	2011
Samuel E. Lynch (2)	Director	53	2008

(1) Member of Executive Committee

(2) Member of Audit Committee

R. Eugene Taylor. Mr. Taylor has served as Chairman of our Board of Directors and as our Chief Executive Officer since 2011. Mr. Taylor spent 38 years at Bank of America Corp. and its predecessor companies, most recently as the Vice Chairman of the firm and President of Global Corporate & Investment Banking. Mr. Taylor also served on Bank of America’s Risk & Capital and Management Operating Committees. He originally joined Bank of America in 1969 as a credit analyst. He served in branch offices, marketing and management positions across North Carolina and Florida. In 1990, Mr. Taylor was named President of the Florida Bank and, in 1993, President of NationsBank Corp. in Maryland, Virginia and the District of Columbia. In 1998, Mr. Taylor was appointed to lead Consumer and Commercial Banking operations in the legacy Bank of America Western U.S. footprint. He subsequently returned to Charlotte, North Carolina to create a national banking unit and, in 2001, was named President of Bank of America Consumer & Commercial Banking. In 2004, Mr. Taylor assumed responsibility for the organization’s combined commercial banking businesses known as Global Business & Financial Services, before being named Vice Chairman of Bank of America and President of Global Corporate & Investment Banking in 2005. Most recently, Mr. Taylor served as a Senior Advisor at Fortress Investment Group LLC. Mr. Taylor serves as Chairman and Chief Executive Officer of Capital Bank, N.A. and CBF as well as Capital Bank Corporation and TIB Financial Corp., two other bank holding companies in which CBF has a majority interest. Mr. Taylor is a Florida native and received his Bachelor of Science in Finance from Florida State University. Mr. Taylor brings to our Board of Directors valuable and extensive experience from managing and overseeing a broad range of operations during his tenure at Bank of America. His experience in leadership roles and activities in the Southeast qualifies him to serve as the Chairman of our Board of Directors.

Christopher G. Marshall. Mr. Marshall has served as our Chief Financial Officer since 2011. From May to October 2009, Mr. Marshall served as a Senior Advisor to the Chief Executive Officer and Chief Restructuring Officer at GMAC, Inc. From July 2008 through March 2009, he also served as an advisor to The Blackstone Group L.P., providing advice and analysis for potential investments in the banking sector. From 2006 through 2008 Mr. Marshall served as the Chief Financial Officer of Fifth Third Bancorp. Mr. Marshall served as Chief Operations Executive of Bank of America's Global Consumer and Small Business Bank from 2004 to 2006. Mr. Marshall also served as Bank of America's Chief Financial Officer of the Consumer Products Group from 2003 to 2004, Chief Operating Officer of Technology and Operations from 2002 to 2003 and Chief Financial Officer of Technology and Operations from 2001 to 2002. Prior to joining Bank of America, Mr. Marshall served as Chief Financial Officer and Chief Operating Officer of Honeywell International Inc. Global Business Services from 1999 to 2001, where he was a key member of the integration team for the merger with AlliedSignal Inc., overseeing the integration of all finance, information technology and corporate and administrative functions. From 1995 to 1999, he served as Chief Financial Officer of AlliedSignal Technical Services Corporation. Prior to that, from 1987 to 1995, Mr. Marshall held several managerial positions at TRW, Inc. Mr. Marshall serves as a director and Chief Financial Officer of Capital Bank, N.A. and CBF, as well as Capital Bank Corporation and TIB Financial Corp., two other bank holding companies in which CBF has a majority interest. Mr. Marshall earned a Bachelor of Science degree in Business Administration from the University of Florida and obtained a Master of Business Administration degree from Pepperdine University.

R. Bruce Singletary. Mr. Singletary has served as our Chief Risk Officer since 2011. Mr. Singletary spent 32 years at Bank of America and its predecessor companies with the last 19 years in various credit risk roles. Mr. Singletary originally joined C&S National Bank as a credit analyst in Atlanta, Georgia in 1974. He served in various middle market line and credit functions. In 1991, Mr. Singletary was named Senior Credit Policy Executive of C&S Sovran, which was renamed NationsBank Corp. in January 1992 after its acquisition by North Carolina National Bank, for the geographic areas of Maryland, Virginia and the District of Columbia. Mr. Singletary led the credit function of NationsBank Corp. from 1992 to 1998 alongside Mr. Taylor, who served as President of this region from 1993 to 1998. In 1998, Mr. Singletary relocated to Florida to establish a centralized underwriting function to serve middle market commercial clients in the southeastern region of the United States. In 2000, Mr. Singletary assumed credit responsibility for Bank of America's middle market leveraged finance portfolio for the eastern half of the United States. In 2004, Mr. Singletary served as Senior Risk Manager for commercial banking for Bank of America's Florida Bank. Mr. Singletary serves as a director and Chief Risk Officer of Capital Bank, N.A. and CBF, as well as Capital Bank Corporation and TIB Financial Corp., two other bank holding companies in which CBF has a majority interest. Mr. Singletary earned a Bachelor of Science degree in Industrial Management from Clemson University and obtained a Master of Business Administration degree from Georgia State University.

Martha M. Bachman. Ms. Bachman has served as a director of Green Bankshares, Inc. and Capital Bank, N.A. since 2005. Ms. Bachman began her professional career in 1980 as an owner/co-owner of a successful retail, non-public company in Northeast Tennessee which was sold in 2007. She currently provides financial consulting to her family's other personal enterprises including rental properties, investments and other holdings. Ms. Bachman's family has been closely affiliated with the Green Bankshares, Inc. for over two generations which provides a strong historical connection between the local community and Capital Bank. Ms. Bachman has extensive experience as a successful business owner and also provides the Board with expertise in matters relating to the retail industry.

Peter N. Foss. Mr. Foss has been a member of our Board of Directors since 2011. Mr. Foss has been President of the General Electric Company's Olympic Sponsorship and Corporate Accounts since 2003. In addition, Mr. Foss is General Manager for Enterprise Selling, with additional responsibilities for Sales Force Effectiveness and Corporate Sales Programs. He has been with GE for 32 years and, prior to his current position, served for six years as the President of GE Polymerland, a commercial organization representing GE Plastics in the global marketplace. Prior to GE Polymerland, Mr. Foss served in various commercial roles in the company, including introducing LEXAN® film in the 1970s, was the Market Development Manager on the ULTEM® introduction team in 1982. He has also served as the Regional General Manager for four of the GE Plastics regions, including leading the GE Plastics effort in Mexico in the mid-1990s. Mr. Foss serves as a director of CBF and as a director of TIB Financial Corp. and Capital Bank Corporation, two other subsidiary bank holding companies in which CBF has a majority interest. Mr. Foss earned a Bachelor of Science degree in Chemistry from Massachusetts College of Pharmacy, Boston. Mr. Foss' extensive managerial and sales experience qualifies him to serve on our Board of Directors. His experience assists us in developing plans to expand and energize our sales and marketing activities.

William A. Hodges. Mr. Hodges has been a member of our Board of Directors since 2011. Mr. Hodges has been President and Owner of LKW Properties LLC, a Charlotte-based residential land developer and homebuilder, since 2005. Prior to that, Mr. Hodges worked for over 30 years in various functions at Bank of America and its predecessors. From 2004 to 2005, he served as Chairman of Bank of America's Capital Commitment Committee. Mr. Hodges served as Managing Director and Head of Debt Capital Markets from 1998 to 2004 and as Managing Director and Head of the Real Estate Finance Group from 1996 to 1998. Prior to Bank of America's merger with NationsBank Corp., he served as Washington, D.C. Market President and Head of MidAtlantic Commercial Banking for NationsBank Corp. from 1992 to 1996. Mr. Hodges began his career at North Carolina National Bank, where he worked for 20 years in various roles, including Chief Credit Officer of Florida operations and as manager of the Real Estate Banking and Special Assets Groups. Mr. Hodges serves as a director of CBF and as a director of TIB Financial Corp. and Capital Bank Corporation, two other subsidiary bank holding companies in which CBF has a majority interest. Mr. Hodges earned a Bachelor of Arts degree in History from the University of North Carolina at Chapel Hill

and a Master of Business Administration degree in finance from Georgia State University. Mr. Hodges's substantial experience in the banking and real estate sectors qualifies him to serve on our Board of Directors.

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Samuel E. Lynch. Dr. Lynch has served as a director of Green Bankshares, Inc. since 2008. Dr. Lynch is founder of BioMimetic Therapeutics, Inc. and has been its President, CEO and a director since inception in 1999. BioMimetic is a public biotechnology company utilizing purified recombinant human platelet-derived growth factor (rhPDGF-BB) in combination with tissue specific matrices as its primary technology platform for promotion of tissue healing and regeneration. He also served as chairman of the board of BioMimetic from inception until August 2005. Dr. Lynch has spent his career in health care management, product development, and earlier in academic medicine/dentistry, including research and patient care. He received his Doctorate of Medical Sciences and Specialty in Periodontology from the Harvard Medical and Dental Schools, respectively, as well as a Doctorate of Dental Medicine from Southern Illinois University School of Dental Medicine. He has published and lectured extensively worldwide and is a co-inventor of BioMimetic's technologies. Dr. Lynch's experience as the president and chief executive officer of a registered public company offers the Board management experience, leadership capabilities, financial knowledge and business acumen.

### EXECUTIVE COMPENSATION Compensation Discussion and Analysis

CBF now controls more than 50% of the Company's voting power and, as a result, the Company qualifies as a "controlled company" as defined in Rule 5615(c)(1) of The NASDAQ Stock Market, Inc. Marketplace Rules (the "Marketplace Rules"). Therefore, as of September 7, 2011, the Company is exempt from the requirements of Rule 5605(b)(1) of the Marketplace Rules with respect to the Company Board being comprised of a majority of "Independent Directors," as defined by Rule 5605(a)(2) of the Marketplace Rules, and Rules 5605(d) and 5605(e) of the Marketplace Rules covering the independence of directors serving on the Compensation Committee and the Governance & Nominating Committee of the Company Board, respectively. As of the closing of the Investment on September 7, 2011, the Company no longer has a compensation committee and the Compensation Committee of CBF's Board of Directors (the "Compensation Committee") oversees compensation, policies and benefit plans for the Company's executive officers.

The Compensation Discussion and Analysis, which we refer to herein as the "CD&A," describes the Company's executive compensation philosophy, components and policies, including analysis of the compensation earned by the Company's named executive officers as detailed in the accompanying tables. Our discussion focuses on compensation and practices relating to our most recently completed fiscal year.

#### Named Executive Officers

Effective as of the closing of the Investment on September 7, 2011, the Company's new executive officers are the following: R. Eugene Taylor, President and Chief Executive Officer; Christopher G. Marshall, Executive Vice President and Chief Financial Officer; and R. Bruce Singletary, Executive Vice President and Chief Risk Officer. These individuals have not entered into employment agreements with the Company and are therefore at-will employees. None of the new executive officers receive compensation or are entitled to benefits directly from the Company, and the Company does not maintain any plans, programs or arrangements that provide change in control benefits to any of Mr. Taylor, Mr. Marshall or Mr. Singletary. The compensation of these executives is paid directly by CBF. During 2011, no amount of base salary, bonus or other compensation was paid to these executives by the Company. A portion of the base salaries and incentive compensation paid to these individuals by CBF for their service to the Company was allocated for the purpose of the disclosures herein.

The executive officers of the Company prior to the Investment, including the named executive officers set forth below, participated in plans and programs of the Company during the portion of 2011 prior to the Investment.

The following executives were our named executive officers for 2011:

Name	Position
R. Eugene Taylor	Chairman and Chief Executive Officer
Christopher G. Marshall	Executive Vice President and Chief Financial Officer
R. Bruce Singletary	Executive Vice President and Chief Credit Officer

Name	Position
Stephen M. Rownd	Former Chairman, President and Chief Executive Officer, and current Market President for Tennessee of Capital Bank
Kenneth R. Vaught	Former Director, President and Chief Banking Officer
Michael J. Fowler	Former Senior Vice President and Chief Financial Officer, and current Senior Vice President of Capital Bank

### Compensation Philosophy and Objectives

The Company is committed to maintaining an executive compensation program that will contribute to the achievement of the Company's business objectives. For 2011, the Company had an executive compensation program that:

- fulfilled the Company's business and operating needs, conformed with its general human resource strategies and enhanced shareholder value; and
- enabled the Company to attract and retain the executive talent essential to the Company's achievement of its short-term and long-term business objectives while balancing the need to consider weak economic conditions and the Company's financial performance in compensation decisions.

The Company's objective is to pay its executives and other employees at rates that enable the Company to maintain a highly competent and productive staff. The Compensation Committee evaluated both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions, and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies.

### Executive Compensation

In light of the economic challenges facing the Company, the Compensation Committee determined that the compensation of the named executive officers should be provided primarily in the form of base salary and that incentive compensation should be limited.

**Base Salary.** Base salary is designed to compensate executives based upon their experience, duties and scope of responsibility, and retain employees with a proven track record of performance. Salaries for executive positions are established using the same process as for other positions and job levels within the Company, that is, by systematically evaluating the position and assigning a salary based on comparisons with pay scales for similar positions in reasonably comparable institutions. The Compensation Committee determined not to make any adjustments to 2010 base salaries at that time, which have continued to be the base salaries for the named executive officers in 2011.

Messrs. Taylor, Marshall and Singletary's base salary was determined in connection with the founding and initial private offering of North American Financial Holdings (the predecessor to CBF) in December 2009 and their base salaries have not changed since that time.

**Annual Bonus.** As noted above, Messrs. Taylor, Marshall and Singletary receive compensation, including an annual bonus, from CBF. The 2011 annual bonus was determined by the Compensation Committee based on the performance



of CBF and of the individual named executive officer during 2011. The Compensation Committee awarded each of Mr. Taylor, Mr. Marshall and Mr. Singletary 100% of their annual target bonus for 2011, which, in each case, was 100% of their individual annual base salary.

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## Summary Compensation Table

Name and Principal Position (1)	Year	Salary	Bonus	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation			All Other Compensation	Total
							Earnings				
R. Eugene Taylor (3) Chairman and Chief Executive Officer	2011	\$ 27,083	\$27,083	\$290,511	\$229,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$574,569
Christopher G. Marshall (3) Executive Vice President and Chief Financial Officer	2011	\$ 18,250	\$18,250	\$108,942	\$ 86,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$231,651
R. Bruce Singletary (3) Executive Vice President and Chief Risk Officer	2011	\$ 12,500	\$12,500	\$ 72,628	\$ 57,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$155,106
Stephen M. Rownd Former Chairman, President and Chief Executive Officer	2011 2010	\$400,000 301,988	\$ - -	\$ 50,000 149,997	\$ - -	\$ - -	\$ - -	\$ - -	\$ 26,255 14,430	\$ -	\$476,255 466,415
Kenneth R. Vaught Former Director, President and Chief Banking Officer	2011 2010	\$ 176,289 267,000	\$ - -	-\$ - -	-\$ - -	-\$ - -	-\$ - -	-\$ - -	\$ 107,820 112,160	\$ -	\$ 284,109 379,160
Michael J. Fowler	2011	\$ 166,667	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 6,820	\$ -	\$ 248,487

Former Senior  
Vice President  
and Chief  
Financial  
Officer

- (1) Messrs. Taylor, Marshall and Singletary were appointed these positions as of the closing of CBF's Investment on September 7, 2011. Mr. Rownd was appointed Chief Executive Officer of the Company and the Bank on March 31, 2010, was elected as Chairman of the Board of Directors of the Company and the Bank on April 30, 2010, and was appointed President of the Company and the Bank on August 9, 2011. Mr. Vaught served as Director, President and Chief Banking Officer of the Company and the Bank until leaving the Company on August 9, 2011. Mr. Fowler was appointed Chief Financial Officer of the Company and the Bank on May 16, 2011. Effective as of the closing of the Investment, Mr. Rownd was appointed the Market President for Tennessee of Capital Bank and Mr. Fowler was appointed a Senior Vice President of Capital Bank.
- (2) Amounts listed in the "Stock Awards" and "Option Awards" columns reflect the full grant date fair value of the award received. For a further discussion of these awards, see Note 15 to the Company's Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2011.
- (3) None of the compensation paid to Messrs. Taylor, Marshall and Singletary is paid by the Company. The base salary, annual bonus, stock awards and option awards are paid by CBF. The portion disclosed in the Summary Compensation Table reflect the portion of compensation that is allocable to their services to the Company.

#### All Other Compensation

The following table sets forth each component of the "All Other Compensation" column of the Summary Compensation Table for 2011.

Name	Directors Fees Paid or Earned	Amounts Accrued under Non-Compete Agreement	Temporary Living Expenses	Total
R. Eugene Taylor	\$	\$	– \$	– \$
Christopher G. Marshall			–	–
R. Bruce Singletary			–	–
Stephen M. Rownd	16,620	–	9,635	26,255
Kenneth R. Vaught	16,080	91,740	–	107,820
Michael J. Fowler	–	–	6,820	6,820

Annual Incentive Plan. The Company previously maintained an Annual Incentive Plan, that was intended to compensate executive officers for specific achievements on behalf of the Company's performance and their individual achievements, encourage the retention of key executives and other officers, and align the executive officers' interests with those of the Company's shareholders. The Board suspended the Annual Incentive Plan for 2011 due to deteriorating economic conditions and the difficulty such economic conditions would present in determining performance metrics and goals.

Non-Compete Agreement. The Company entered into a non-compete agreement with Mr. Vaught in 2004, pursuant to which the Company agreed to provide certain retirement benefits upon Mr. Vaught's ceasing to be employed by the Company. In connection with Mr. Vaught's termination of employment with the Company in August, 2011, the Company offered annual payments of \$84,924 over a ten-year period (beginning after Mr. Vaught attains age 50) pursuant to the non-competition agreement. Mr. Vaught rejected the offer and elected to take legal action against the Company seeking enhanced "change in control" benefits under the agreement. Certain matters relating to the non-compete agreement remain in dispute, including whether the non-compete agreement remains in effect, is enforceable and whether any payments at all are due to Mr. Vaught. No other named executive officer has entered into a non-compete agreement with the Company.

Employment Agreements. The Company entered into an employment agreement with Kenneth R. Vaught in December 2007 (the "Employment Agreement"), which agreement replaced the prior employment agreement with Mr. Vaught. Under the terms of the Employment Agreement, Mr. Vaught was entitled to an initial base salary of \$237,000 as well as director fees for service on the Company's and its subsidiaries' boards of directors, life insurance, participation in Company-sponsored benefit plans, including equity-based plans and cash incentive plans, other fringe benefits and, where applicable, severance and change in control benefits.

As noted above, Mr. Vaught's employment with the Company terminated in August 2011 and, as a result of the Company's outstanding obligations under the Capital Purchase Program ("CPP") at the time that Mr. Vaught's employment was terminated, the Company was prohibited by the terms of EESA, including the June 2009 IFR, from making severance or change of control payment to Mr. Vaught. Accordingly, Mr. Vaught was not entitled to any severance or change in control benefits upon his termination of employment with the Company in August 2011.

No other named executive officer has an individual employment agreement with the Company. However, Mr. Taylor has entered into an employment agreement with CBF, which provides for base salary, annual bonus opportunity, as well as severance in the event of a termination of his employment with CBF.

Equity Awards under the Equity Incentive Plan. Equity compensation is intended to enhance the long-term proprietary interest in the Company on the part of the employee and others who can contribute to the Company's overall success, and to increase the value of the Company to its shareholders. Under the Green Bankshares Inc. Equity Incentive Plan (the "Equity Incentive Plan"), the Board of Directors has the authority to grant stock options and restricted stock to any employee or director of the Company. Equity award levels are generally determined based on market data and vary among participants based on their positions within the Company. From time to time, the Board of Directors may grant an additional award to one or more employees based on special circumstances.

The Company awards equity grants without regard to any scheduled or anticipated release of material information. The Company does not accelerate or delay equity grants in response to material information, nor does it delay the disclosure of information due to plans to make equity grants.

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No equity awards were granted to named executive officers in 2011, other than 24,155 shares of restricted stock awarded to Mr. Rownd on April 28, 2011 and 30,865 shares of restricted stock awarded to Mr. Fowler on May 17, 2011.

Options Exercises and Stock Vested in 2011. None of the Company's named executive officers exercised any stock options during the year ended December 31, 2011. The following shares of restricted stock (with value in brackets) held by Messrs. Rownd, Vaught and Fowler vested in 2011.

- Mr. Rownd: 42,537 shares (\$51,570)
- Mr. Vaught: 514 share (\$1,928)
- Mr. Fowler: 30,865 (\$37,347)

Outstanding Equity Awards at Fiscal Year-End. There were no outstanding Equity Incentive Plan awards held by the named executive officers as of December 31, 2011.

Stock Ownership and Retention Guidelines. While the Company believes that its employees and executive officers should hold stock in the Company to better align their interests with those of our shareholders, the Company does not currently have any stock ownership or retention guidelines for its executive officers or employees.

#### Other Compensation Programs and Practices

##### Retirement Plans and Other Benefit Plans

401(k) Plan. The Green Bankshares 401(k) Retirement Plan (the "401(k) Plan") is a tax-qualified retirement savings plan pursuant to which all employees, including the named executive officers, are able to contribute on a before-tax basis up to 20% of their annual salary or the limit prescribed by the Internal Revenue Service.

Historically the Company participated in the Safe Harbor Rule which guaranteed a 3% of eligible compensation contribution. Additionally, the Company would also historically provide a discretionary 3% contribution. All contributions are deposited into investment funds, including company stock, based on Plan participants' directions. In July 2009, the Company contributions were suspended due to poor Company performance.

##### Perquisites and Other Personal Benefits

Perquisites and other personal benefits represent a small part of the Company's overall compensation package, and are offered only after consideration of business need. The Company provides executive officers with perquisites and other personal benefits that the Company believes to be reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions.

Personal benefits offered to executives serve a different purpose than do the other elements of executive compensation. In general, they are designed to provide a safety net of protection against the financial catastrophes that can result from illness, disability or death. Personal benefits offered to executives are largely those that are offered to the general employee population, with some variation primarily to promote tax efficiency.

##### Deferred Compensation Plan

Mr. Vaught participated in a non-qualified deferred compensation plan maintained by the Company, pursuant to which Mr. Vaught could elect to defer a portion of his annual income. In connection with the termination of his employment, the Company paid Mr. Vaught a lump sum payment equal to \$136,585 pursuant to the terms of the deferred compensation plan. No other named executive officer participates in the non-qualified deferred compensation

plan maintained by the Company.

Potential Payments upon Termination or Change in Control

As of December 31, 2011, none of the named executive officers had arrangement or agreement for severance upon a termination of employment or payments on a change in control with the Company. As previously noted, Mr. Taylor's employment agreement with CBF provides for severance upon a termination of employment CBF (with such severance payment to be made by CBF) and certain outstanding CBF equity awards held by Messrs. Taylor, Marshall and Singletary vest on a change in control.

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## Equity Compensation Plan Information

The following table provides information as of December 31, 2011 for all equity compensation plans of the Company (including individual arrangements) under which the Company is authorized to issue equity securities.

Plan Category	Equity Compensation Plans			Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in First Column) (1)
	Number of Securities To Be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights		
Equity compensation plans approved by security holders	340,594	\$ 26.87		0
Equity compensation plans not approved by security holders (2)	36,000	16.33		N/A
<b>Total</b>	<b>376,594</b>	<b>\$ 25.86</b>		<b>0</b>

(1) Refers to shares of Common Stock.

(2) R. Stan Puckett, who retired as Chairman and Chief Executive Officer of the Company on March 31, 2010, was the sole participant under this plan, which was a part of Mr. Puckett's employment agreement. This employment agreement was amended during 2005 to provide that future option grants to the key executive would be made at no less than fair market value on the date of grant in order to comply with Section 409A of the Internal Revenue Code of 1986, as amended.

## DIRECTOR COMPENSATION

Directors Fees: For the period from January 1, 2011 through September 7, 2011, all Directors of the Company received an annual retainer of \$12,000 paid in equal quarterly installments paid in a combination of cash and Company stock. Directors also received fees for attending Board and Board Committee meetings for the Company and the Bank.

Following the closing of the CBF Investment on September 7, 2011, directors who are also employees of the Company receive no compensation in their capacities as directors. For the remainder of 2011, Ms. Bachman and Mr. Lynch continued to receive a \$3,000 quarterly retainer as well as fees for attending Board and Board Committee meetings. For 2012, all outside directors receive an annual retainer fee of \$30,000, if they attend at least 75% of the meetings of the Board, with no additional fees for attendance at Board or Board committee meetings.

Equity Compensation. The Company did not grant any option awards to its nonemployee directors during 2011. As of December 31, 2011, all options to purchase common stock held by the Company's nonemployee directors were fully vested.



Other. Each of our current and former directors is also covered by director and officer liability insurance and each of our current directors is entitled to reimbursement for reasonable out-of-pocket expenses in connection with meeting attendance.

The following table provides information related to the compensation of the Company's nonemployee directors for the year ended December 31, 2011.

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## Director Compensation Table

Name	Fees Earned or Paid in Cash (1)	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings (2)	All Other Compensation	Total
<b>Current Directors</b>							
<b>(3)</b>							
Martha M. Bachman	\$ 20,245	\$ 7,680	\$ -	\$ -	2,890	\$ -	30,815
Peter N. Foss	-	-	-	-	-	-	-
William A. Hodges	-	-	-	-	-	-	-
Samuel E. Lynch	19,638	4,515	-	-	-	-	24,153
Christopher G. Marshall	-	-	-	-	-	-	-
R. Bruce Singletary	-	-	-	-	-	-	-
R. Eugene Taylor	-	-	-	-	-	-	-
<b>Former Directors</b>							
Bruce Campbell	15,168	4,155	-	-	-	-	19,323
W.T. Daniels	16,305	7,950	-	-	10,612	-	34,867
Robert K. Leonard	15,838	7,555	-	-	-	-	23,393
Bill Mooningham	17,250	8,860	-	-	-	-	26,110
John Tolsma	16,130	7,010	-	-	2,971	-	26,111
Charles H. Whitfield	15,568	7,075	-	-	4,357	-	27,000

(1) The amounts shown are total fees earned, which were subject to deferral under the Directors' Plan.

(2) Amounts represent the compensation cost recognized in 2010 in accordance with Topic 718 of the FASB Accounting Standards Codification for fees deferred under the Directors' Plan.

(3) Effective as of the closing of the Investment, R. Eugene Taylor (Chairman), Peter N. Foss, William A. Hodges, Christopher G. Marshall and R. Bruce Singletary were appointed to the Board of Directors. Martha M. Bachman and Samuel E. Lynch, existing members of the Board of Directors, remained as such following the closing. All other members of the Board of Directors of the Company resigned effective September 7, 2011.

## AUDIT COMMITTEE REPORT

In accordance with its written Charter (which is available on the Company's corporate website located at [www.capitalbank-us.com](http://www.capitalbank-us.com)), the Audit Committee supervises the quality and integrity of the accounting, auditing and financial reporting practices of the Company on behalf of the Board. Management has the primary responsibility for preparing the consolidated financial statements and managing the reporting process, including the system of internal controls. As required by the Audit Committee Charter, each Audit Committee member satisfies the independence and financial literacy requirements for serving on the Audit Committee, and at least one member has accounting or related financial management expertise, all as stated in the rules of Nasdaq. In fulfilling its oversight responsibilities, the Audit Committee discussed and reviewed the audited consolidated financial statements in the Annual Report with

management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements of the Company.

The Audit Committee discussed and reviewed with the independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of the audited consolidated financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90 (Communication with Audit Committees).

In discharging its responsibility for the audit process, the Audit Committee obtained from the independent accountants a letter describing all relationships between the accounting firm and the Company that might bear on the accounting firm's independence required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accounting firm's communications with the audit committee concerning independence. The Audit Committee also discussed with the accounting firm any relationships that might impact their objectivity and independence and satisfied itself as to the accounting firm's independence, and considered the compatibility of nonaudit services with the accounting firm's independence.

Based upon the reports, reviews and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee charter, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 to be filed with the SEC. The Audit Committee also selected PricewaterhouseCoopers LLP as the Company's independent registered certified public accounting firm for the fiscal year ended December 31, 2012 and recommended that the selection be presented to the Company's shareholders for ratification.

This report is submitted by the members of the Audit Committee:

Peter N. Foss (Chairman)  
Martha M. Bachman  
William A. Hodges  
Samuel E. Lynch

#### Certain Transactions

Certain of the directors and executive officers of the Company, members of their immediate families and entities with which they are involved are customers of and borrowers from the Company. As of December 31, 2011, total loans outstanding to directors and executive officers of the Company, and their associates as a group, equaled approximately \$4 million. All outstanding loans and commitments included in such transactions were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time in comparable transactions with persons not related to the Company, and did not involve more than the normal risk of collectability or present other unfavorable features.

The Company has had, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers and principal shareholders of the Company, and their associates, on the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with persons not related to the Company. The Company generally considers credit relationships with directors and/or their affiliates to be immaterial and as not impairing the director's independence so long as the terms of the credit relationship are similar to other comparable borrowers. The Company presumes extensions of credit that comply with Federal Reserve Regulation O to be consistent with director independence. In other words, the Company does not consider normal, arm's-length credit relationships entered into in the ordinary course of business to negate a director's independence.

Regulation O requires such loans to be made on substantially the same terms, including interest rates and collateral, and following credit underwriting procedures that are no less stringent than those prevailing at the time for comparable transactions by Capital Bank with persons not related to the Company. Such loans also may not involve more than the normal risk of repayment or present other unfavorable features. Additionally, no event of default may have occurred (that is, such loans are not disclosed as nonaccrual, past due, restructured, or potential problems). The Board of Directors must review any credit to a director or his or her related interests that has become criticized in order to determine the impact that such classification has on the director's independence.

From time to time, certain relationships or transactions may arise that would be deemed acceptable and appropriate upon full disclosure, following review and approval by the Audit Committee (in accordance with NASDAQ Listing Rules) to ensure there is a legitimate business reason for the transaction and that the terms of the transaction are no less favorable to the Company that could be obtained from an unrelated person. Therefore, the Board of Directors has adopted the Policy and Procedures with Respect to Related Person Transactions, which is implemented through the Audit Committee of the Board of Directors and is designed to regularly monitor the appropriateness of any significant transactions with related persons (as such term is defined by SEC rules). The policy applies to any transaction required to be disclosed under Item 404(a) of Regulation S-K in which:

- the Company or the Bank is a participant;
- any related person (as defined in Item 404(a) of Regulation S-K) has a direct or indirect interest; and
- the amount involved exceeds \$120,000.

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The policy requires notification to the Company's chief accounting officer, prior the consummation of any related person transaction, describing the related person's interest in the transaction, the material facts of the transaction, the benefits to the Company of the transaction, the availability of other sources of comparable products or services, and an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or employees generally. The chief accounting officer then evaluates the proposed transaction and, if he or she determines that it is a related person transaction, submits the transaction to the Audit Committee for approval. The Audit Committee considers all of the relevant facts and circumstances available to it including (if applicable) but not limited to:

- the benefits to the Company;
- the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer;
- the availability of other sources for comparable products or services;
- the terms of the transaction; and
- the terms available to unrelated third parties or to employees generally.

No member of the Audit Committee is permitted to participate in any review, consideration or approval of any related person transaction with respect to which such member or any of his or her immediate family members is the related person. The Audit Committee approves only those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders, as the Audit Committee determines in good faith. If the transaction has already been consummated, the Audit Committee will undergo the same analysis as it does with a proposed transaction, and if it determines that the consummated transaction is a related person transaction, it will evaluate whether the consummated related person transaction should be ratified, amended, terminated or rescinded and whether any disciplinary action is appropriate.

On September 7, 2011, CBF acquired 119,900,000 shares of the Company's common stock for aggregate consideration of \$217,019,000. As a result of the Investment, CBF currently owns approximately 90% of Company's common stock. As the Company's controlling shareholder, CBF has the power to control the election of the Company's directors, determine our corporate and management policies and determine the outcome of any corporate transaction or other matter submitted to the Company's shareholders for approval. CBF also has sufficient voting power to amend the Company's organizational documents. In addition, five of our seven directors, our Chief Executive Officer, our Chief Financial Officer, and our Chief Risk Officer are affiliated with CBF.

The Company and its subsidiaries have had, and expect to have in the future, transactions in the ordinary course of business with directors and executive officers and members of their immediate families, as well as with principal shareholders. All loans and deposits included in such transactions were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, in the case of loans, as those prevailing for comparable transactions with non-affiliated persons. It is the belief of management that such loans neither involved more than the normal risk of collectability nor presented other unfavorable features.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires certain of the Company's officers and its directors to file reports of ownership and changes in ownership with the SEC. Officers and directors are required by SEC regulations to furnish the Company with copies of all Section 16(a) reports they file. To the Company's knowledge, based solely on a review of reports that were filed with the SEC, all filing requirements under Section 16(a) were complied with during 2011.

**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers LLP (“PWC”) as the Company’s independent registered certified public accounting firm for the fiscal year ending December 31, 2012. Although the selection and appointment of an independent registered public accounting firm is not required to be submitted to a vote of shareholders, the Audit Committee and Board of Directors each deem it advisable to obtain shareholder ratification of this appointment. If the shareholders do not ratify the appointment of PWC as the Company’s independent registered certified public accounting firm, the Audit Committee will evaluate the matter and consider what action, if any, to take as a result. PWC has acted as the independent registered certified public accounting firm since November 2011. A representative of PWC is expected to be present at the Annual Meeting and will be available to respond to appropriate questions and afforded an opportunity to make a statement.

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## Dismissal of Dixon Hughes Goodman LLP

Effective November 23, 2011, the Company dismissed Dixon Hughes Goodman LLP (“Dixon Hughes Goodman”) as the Company’s independent registered public accounting firm.

During the fiscal years ended December 31, 2010 and 2009 and during the period from January 1, 2011 through November 23, 2011, the Company had (i) no disagreements with Dixon Hughes Goodman on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, any of which that, if not resolved to Dixon Hughes Goodman’s satisfaction, would have caused it to make reference to the subject matter of any such disagreement in connection with its reports for such years and interim periods and (ii) except as disclosed in the next sentence, no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K during the two most recent fiscal years or the subsequent interim period. As of December 31, 2010, the Company had a material weakness related to internal controls surrounding the valuation, documentation and review of impaired loans and other real estate owned. This material weakness was disclosed in Items 8 and 9A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2010 and in Part I, Item 4 of the Company’s Quarterly Report on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011. The Company’s Audit Committee has discussed this matter with Dixon Hughes Goodman. The Company has authorized Dixon Hughes Goodman to respond fully to the inquiries of PricewaterhouseCoopers LLP concerning this matter.

Dixon Hughes Goodman’s report on the Company’s consolidated financial statements for the fiscal years ended December 31, 2010 and 2009 does not contain any adverse opinion or disclaimer of opinion, nor is it qualified or modified as to uncertainty, audit scope, or accounting principles.

In accordance with Item 304(a)(3) of Regulation S-K, the Company provided Dixon Hughes Goodman a copy of the above statements and requested that Dixon Hughes Goodman furnish the Company with a letter addressed to the SEC stating whether or not Dixon Hughes Goodman agrees with the above statements. A copy of such letter, dated November 29, 2011, is filed as Exhibit 16.1 to the Company’s Current Report on Form 8-K filed on November 29, 2011.

No representatives of Dixon Hughes Goodman are expected to be present at the Annual Meeting.

## Audit Firm Fee Summary

For the period from January 1, 2011 through November 23, 2011, and for the year ended December 31, 2010, the Company retained Dixon Hughes Goodman LLP to provide services in the categories presented below. Beginning November 23, 2011 the Company retained PricewaterhouseCoopers LLP to provide services in the categories presented below. All amounts below represent charges from Dixon Hughes, with the exception of a 2011 audit fee of \$118,333 from PricewaterhouseCoopers.

	Fiscal 2011	Fiscal 2010
Audit fees	\$ 216,817	\$ 406,675
Audit-related fees	88,447	34,605
Tax fees	56,475	31,000
All other fees	12,437	0
Total fees	\$ 374,176	\$ 472,280

**Audit Fees.** This category includes the aggregate fees billed for professional services rendered for the audits of the Company’s consolidated financial statements for 2011 and for professional services rendered for the audits of the Company’s consolidated financial statements and internal controls over financial reporting for fiscal year 2010, for the



reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q during fiscal years 2011 and 2010, and for services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for the relevant fiscal years. Note that for 2011, Dixon Hughes Goodman only performed review services and did not perform audit services.

Audit-Related Fees. This category includes the aggregate fees billed in each of the last two fiscal years for assurance and related services by the independent registered public accounting firm that are reasonably related to the performance of the audits or reviews of the financial statements and are not reported above under "Audit Fees," and generally consist of fees for accounting consultation, review of registration statements and audits of employee benefit plans.

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**Tax Fees.** This category includes the aggregate fees billed in each of the last two fiscal years for professional services rendered by the independent registered public accounting firm for tax compliance, tax planning and tax advice. Tax compliance services consist of assistance with federal and state income tax returns.

**All Other Fees.** This category includes the aggregate fees billed in each of the last two fiscal years for products and services provided by the independent registered public accounting firm that are not reported above under “Audit Fees,” “Audit-Related Fees,” or “Tax Fees.”

**Policy for Approval of Audit and Nonaudit Services.** The Audit Committee charter contains the Company’s policy regarding the approval of audit and nonaudit services provided by the independent registered public accounting firm. According to that policy, the Audit Committee must pre-approve all services, including all audit and nonaudit services to be performed by the independent registered public accounting firm. The Audit Committee approved all audit and nonaudit services described above in accordance with this policy. In determining whether to approve a particular audit or permitted nonaudit service, the Audit Committee will consider, among other things, whether such service is consistent with maintaining the independence of the independent registered public accounting firm. The Audit Committee will also consider whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service to the Company and whether the service might be expected to enhance the Company’s ability to manage or control risk or improve audit quality.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY’S INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2012.

### PROPOSAL 3: ADVISORY (NONBINDING) VOTE ON EXECUTIVE COMPENSATION

Federal legislation in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) and embodied in Section 14A of the Securities and Exchange Act of 1934, as amended, requires that certain companies include in their proxy statement a resolution subject to shareholder vote on the compensation paid to our named executive officers as disclosed in this proxy statement (commonly referred to as “Say-on-Pay”).

The compensation paid to our named executive officers is disclosed on pages 11 to 16 of this proxy statement in the sections entitled “Executive Compensation” and “Compensation Discussion and Analysis.” We believe that our compensation policies and decisions are focused on pay-for-performance principles and are strongly aligned with the long-term interests of our shareholders. Compensation of our named executive officers is designed to enable us to attract and retain talented and experienced senior executives to lead the Company successfully in a competitive environment. Shareholders are being asked to cast a non-binding, advisory vote on the following resolution:

“Resolved, that the shareholders approve, on an advisory basis, the compensation of Green Bankshares, Inc.’s named executive officers who are set forth in the Summary Compensation Table of this proxy statement, as disclosed and described in the Compensation Discussion and Analysis, the compensation tables and the related narrative discussion in this proxy statement.”

If there is no designation on any proxy as to how the shares represented should be voted, the proxy will be voted for the approval of the compensation paid to the Company’s named executive officers. The proposal will be approved if the votes cast for approval exceed the votes cast against approval.

Your vote on this Proposal 3 is advisory, and therefore not binding on the Company or the Board of Directors. The vote will not be construed to overrule any decision by the Company or the Board of Directors; to create or imply any

change to the fiduciary duties of the Company or the Board of Directors; or to create or imply any additional fiduciary duties for the Company or the Board of Directors. However, our Board of Directors value the opinions of our shareholders and to the extent there is any significant vote against the compensation paid to our named executive officers as disclosed in this proxy statement, we will consider our shareholders' concerns and will evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE APPROVAL OF THE OVERALL COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS, THE COMPENSATION TABLES AND THE RELATED NARRATIVE DISCUSSION IN THIS PROXY STATEMENT.

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PROPOSAL 4: ADVISORY (NONBINDING) VOTE ON FREQUENCY OF “SAY ON PAY”

The Dodd-Frank Act also requires that certain companies provide shareholders with the opportunity to vote, on a nonbinding advisory basis, for their preference as to how frequently the company should conduct an advisory say-on-pay vote. This proposal provides shareholders with the opportunity to choose among four options (holding the say-on-pay vote every year, every two years, or every three years, or abstain from voting).

The Board of Directors has determined that a say-on-pay vote that occurs once every three years is the most appropriate alternative for the Company and will provide our shareholders with sufficient time to evaluate the effectiveness of the Company’s overall process for determining executive compensation, the elements of executive compensation and the Company’s compensation programs. A say-on-pay vote occurring every three years will also permit shareholders to observe and evaluate the effect of any changes to our executive compensation policies and practices that have occurred since the last advisory vote on executive compensation.

Your vote on Proposal 4 is advisory, which means that it is not binding on the Company or the Board of Directors. The Company recognizes that our shareholders may have different views as to their preferences on the frequency of the say-on-pay vote. The Board of Directors will carefully review the outcome of the frequency vote; however, when considering the frequency of future say-on-pay votes, the Board of Directors may decide that it is in the Company’s and the shareholders’ long-term best interest to hold a say-on-pay vote more or less frequently than the frequency receiving the most votes cast by our shareholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE OPTION OF “ONCE EVERY THREE YEARS” AS THE PREFERRED FREQUENCY FOR SAY-ON-PAY VOTES.

SUBMISSION OF SHAREHOLDER PROPOSALS FOR 2013 ANNUAL MEETING

Any proposals which shareholders intend to present for a vote at the Company’s 2013 Annual Meeting of Shareholders, and which such shareholders desire to have included in the Company’s proxy materials relating to that meeting, must be received by the Company on or before April 4, 2013, which is 120 calendar days prior to the anniversary of the date of this Proxy Statement. Proposals received after that date will not be considered for inclusion in such proxy materials.

In addition, if a shareholder intends to present a matter for a vote at the 2013 Annual Meeting of Shareholders, other than by submitting a proposal for inclusion in the Company’s Proxy Statement for that meeting, the shareholder must give timely notice in accordance with the Company’s Amended and Restated Charter (the “Charter Deadline”). Under the Company’s Amended and Restated Charter, in order to be deemed properly presented, notice must be delivered to the Company’s Secretary at the Company’s principal executive offices, 100 North Main Street, Greeneville, TN, 37743, no less than forty (40) nor more than sixty (60) days prior to the scheduled date of the meeting at which such matter is to be acted upon; provided, however, that if notice or public disclosure of such meeting is given fewer than fifty (50) days before the meeting, notice by the shareholder must be delivered to the Company not later than the close of business on the tenth (10th) day following the day on which notice of the meeting was mailed to shareholders. If a shareholder gives notice of such a proposal after the Charter Deadline, the shareholder will not be permitted to present the proposal to the shareholders for a vote at the meeting.. Such notice must set forth certain information specified in the Company’s Amended and Restated Charter, which includes, (a) as to each matter the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; and (b) the name and record address of the shareholder, the class and number of shares of Common Stock of the Company that are beneficially owned by the shareholder and any material interest of the shareholder in such business.

ADDITIONAL INFORMATION

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, including the financial statements and schedules thereto, as filed with the SEC will be furnished upon written request, without charge to any Company shareholder. Such requests should be addressed to Nancy A. Snow, Capital Bank, 333 Fayetteville Street, Raleigh, NC 27601.

Shareholders Sharing the Same Last Name and Address. Only one Annual Report and Proxy Statement may be delivered to multiple shareholders sharing an address unless we have received contrary instructions from one or more of the shareholders. We will deliver promptly upon written or oral request a separate copy of the Annual Report and Proxy Statement to a shareholder at a shared address to which a single copy of the documents was delivered. Requests for additional copies should be directed to Nancy A. Snow, Capital Bank, 333 Fayetteville Street, Raleigh, NC 27601 (telephone number 919-645-6312). Shareholders sharing an address and currently receiving a single copy may contact Ms. Snow as described above to request that multiple copies be delivered in future years. Shareholders sharing an address and currently receiving multiple copies may request delivery of a single copy in future years by contacting Ms. Snow as described above.

MISCELLANEOUS

As of the date hereof, the Company knows of no other business that will be presented for consideration at the Annual Meeting. However, the enclosed proxy confers discretionary authority to vote with respect to any and all of the following matters that may come before the meeting: (i) matters for which the Company did not receive timely written notice; (ii) approval of the minutes of a prior meeting of shareholders, if such approval does not amount to ratification of the action taken at the meeting; (iii) the election of any person to any office for which a bona fide nominee is named in this Proxy Statement and such nominee is unable to serve or for good cause will not serve; (iv) any proposal omitted from this Proxy Statement and the form of proxy pursuant to Rule 14a-8 or Rule 14a-9 under the Exchange Act; and (v) matters incidental to the conduct of the meeting. If any such matters come before the meeting, the proxy agents named in the accompanying proxy card will vote in accordance with their judgment.

Costs of Soliciting Proxies. We will pay all expenses incurred in connection with this solicitation, including postage, printing, handling and the actual expenses incurred by custodians, nominees and fiduciaries in forwarding proxy materials to beneficial owners. In addition to solicitation by mail, certain of our officers, directors and regular employees, who will receive no additional compensation for their services, may solicit proxies by telephone, personal communication or other means. We have also retained Broadridge Financial Solutions (“Broadridge”) to aid in the search for shareholders and the delivery of proxy materials, maintain the Internet website where we will make our proxy card available for voting in accordance with new SEC e-proxy rules, establish and operate an online and telephonic voting platform and process and tabulate all votes. We estimate that the aggregate fees, excluding costs for postage and envelopes, to be paid to Broadridge will be \$8,000. In addition, as part of the services provided to us as our transfer agent, Broadridge will assist us in identifying recordholders.

**ALL SHAREHOLDERS ARE ENCOURAGED TO SIGN, DATE AND RETURN THEIR PROXY SUBMITTED WITH THIS PROXY STATEMENT AS SOON AS POSSIBLE IN THE ENVELOPE PROVIDED. IF A SHAREHOLDER ATTENDS THE ANNUAL MEETING, HE OR SHE MAY REVOKE HIS OR HER PROXY AND VOTE IN PERSON.**







