

FIRST BANCORP /NC/
Form DEF 14A
April 08, 2010

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

SCHEDULE 14A INFORMATION

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

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

FIRST BANCORP
(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):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transactions applies:

N/A

(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):

N/A

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

341 North Main Street
Troy, North Carolina 27371-0508
Telephone (910) 576-6171

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD THURSDAY, MAY 13, 2010

To Our Shareholders:

The annual meeting of shareholders of First Bancorp (the “Company”) will be held at the James H. Garner Conference Center, 211 Burnette Street, Troy, North Carolina (see map on outside back cover) on Thursday, May 13, 2010 at 3:00 p.m. local time, for the purpose of considering and acting on the following matters:

1. A proposal to elect eighteen (18) nominees to the Board of Directors to serve until the 2011 annual meeting of shareholders, or until their successors are elected and qualified.
2. A proposal to approve an amendment to the Company’s Articles of Incorporation to increase the number of authorized shares of common stock from 20,000,000 to 40,000,000 shares.
3. A proposal to ratify the appointment of Elliott Davis, PLLC as the independent auditors of the Company for 2010.
4. To approve, on a non-binding advisory basis, the Company’s named executive officer compensation.
5. Such other business as may properly come before the meeting, or any adjournment thereof.

Only shareholders of record as of the close of business on March 23, 2010 are entitled to notice of and to vote at the annual meeting and any adjournment thereof.

Whether or not you expect to be present at the annual meeting, please complete, date and sign the enclosed form of proxy and return it promptly in the enclosed envelope. If you attend the meeting, your proxy will be returned to you upon request. You may also vote by telephone or on the Internet, as described in the proxy statement and on the proxy card.

Please note that the attached form of proxy includes a request from the Company to indicate whether or not you plan to attend the annual meeting. For planning purposes, management of the Company would appreciate you filling in the appropriate box indicating whether or not you plan to attend the annual meeting. If you initially indicate that you are not planning to attend and later want to, or do not indicate one way or the other, you are still welcome and invited to attend the meeting.

The proxy statement accompanying this notice sets forth further information concerning the proposals to be considered at the annual meeting. You are urged to study this information carefully.

Included in this package, in compliance with applicable regulations, is the Company’s 2009 Annual Report on Form 10-K, which includes the Company’s financial statements and other required disclosures. Also included in the package is a 2009 Summary Annual Report, which includes a financial overview, the president’s letter, and other general information about the Company.

By Order of the Board of Directors

Anna G. Hollers
Secretary

April 8, 2010

Important notice regarding the availability of proxy materials
for the shareholder meeting to be held on May 13, 2010.

The Proxy Statement, 2009 Annual Report on Form 10-K and 2009 Summary Annual Report
are also available at www.cfpproxy.com/3958.

First Bancorp
341 North Main Street
Troy, North Carolina 27371-0508
Telephone (910) 576-6171

PROXY STATEMENT

INTRODUCTION

This proxy statement is furnished to the shareholders of First Bancorp (hereinafter sometimes referred to as the “Company”) by the Board of Directors in connection with its solicitation of proxies for use at the annual meeting of shareholders of the Company to be held on Thursday, May 13, 2010 at 3:00 p.m. local time, at the James H. Garner Conference Center, 211 Burnette Street, Troy, North Carolina (see map on outside back cover), and at any adjournment thereof. Action will be taken at the annual meeting on the items described in this proxy statement and on any other business that properly comes before the meeting.

This proxy statement and accompanying form of proxy are first being mailed to shareholders on or about April 8, 2010.

The accompanying proxy is for use at the 2010 Annual Meeting if a shareholder either will be unable to attend in person or will attend but wishes to vote by proxy. Most shareholders have a choice of voting by completing the enclosed proxy card and mailing it in the postage-paid envelope provided, voting over the Internet or using a toll-free number. Shareholders should refer to the proxy card or the information forwarded by the shareholder’s bank, broker or other holder of record to see which voting options are available. Shareholders who vote over the Internet may incur costs, such as telephone and Internet access charges, for which the shareholder is responsible. The Internet and telephone voting facilities for eligible shareholders of record will close at 3:00 a.m. Eastern Daylight Time on May 13, 2010. Specific instructions to be followed by any shareholder interested in voting via the Internet or telephone are shown on the enclosed proxy card. The Internet and telephone voting procedures are designed to authenticate the shareholder’s identity and to allow shareholders to vote their shares and confirm that their instructions have been properly recorded. In the event that the proxy card does not reference Internet or telephone voting information because the recipient is not the registered owner of the shares, the proxy card must be completed and returned in the self-addressed, postage-paid envelope provided.

NEW RULE FOR THIS YEAR: If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of our director nominees (Proposal 1 of this Proxy Statement). In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank or broker was allowed to vote those shares on your behalf in the election of directors as they felt appropriate. Recent changes in regulation were made to take away the ability of your bank or broker to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf.

Any shareholder giving a proxy may revoke it at any time before a vote is taken by (i) duly executing a proxy bearing a later date; (ii) executing a notice of revocation in a written instrument filed with the secretary of the Company; or (iii) appearing at the meeting and notifying the secretary of the intention to vote in person. Unless a contrary choice is specified, all shares represented by valid proxies received pursuant to this solicitation, and not revoked before they are

exercised, will be voted as set forth in this proxy statement. In addition, the proxy confers discretionary authority upon the persons named therein, or their substitutes, with respect to any other business that may properly come before the meeting.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote is necessary to constitute a quorum at the annual meeting. If a quorum is not present or represented at the annual meeting, the shareholders present and entitled to vote have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At

any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. Abstentions from the vote on a particular proposal and broker non-votes will be counted as present for purposes of determining if a quorum is present, but will not be counted as votes on the proposal in question.

The Company will bear the entire cost of preparing this proxy statement and of soliciting proxies. Proxies may be solicited by employees of the Company, either personally, by special letter, or by telephone. Employees will not receive additional compensation for the solicitation of proxies. The Company also will request brokers and others to send solicitation material to beneficial owners of stock and will reimburse their costs for this purpose.

Only shareholders of record as of the close of business on March 23, 2010 will be entitled to vote at the annual meeting or any adjournment thereof. The number of outstanding shares of the Company's common stock entitled to vote at the annual meeting is 16,736,730. Shareholders are entitled to one vote for each share of the Company's common stock.

PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company knows of no person or group who beneficially owns more than five percent of the outstanding common stock of the Company.

PROPOSAL 1 - ELECTION OF DIRECTORS

Section 3.02 of the Company's bylaws provides that the number of directors on the Board of Directors of the Company will be not less than three nor more than 18, as may be fixed by resolution duly adopted by the Board of Directors at or prior to the annual meeting at which such directors are to be elected. In accordance with the bylaws, the size of the board has been fixed by the Board of Directors at 18 members.

In the absence of any specifications to the contrary, proxies will be voted for the election of all 18 of the nominees listed in the table below by casting an equal number of votes for each such nominee. If, at or before the time of the meeting, any of the nominees listed below becomes unavailable for any reason, the proxyholders have the discretion to vote for a substitute nominee or nominees. The board currently knows of no reason why any nominee listed below is likely to become unavailable. The 18 nominees receiving a plurality of votes cast shall be elected. This means that the 18 nominees with the most votes will be elected. Only votes "FOR" a nominee will affect the outcome.

The Company's Articles of Incorporation provide that, if cumulative voting applies, each shareholder is "entitled to multiply the number of votes he is entitled to cast by the number of directors for whom he is entitled to vote and cast the product for a single candidate or distribute the product among two or more candidates." Cumulative voting procedures will not be followed at the annual meeting unless a shareholder calls for cumulative voting as provided in the Company's Articles of Incorporation, by announcing at the meeting before the voting for directors starts, his or her intention to vote cumulatively. If cumulative voting is properly invoked by a shareholder, the chair shall declare that all shares entitled to vote have the right to vote cumulatively and shall thereupon grant a recess of not less than two days, nor more than seven days, as the chair shall determine, or of such other period of time as is unanimously agreed upon. If cumulative voting applies, the proxyholders may, in their discretion, vote the shares to which such proxies relate on a basis other than equally for each of the nominees named below and for less than all such nominees, but the proxyholders will cast such votes in a manner that would tend to elect the greatest number of such nominees (or any substitutes therefor in the case of unavailability) as the number of votes cast by them would permit.

NOMINATIONS FOR DIRECTOR

Nominees for election to the Board of Directors are selected by the incumbent board prior to each annual meeting, and the nominees listed below were selected in that manner. Nominations from shareholders must be made in accordance with the Company's bylaws, which generally require such nominations to be made in writing and not less than 60 nor more than 90 days prior to the meeting at which directors are to be elected and to include certain information about the proposed nominee, in addition to other requirements.

A copy of the bylaw provision setting forth the complete procedure for shareholder nominations of directors may be obtained upon written request to First Bancorp, Post Office Box 508, 341 North Main Street, Troy, North Carolina 27371-0508, Attention: Anna G. Hollers, Secretary.

The Company's bylaws state that no individual may be elected to, or may serve, on the Board of Directors any time after his or her 75th birthday, except that if a director is elected to the Board of Directors prior to his or her 75th birthday and reaches the age of 75 while serving as a director, such director's term shall continue until the next annual meeting of shareholders, at which time the director shall retire. The bylaws allow the Board of Directors to make exceptions to this limitation in connection with mergers or acquisitions. The bylaws also state that the foregoing provisions do not apply to any individual during the time such individual is serving as chief executive officer of the Company.

DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

The following table sets forth certain information as of December 31, 2009, with respect to the 18 nominees for election to the Board of Directors and the executive officers of the Company (all of these persons may be contacted at Post Office Box 508, 341 North Main Street, Troy, North Carolina 27371). The 18 nominees are all current directors. Except for Daniel T. Blue, Jr., R. Winston Dozier, and Richard H. Moore, each of the nominees have served on the Board of Directors since the 2009 Annual Meeting. Daniel T. Blue, Jr., R. Winston Dozier, and Richard H. Moore were appointed as directors on March 23, 2010. Each nominee has indicated a willingness to serve if elected. The Board of Directors recommends a vote "FOR" the election of these nominees.

TABLE OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS

Name (Age)	Current Director (D), Nominee (N), or Position with Company	Number of Shares Owned (excluding options)		Common Stock Beneficially Owned (1)		Percent of Class
				Number of Shares That May Be Acquired within 60 Days by Exercising Options	Total Number of Shares Beneficially Owned	
Directors and Nominees						
	President & CEO					
Jerry L. Ocheltree (50)	(D) (N)	29,577	(2)	3,000	32,577	*
Daniel T. Blue, Jr. (61)	(D) (N)	–	(3)	–	–	*
Jack D. Briggs (70)	(D) (N)	115,748	(4)	19,000	134,748	*
	Exec. Vice					
R. Walton Brown (57)	President (D) (N)	23,688	(5)	15,000	38,688	*
David L. Burns (71)	(D) (N)	79,583	(6)	15,750	95,333	*
	Exec. Vice					
John F. Burns (62)	President (D) (N)	76,664	(7)	1,667	78,331	*
Mary Clara Capel (51)	(D) (N)	3,058		11,250	14,308	*
James C. Crawford, III (53)	(D) (N)	52,474	(8)	4,500	56,974	*
R. Winston Dozier (53)	(D) (N)	752		–	752	*
James G. Hudson, Jr. (70)	(D) (N)	78,785	(9)	4,500	83,285	*
Richard H. Moore (49)	(D) (N)	–	(10)	–	–	*
George R. Perkins, Jr. (70)	(D) (N)	487,197		22,500	509,697	3.05 %
Thomas F. Phillips (64)	(D) (N)	71,403	(11)	20,250	91,653	*
Frederick L. Taylor II (40)	(D) (N)	13,692		11,250	24,942	*
Virginia C. Thomasson (58)	(D) (N)	13,065		20,250	33,315	*
Goldie H. Wallace (63)	(D) (N)	132,632		22,500	155,132	*
Dennis A. Wicker (57)	(D) (N)	5,949		20,250	26,199	*
John C. Willis (67)	(D) (N)	324,623	(12)	22,500	347,123	2.07 %
Non-Director Executive Officers						
Anna G. Hollers (59)	Executive Vice President,	109,215	(13)	9,001	118,216	*

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	Chief Operating Officer & Secretary					
Teresa C. Nixon (52)	Executive Vice President & Chief Lending Officer of First Bank	44,396	(14)	15,000	59,396	*
David G. Grigg (59)	President of Montgomery Data Services, Inc.	52,456	(15)	8,808	61,264	*
Eric P. Credle (41)	Executive Vice President & Chief Financial Officer	17,576	(16)	18,000	35,576	*
Timothy S. Maples (49)	Senior Vice President & Investment Officer	29,092	(17)	–	29,092	*
Lee C. McLaurin (47)	Senior Vice President & Controller	10,645	(18)	9,000	19,645	*
Directors/Nominees and Non-Director Executive Officers as a Group (24 persons)		1,772,270	(19)	273,976	2,046,246	12.23 %

* Indicates beneficial ownership of less than 1%.

Notes to Table of Directors, Nominees and Executive Officers:

- (1) Unless otherwise indicated, each individual has sole voting and investment power with respect to all shares beneficially owned by such individual. The "Number of Shares Owned" in the table above includes executive officers' reported shares in the 401(k) defined contribution plan, which are voted by the plan trustee and not by the shareholder for whom such shares are listed.
- (2) Mr. Ocheltree's shares include 7,383 shares held in the Company's 401(k) defined contribution plan.
- (3) Mr. Blue purchased 170 shares of the Company's common stock in March 2010.
- (4) Mr. Brigg's shares include 1,539 shares held as custodian for his daughter, 924 shares held as custodian for his grandchildren, and 37,910 shares held by his spouse.
- (5) Mr. Brown's shares include 3,380 shares held in the Company's 401(k) defined contribution plan.
- (6) Mr. D. Burns' shares include 46,833 shares held by Mr. Burns' business interests.
- (7) Mr. J. Burns' shares include 6,330 shares held in the Company's 401(k) defined contribution plan.
- (8) Mr. Crawford's shares include 6,325 shares held by his spouse and 4,600 shares held jointly with his children.
- (9) Mr. Hudson's shares include 2,872 shares held by his spouse.
- (10) Mr. Moore purchased 102 shares of the Company's common stock in March 2010.
- (11) Mr. Phillips' shares include 1,965 shares held by his spouse and 186 shares that his spouse owns jointly with two of their children.
- (12) Mr. Willis' shares include 185,591 shares held by his spouse.
- (13) Ms. Hollers' shares include 22,429 shares held in the Company's 401(k) defined contribution plan and 13,075 shares held by her spouse.
- (14) Ms. Nixon's shares include 17,765 shares held in the Company's 401(k) defined contribution plan, 2,314 shares held by Ms. Nixon's business interests, and 37 shares held in trust for a minor.
- (15) Mr. Grigg's shares include 316 shares held jointly with his daughters, 158 shares held jointly with his son and 14,510 shares held in the Company's 401(k) defined contribution plan.
- (16) Mr. Credle's shares include 5,667 shares held in the Company's 401(k) defined contribution plan.
- (17) Mr. Maples' shares include 4,840 shares held in the Company's 401(k) defined contribution plan.
- (18) Mr. McLaurin's shares include 6,595 shares held in the Company's 401(k) defined contribution plan.
- (19)

The number of shares held by directors, nominees, and non-director executive officers includes 182,063 shares of the Company's stock that have been pledged as collateral by these persons for loans received from the Company and other financial institutions, as follows: Mr. Brown – 20,158 shares; Mr. Hudson – 7,939 shares; Mr. Phillips – 32,976 shares; Ms. Wallace – 97,516 shares; Ms. Hollers – 5,331 shares; Ms. Nixon – 11,292 shares; and Mr. Credle – 6,851 shares.

Directors and Nominees

Daniel T. Blue, Jr., 61, is the managing partner of the law firm, Blue, Stephens, and Fellers, located in Raleigh, North Carolina, where he has been an attorney since 1976. In 1980, Mr. Blue was elected to the North Carolina House of Representatives and was re-elected ten times. From 1991 – 1995, Mr. Blue was twice elected Speaker of the North Carolina House of Representatives. Mr. Blue currently serves the North Carolina Senate, representing Wake County. Mr. Blue joined the Board of Directors in March 2010. Mr. Blue currently serves as the Chair of the Board of Trustees of Duke University. He is also a member of the Duke University Health System and is a director of Duke University Management Company. Mr. Blue was recommended by a non-management director to the Nominating and Corporate Governance Committee of the Company for consideration as a board member.

Mr. Blue has an extensive background in law and public service, and has skills related to executive decision making, as well as, oversight, governance and management of large organizations.

Jack D. Briggs, 70, is a funeral director and is president and owner of J. Briggs, Inc., Davidson Funeral Home, Inc., Carter Funeral Home, Inc., and Mountain View of Denton, Inc. and secretary of Piedmont Funeral Home. Mr. Briggs has been in the funeral director business since 1970. Mr. Briggs has been a director of the Company since its formation in 1983 and a director of First Bank since 1976.

Mr. Briggs brings entrepreneurial and business-building skills and experience to the Company, having successfully founded and acquired several businesses. Additionally, as owner and operator of a company, Mr. Briggs has over 40 years of experience overseeing the preparation of financial statements and the review of accounting matters.

R. Walton Brown, 57, was the chairman of the Board of Directors, President, and Chief Executive Officer of Carolina Community Bancshares, Inc., a bank holding company headquartered in Latta, South Carolina, from its inception in 1995 until its acquisition by the Company in January 2003. He served as the president of Carolina Community Bank, the bank subsidiary of Carolina Community Bancshares, and its predecessors from 1979 until January 2003, and now serves as Executive Vice President of the Company and First Bank. Mr. Brown has been a director of the Company and First Bank since 2003.

Mr. Brown has extensive financial industry experience and brings both financial services and corporate governance perspectives as a result of his work history.

David L. Burns, 71, served as President of Z.V. Pate, a Laurel Hill-based holding company for agricultural, timber, restaurants and retail sales with over 1,000 employees from 1983 until his retirement at the end of 2009. He currently serves as Chair of the Board of Directors of Z.V. Pate. Mr. Burns has been a director of the Company since 1988 and a director of First Bank since 1992.

During his long tenure as a board member, Mr. Burns has developed knowledge of the Company's business, history, organization, and executive management that has enhanced his ability as a director. Mr. Burns also brings executive decision making skills and business acumen resulting from his work history with Z.V. Pate. He also has demonstrated his leadership with his involvement in numerous professional and civic organizations.

John F. Burns, 62, served as a director and President and Chief Executive Officer of First Savings Bancorp, Inc. when First Savings merged with the Company in 2000, having been employed by First Savings since 1972. Since 2000, he

has served as a director of the Company and First Bank and has been employed as an Executive Vice President of the Company and First Bank.

Mr. Burns has over 37 years of banking experience and brings both financial services and corporate governance perspectives as a result of his work history.

Mary Clara Capel, 51, is a member of senior management as the director of administration at Capel, Incorporated, a rug manufacturer, importer and exporter located in Troy, North Carolina, where she has been employed since 1981, including eight years in her current position. She is also the owner of a retail business in Chapel Hill, North Carolina. Ms. Capel serves as a member of the Board of Trustees of St. Mary's College. Ms. Capel has been a director of the Company and First Bank since 2005.

Ms. Capel brings business executive decision making, and oversight as a result of her 28 years of experience with a third generation family business which has grown from its rug manufacturing operation in Troy, North Carolina to importing and exporting rugs worldwide.

James C. Crawford, III, 53, served on the Board of Directors, including as its Chairman, of Great Pee Dee Bancorp, Inc., a bank holding company headquartered in Cheraw, South Carolina, from 1992 until its acquisition by the Company in April 2008. Mr. Crawford is the retired Chairman and Chief Executive Officer of B.C. Moore and Sons, Inc., a department store chain. Mr. Crawford has been a director of the Company and First Bank since 2008.

Mr. Crawford brings extensive experience with accounting and finance, as well as, oversight and management of multiple businesses.

R. Winston Dozier, 53, is the former owner and operator of Quik Chek, Inc., a convenience store with 34 locations, headquartered in Troy, North Carolina. Mr. Dozier owned and operated Quik Chek from 1980 until its sale in 2006. Mr. Dozier was recommended by a non-management director to the Nominating and Corporate Governance Committee of the Company for consideration as a board member.

Mr. Dozier brings entrepreneurial and business-building skills and experience to the Company, having successfully managed his own company for 26 years. Additionally, as owner and operator of a company, Mr. Dozier brings many years of experience overseeing the preparation of financial statements and the review of accounting matters.

James G. Hudson, Jr., 70, served as a director and President and Chief Executive Officer of Century Bancorp, Inc., a bank holding company headquartered in Thomasville, North Carolina, at the time of its acquisition by the Company in 2001, having been employed with Century Bancorp since 1972. Mr. Hudson has served as a director of the Company and First Bank since 2001. He was employed as an Executive Vice President of First Bank from 2001 until his retirement in May 2008.

Mr. Hudson has over 37 years of banking experience and brings both financial services and corporate governance perspectives as a result of his work history.

Richard H. Moore, 49, serves as a managing director of San Diego-based Relational Investors LLC, a Registered Investment Advisor that advises the investment decisions of some of the largest pension funds in the world. He has served in this role since April 2009. Prior to joining Relational Investors, Mr. Moore served two terms as State Treasurer of North Carolina. Mr. Moore also previously served as Chair of the North Carolina State Banking Commission for eight years. Moore served two terms on the Board of Executives of the New York Stock Exchange and continues to serve on the New York Stock Exchange Regulation board. Mr. Moore was previously an Assistant U.S. Attorney and also practiced corporate, real estate and tax law for many years. Mr. Moore is currently a trustee of Wake Forest University and serves on its Investment Committee. Mr. Moore is also a director of the Durham-based North Carolina Mutual Life Insurance Company. Mr. Moore was recommended by a non-management director to the Nominating and Corporate Governance Committee of the Company for consideration as a board member.

Mr. Moore's career has provided him with extensive financial and accounting experience and gives him keen insight with respect to budget and audit matters, as well as the oversight, governance and management of larger organizations.

Jerry L. Ocheltree, 50, was named as the President and Chief Executive Officer of the Company as of January 1, 2007. He was named as the President of First Bank, the Company's banking subsidiary, in September 2005, a position he still holds. Mr. Ocheltree joined First Bank in 1998, serving as a Senior Vice President – Regional Executive until his election as President. Mr. Ocheltree has been a director of the Company since 2006 and First Bank since 2005.

Mr. Ocheltree brings deep institutional knowledge and perspective regarding the Company's strengths, challenges and opportunities. He has extensive banking experience.

George R. Perkins, Jr., 70, is the retired Chief Executive Officer of Frontier Spinning Mills, Inc., a yarn manufacturer located in Sanford, North Carolina. Mr. Perkins served in this role from 1996 until his retirement in 2009. Mr. Perkins has been a director of the Company and First Bank since 1996.

Mr. Perkins brings executive decision making skills and business acumen to the Company as a result of his professional experience in the textile industry.

Thomas F. Phillips, 64, is an automobile dealer and owner of Phillips Ford, located in Carthage, North Carolina. He served as a director of First Savings Bancorp, Inc. from 1985 until its merger with the Company in 2000. Mr. Phillips has served as a director of the Company and First Bank since 2000. Mr. Phillips currently serves as the Chair of the Board of Directors of the Company.

Mr. Phillips brings over 25 years of financial experience gained during his director terms with First Savings Bancorp and the Company. Mr. Phillips has extensive skills in accounting and finance and risk management.

Frederick L. Taylor, II, 40, is President of Troy Lumber Company, located in Troy, North Carolina, where he has been employed since 1992. Mr. Taylor has been a director of the Company and First Bank since 2005.

Mr. Taylor brings business-building skills and experience to First Bancorp. Additionally, Mr. Taylor has experience in overseeing the preparation of financial statements and review of accounting matters.

Virginia Thomasson, 58, is a Certified Public Accountant with the firm Holden, Thomasson, & Longfellow, P.C., located in Southern Pines, North Carolina, where she has been a partner since 1988. She served as a director of First Savings Bancorp, Inc. from 1997 until its merger with the Company in 2000. Ms. Thomasson has served as a director of the Company and First Bank since 2000. Ms. Thomasson has been designated as an “audit committee financial expert” in accordance with SEC regulations.

Ms. Thomasson brings to the Company experience and skills in public accounting and over 12 years of financial industry experience. She has been a director of the Company and First Bank since 2000.

Goldie H. Wallace, 63, is a private investor and has other business interests. Ms. Wallace has been a director of the Company and First Bank since 1997.

Ms. Wallace brings to First Bancorp over 13 years of financial industry experience in her service as a director of the Company. Ms. Wallace also has experience in management and accounting oversight as a result of her past ownership of temporary employment agencies and a restaurant.

Dennis A. Wicker, 57, is a partner in the law firm, Nelson Mullins Riley and Scarborough, LLP, Raleigh, NC, a position he has held since 2009. From 2008 to 2009, Mr. Wicker was a shareholder and a member of the Executive Committee of the law firm of SZD Wicker, LPA, and from 2001 to 2008 he was a partner in the law firm of Helms, Mullis & Wicker, LLP. Mr. Wicker served as Lieutenant Governor of North Carolina from 1993 to 2001. Mr. Wicker has been a director of the Company and First Bank since 2001. For each of the past five years, Mr. Wicker has also been a director of the following public companies: Coca Cola Bottling Company Consolidated, and Air T, Inc.

Mr. Wicker has an extensive background in law and public service and brings to the Company executive decision making, as well as, governance and risk assessment skills.

John C. Willis, 67, is a private investor in restaurant and real estate interests. Mr. Willis has been a director of the Company since its formation in 1983 and a director of First Bank since 1980.

During his long tenure as a board member, Mr. Willis has developed knowledge of the Company's business, history, organization, and executive management that has enhanced his ability as a director.

Executive Officers

In addition to Mr. Brown, Mr. J. Burns, and Mr. Ocheltree, the executive officers of the Company and First Bank are as follows:

Page 8

Anna G. Hollers, 59, is Chief Operating Officer, Executive Vice President, and Secretary of the Company and First Bank. Ms. Hollers has served as Secretary of the Company and First Bank since 1983, as Executive Vice President of the Company and First Bank since 1994, and was named Chief Operating Officer in 2005. She has been employed by the Company since its formation in 1983 and by First Bank since 1972.

Teresa C. Nixon, 52, is Chief Lending Officer, Executive Vice President of First Bank. She has served as Chief Lending Officer since joining First Bank in 1989 and as Executive Vice President of First Bank since 1994.

David G. Grigg, 59, has served as President of Montgomery Data Services, Inc., a nonbank subsidiary of the Company, since its formation in 1984. He was employed by First Bank from 1972 until 1984.

Eric P. Credle, 41, is an Executive Vice President and has served as the Chief Financial Officer of the Company and First Bank since joining the Company in 1997.

Timothy S. Maples, 49, is a Senior Vice President and Assistant Secretary of the Company and First Bank and Investment Officer of First Bank. He has served in his capacity as Senior Vice President of the Company and First Bank and Investment Officer of First Bank since joining the Company in 2000. He has served as Assistant Secretary of the Company and First Bank since 2005.

Lee C. McLaurin, 47, is a Senior Vice President and has served as the Controller of the Company and First Bank since joining the Company in 1987.

BOARD COMMITTEES AND ATTENDANCE

The Board of Directors has established four standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. In addition, the Board of Directors may establish other committees from time to time for specific purposes. The following table presents the 2010 membership of the committees that are described below. The chair of each committee is noted with a “(c)”. Following the table is additional information regarding each committee.

	Executive Committee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Daniel T. Blue, Jr.	X	X		
Jack D. Briggs	X	X	X	
R. Walton Brown				
David L. Burns	X	X	X	X
John F. Burns				
Mary Clara Capel	X	X	X	X
James C. Crawford	X		X	X
R. Winston Dozier	X			
James G. Hudson, Jr.				
Richard H. Moore	X	X		
Jerry L. Ocheltree	X			
George R. Perkins, Jr.	X			
Thomas F. Phillips	X (c)	X	X (c)	X (c)
Frederick L. Taylor II	X	X	X	X
Virginia C. Thomasson	X	X (c)	X	X
Goldie H. Wallace		X		
Dennis A. Wicker	X		X	X
John C. Willis	X	X	X	X

Executive Committee

The Executive Committee is authorized, between meetings of the Board of Directors, to perform all duties and exercise all authority of the Board of Directors, except those duties and authorities exclusively reserved to the Board of Directors by the Company’s bylaws or by statute. The Executive Committee held 12 meetings during 2009.

Audit Committee

The Audit Committee is responsible for the appointment, compensation and oversight of the Company’s independent auditors, and must approve in advance all audit fees and the terms of all non-audit services provided by the independent auditors. The Audit Committee also reviews and presents to the Board of Directors information regarding the effectiveness of the Company’s policies and procedures with respect to auditing, accounting, and internal controls. The Audit Committee also reviews the Company’s financial reporting process on behalf of the Board of Directors. All of the current members of the Audit Committee are independent, as defined by Nasdaq Stock Market (“NASDAQ”) and the Securities Exchange Act. The Audit Committee held 12 meetings during 2009.

The Board of Directors has determined that Ms. Thomasson is an “audit committee financial expert” within the meaning of SEC rules and regulations. The Audit Committee reviews and ratifies its charter on an annual basis. The Audit Committee charter is available on the Company’s website at www.firstbancorp.com under the tab “Investor Relations – Corporate Governance.”

Compensation Committee

The Compensation Committee operates under a charter that has been approved by the Board of Directors. The Compensation Committee reviews and ratifies its charter on an annual basis, and the charter is available on the Company’s website at www.firstbancorp.com under the tab “Investor Relations - Corporate Governance.” Generally, the Compensation Committee is responsible for reviewing the compensation policies and benefit plans of the Company and for making recommendations regarding the compensation of its executive officers. The Compensation Committee also administers the Company’s equity compensation plans. The Compensation Committee has the authority to delegate any of its responsibilities to subcommittees. Each of the current members of this committee are independent under the rules and regulations of NASDAQ. The Compensation Committee held six meetings during 2009.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for i) identifying qualified individuals to become Board members, ii) determining the composition of the Board and its committees, and iii) developing and implementing the Company's corporate governance guidelines. The Nominating and Corporate Governance Committee will consider shareholder nominees for Board membership. Any shareholder wishing to nominate a candidate for director must follow the procedures described in the section "Nominations For Director" above. The section below entitled "Corporate Governance Policies and Practices - Director Nomination Process" describes the process utilized by the Nominating and Corporate Governance Committee for identifying and evaluating candidates to be nominated as directors. The Nominating and Corporate Governance Committee reviews and ratifies its charter on an annual basis, and the charter is available on the Company's website at www.firstbancorp.com under the tab "Investor Relations – Corporate Governance." Each of the current members of this committee are independent as defined by NASDAQ rules. The Nominating and Corporate Governance Committee held five meetings during 2009.

Attendance

The Board of Directors held 16 meetings during 2009. In 2009, all of the directors and nominees for re-election attended at least 75% of the aggregate of the meetings of the Board of Directors and the committees described above on which they served during the period they were directors and members of such committees.

CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Company has developed, and operates under, corporate governance principles and practices that are designed to maximize long-term shareholder value, align the interests of the board and management with those of the Company's shareholders, and promote the highest ethical conduct among the Company's directors and employees. Highlights of the Company's corporate governance policies, practices and procedures are described below.

Director Independence

The Board of Directors believes that a substantial majority of the board should consist of directors who are independent under rules set forth by NASDAQ. The Board of Directors makes an annual determination regarding the independence of each of the Company's directors. The Board last made these determinations for each member of the board in February 2010, based on the review of director questionnaires designed to elicit information regarding independence. The Board has determined that 14 of its 18 current directors are independent as contemplated by NASDAQ. The four individuals who are not independent are Mr. Brown, Mr. J. Burns, Mr. Hudson, and Mr. Ocheltree. Mr. Brown, Mr. J. Burns and Mr. Ocheltree are not independent because they are current employees of the Company. Mr. Hudson is not independent because he was employed by the Company until May 2008.

Annual Director Re-Election

Since the Company's inception, its bylaws have required that directors must stand for re-election to the Board of Directors at each annual shareholders' meeting. The Board of Directors believes that this policy makes it easier for shareholders to hold directors more directly accountable for corporate performance compared to the staggered-board structure in use at many public companies, which permits directors to hold their positions for several years.

Separation of the Offices of Chairman and Chief Executive Officer

The Board of Directors believes that one of its main purposes is to protect shareholders' interests by providing independent oversight of management, including the Chief Executive Officer. Although not required by the Company's bylaws, the Board of Directors has historically believed, and continues to believe, that this objective is facilitated by having an independent director serve as Chairman, thereby separating the offices of Chairman of the Board of Directors and Chief Executive Officer. The Chairman of the Board is responsible for approving meeting schedules and agendas, as well as acting as a liaison between the Chief Executive Officer and the independent directors.

The Board's Role in Risk Oversight

The Board of Directors believes that each member in his or her fiduciary capacity has a responsibility to monitor and manage risks faced by the Company. At a minimum, this requires the members of our Board of Directors to be actively engaged in board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to the Company are monitored by the Board of Directors and the Audit Committee through its review of the Company's compliance with regulations set forth by its regulatory authorities, including the FDIC and recommendations contained in regulatory examinations.

Because we believe risk oversight is a responsibility for each member of the Board of Directors, we do not concentrate the Board's responsibility for risk oversight in a single committee. Instead, each of our committees concentrates on specific risks for which they have an expertise, and each committee is required to regularly report to the Board of Directors on its findings. For example, the Audit Committee regularly monitors the Company's exposure to fraud and internal control risk. Our Compensation Committee's role in monitoring the risks related to our compensation structure is discussed in further detail below.

Executive Sessions

The Board of Directors has adopted a resolution requiring that the independent directors of the Company meet at least twice a year in executive session with no non-independent directors or employees of the Company present. At these meetings, the independent directors discuss strategic or other key issues regarding the Company. Two of these executive sessions were held in 2009.

Director Nomination Process

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the individuals for nomination as members of the Board. The goal of the Nominating and Corporate Governance Committee is to create a Board that will demonstrate objectivity and the highest degree of integrity on an individual and collective basis. In evaluating current members and new candidates, the Nominating and Corporate Governance Committee considers the needs of the Board and the Company in light of the current mix of director skills and attributes. In addition to requiring that each director possess the highest integrity and character, the Nominating and Corporate Governance Committee's evaluation of director candidates includes an assessment of issues and factors regarding an individual's familiarity with the Company's geographic market area, independence as defined by the various regulatory authorities, business experience, accounting and financial expertise, diversity, and awareness of the Company's responsibilities to its customers, employees, regulatory bodies, and the communities in which it operates. The Nominating and Corporate Governance Committee also takes into consideration the Board's established policies relating to the Board's retirement policy and the ability of directors to devote adequate time to Board and committee matters. When the Nominating and Corporate Governance Committee is considering current Board members for nomination for re-election, the Committee also considers prior Board contributions and performance, as well as meeting attendance records.

The Nominating and Corporate Governance Committee does not have any formal guidelines regarding how it should consider diversity in identifying nominees for director. However, the Committee is generally cognizant of the benefits of a diverse board.

The Nominating and Corporate Governance Committee may seek the input of the other members of the Board and management in identifying and attracting director candidates that are consistent with the criteria outlined above. In addition, the Committee may use the services of consultants or a search firm, although it has not done so in the past. The Nominating and Corporate Governance Committee will consider recommendations by Company shareholders of qualified director candidates for possible nomination to the Board. Shareholders may recommend qualified director candidates by writing to the Company's Corporate Secretary at 341 North Main Street, Troy, North Carolina 27371. Submissions should include information regarding a candidate's background, qualifications, experience, and willingness to serve as a director. Based on a preliminary assessment of a candidate's qualifications, the Nominating and Corporate Governance Committee may conduct interviews with the candidate and request additional information from the candidate. The Committee uses the same process for evaluating all nominees, including those recommended by shareholders.

In addition, the Company's bylaws contain specific conditions under which persons may be nominated directly by shareholders as directors at an annual meeting of shareholders. The provisions include the condition that shareholders comply with the advance notice time-frame requirements described under the section entitled "Nominations for Director" above.

Stock Ownership Requirements

The Company's Board of Directors has adopted a common stock ownership policy for members of the Board. This policy requires that any candidate for the Board must either own, or commit to acquire, common stock of the Company with a monetary value of at least \$50,000. Once the \$50,000 ownership requirement is met, the Board member is deemed to have satisfied this requirement even if subsequent decreases in the Company's stock price cause the value of the member's holdings to fall below \$50,000. The Board believes that this stock ownership policy substantially enhances shareholder value by materially aligning the Board's interest with those of the shareholders.

Mandatory Retirement

The Company's bylaws state that no individual may be elected to, or may serve, on the Board of Directors any time after his or her 75th birthday, except that if a director is elected to the Board prior to his or her 75th birthday and reaches the age of 75 while serving as a director, such director's term shall continue until the next annual meeting of shareholders, at which time the director shall retire. The bylaws allow for the Board to make exceptions to this limitation in connection with mergers or acquisitions. The bylaws also state that the foregoing provisions do not apply to any individual during the time such individual is serving as chief executive officer of the Company.

Communications with Directors

The Board of Directors believes that it is important that a direct and open line of communication exist between the Board and the shareholders and other interested parties. Any shareholder or other interested party who desires to contact one or more of the Company's directors may send a letter to the following address:

First Bancorp Board of Directors
PO Box 417
Troy, North Carolina 27371

In addition, any shareholder or other interested party who has any concerns or complaints relating to accounting, internal controls or auditing matters may contact the Audit Committee by writing to the following address:

First Bancorp Audit Committee
PO Box 417
Troy, North Carolina 27371

All such communications will be forwarded to the appropriate party as soon as practicable without being screened.

Annual Meeting Policy

Directors are expected to attend the Company's annual meeting of shareholders. Except for Mr. Perkins and Mr. Taylor II, all members of the 2009 Board attended the Company's 2009 annual meeting of shareholders.

Cumulative Voting

The Company's bylaws provide for the availability of "cumulative voting" in the election of directors. Under cumulative voting, each shareholder calculates the number of votes available to such shareholder by multiplying the number of votes to which his or her shares are normally entitled by the number of directors for whom the shareholder is entitled to vote. The shareholder can then cast the sum for a single candidate or can distribute it in any manner among any number of candidates. For example, if 18 directors are to be elected, a shareholder who owns 1,000 shares will have 18,000 votes. This shareholder can cast all of these votes for one candidate, or 1,000 for 18 candidates, or 3,000 for each of six candidates, or any other mathematically possible combination.

The purpose of cumulative voting is to preserve the right of minority shareholders, or a group of shareholders acting together, to obtain representation on the Board of Directors that is roughly proportional to their ownership interest in the corporation. The Company's Board of Directors believes that the minority representation guaranteed by cumulative voting is an appropriate feature of corporate democracy and is not likely to cause harmful factionalism on the board.

Cumulative voting procedures will not be followed at the annual meeting unless a shareholder calls for cumulative voting as provided in the Company's Articles of Incorporation, by announcing at the meeting before the voting for directors starts, his or her intention to vote cumulatively. See the third paragraph under "Proposal 1- Election of Directors" above for additional information regarding cumulative voting.

Code of Conduct

The Board of Directors has adopted a Code of Conduct that applies to the Company's directors and employees, including the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. The Code includes guidelines relating to ethical handling of actual or potential conflicts of interest, compliance with laws, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the Code of Conduct. The Code of Conduct can be obtained by sending a request to: First Bancorp, Attention: Anna Hollers, P.O. Box 508, Troy, North Carolina 27371.

The nominees who receive the highest number of votes cast, up to the number of directors to be elected, shall be elected as directors. The Board of Directors recommends that shareholders vote "FOR" the proposal to elect the 18 nominees as directors. Unless indicated to the contrary, proxies will be voted "FOR" the 18 nominees listed above.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we discuss our compensation program as it pertains to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers in 2009. We refer to these five persons throughout as the “named executive officers” (NEOs). Our discussion focuses on compensation and practices relating to 2009, our most recently completed fiscal year.

Implications of Participation in the Troubled Asset Relief Program Capital Purchase Program on Executive Compensation Arrangements

In October 2008, the Emergency Economic Stabilization Act (EESA) was enacted, which gave the United States Treasury Department (Treasury) the authority to develop programs to stabilize U.S. financial institutions. The Emergency Economic Stabilization Act was amended in February 2009 by the American Recovery and Reinvestment Act of 2009 (ARRA or the Stimulus Act). Pursuant to EESA and ARRA, the Treasury developed the Troubled Asset Relief Program (TARP), which includes the Capital Purchase Program (CPP). We entered into a Securities Purchase Agreement on January 9, 2009 with the Treasury under the CPP, which provides that during the period that the Treasury holds equity or debt securities of our company, the compensation of our chief executive officer, chief financial officer and three other most highly compensated executive officers will be subject to the following:

- a “clawback” of any bonus or incentive compensation paid based on financial statements or other criteria that prove to be materially inaccurate;
 - a prohibition on payments to executive officers upon termination of employment; and
- a waiver of incentive compensation pursuant to arrangements that are determined by our Compensation Committee to encourage our senior executives to take unnecessary and excessive risks that threaten the value of our company.

In addition, due to our participation in the CPP, the amount of compensation expense that we are able to deduct under Section 162(m) of the Internal Revenue Code has been reduced from \$1 million to \$500,000 for each covered individual, and we are unable to deduct compensation under the performance-based compensation exception of Section 162(m). Accordingly, the maximum deduction that we can take for compensation attributable to the services of our senior executives during the period the Treasury holds equity or debt securities of the Company is \$500,000 per senior executive.

ARRA also prohibits the Company from paying bonuses to its five most highly compensated employees other than bonuses in the form of restricted stock or pursuant to contractual commitments in place on February 11, 2009.

Participation in the CPP also requires that the Compensation Committee, in conjunction with the Company’s senior risk officers, take certain steps in an effort to ensure compliance with the prohibition of incentive compensation arrangements that involve unnecessary and excessive risk taking. As such, the Compensation Committee and our senior officers responsible for risk management have met periodically to discuss and review the relationship between our risk management policies and practices and the incentive compensation arrangements for our senior executive officers. Within this framework, a variety of topics were discussed, including:

- the parameters of acceptable and excessive risk taking in light of a number of considerations, including the understanding that some risk taking is an inherent part of the operations of a financial institution;
-

the other controls that we have established (other than reviews of our compensation practices) that limit undesirable risk taking; and

- our general business goals and concerns, ranging from growth and profitability to the need to attract, retain and incentivize top tier talent.

As a result of this review and discussion, the Compensation Committee determined that the design and goals of the existing incentive compensation arrangements for our senior executive officers do not create an incentive for our senior executive officers to take unnecessary and excessive risks that threaten the value of our financial institution.

The Stimulus Act requires every company participating in the CPP to permit a non-binding shareholder vote to approve the compensation of executives as disclosed in the company's proxy statement (commonly known as a "say on pay" vote). We have included a say on pay resolution as Proposal 4 in this proxy statement.

Structure and Role of the Compensation Committee

The Compensation Committee of our Board of Directors consists entirely of independent directors. It operates under a written charter that the board has adopted.

The Compensation Committee is primarily responsible for the following:

- reviewing the performance of our chief executive officer, or CEO;
- recommending the compensation of our CEO to the board;
- reviewing and approving the CEO's recommendations about the compensation of our other executive officers;
 - recommending to the board the performance targets for our annual incentive bonus plan;
- periodically reviewing our equity-based and other incentive plans and recommending any revisions to the board of directors;
 - recommending to the board any discretionary 401(k) contributions;
 - recommending director compensation to the board; and
 - approving any equity compensation grants.

The Committee does not give the CEO any explicit parameters in recommending base salary adjustments for the other executive officers. Instead, the committee expects the CEO to use reasonable judgment, based on his years of experience in the banking industry, his review of peer data, his subjective observations of the current business environment and the officers' performance.

Compensation Philosophy and Objectives

The objectives of our executive compensation programs are:

- fairly compensating executives for their efforts;
- attracting and retaining quality executive leadership;
- rewarding the achievement of annual corporate performance targets; and
- aligning officers' long-term interests with those of our shareholders.

The committee's general philosophy is that we should compensate our executive officers at approximately the same average level as corresponding officers at similarly situated peer financial service companies.

Because the committee bases its compensation decisions on the objectives and philosophy described above, it does not take into account an individual's net worth or the wealth the individual has accumulated from prior compensation.

Competitive Positioning

Periodically, the committee engages outside compensation consultants to evaluate whether our compensation practices are consistent with meeting our objectives. In these engagements, the outside consultant typically compares our compensation practices and compensation levels to those of a peer group of similarly situated financial service companies. The consultant then provides the committee with analysis and recommendations.

In 2008, the Compensation Committee engaged Grant Thornton, a nationally recognized compensation expert, to provide analysis and recommendations regarding 2009 compensation for our NEOs. In November 2008, Grant Thornton presented the committee with its findings, which it based on a study of 2007 proxy data (the most recent data then available).

The Grant Thornton analysis compared the compensation of our NEOs to a representative sample of 18 publicly traded financial institutions located primarily in the Southeast based principally on asset size. This peer group consisted of the following companies:

- Ameris Bancorp
- Carter Bank & Trust
- COBIZ Financial
- Fidelity Southern Corporation
- First Community Bancshares, Inc.
- FNB United Corp.
- Gateway Financial Holdings
- NewBridge Bancorp
- Old Second Bancorp
- Pinnacle Financial Partners, Inc.
- Republic Bancorp
- SCBT Financial Corporation
- Seacoast Banking Corp. of Florida
- Simmons First
- Southwest Bancorp, Inc.
- StellarOne Corporation
- TowneBank
- Virginia Commerce Bancorp, Inc.

Based on our review of the Grant Thornton analysis, we concluded that each of our NEOs had salaries that were at or near the market averages, except for our CEO, whose salary was lower than the market average. Accordingly, in November 2008, we increased our CEO's salary from \$340,000 in 2008 to \$390,000 for 2009, which we believed was at or near the market average. We increased the salaries of each of our other NEOs by approximately 2%-5% for 2009. As discussed in more detail below, we rescinded the salary increases in March 2009 and then made upward adjustments to NEO salaries effective August 1, 2009.

Composition of Direct Compensation

We provide a mix of pay elements to compensate our NEOs. Of this mix, the largest two elements are generally those that comprise annual direct compensation - base salary and annual incentive bonus (direct compensation, as we define it, excludes equity grants).

For 2008, the committee designed our Annual Incentive Plan to provide our NEOs with the opportunity to earn an annual cash bonus of 25% to 50% of their base salary if we achieved targeted levels of financial performance, with the opportunity for each officer to earn up to twice the target percentage if certain goals were met. The committee and the board believe that a meaningful, but not overwhelming, amount of each NEO's annual direct compensation should be tied to achieving corporate performance targets. The committee believes this structure reflects a proper balance of direct compensation that provides our officers with a baseline level of financial stability (in the form of base salary), while also providing an appropriate incentive for achieving annual targets that drive our corporate performance. In 2009, because of the restrictions imposed by the Stimulus Act, no cash bonuses were awarded to our NEOs.

Executive Compensation Program Overview

The five primary components of our executive compensation program are:

- Base salary
- Annual cash incentives
- Equity grants
- Benefits
- Post-termination compensation

The following sections briefly describe each of these components.

1. Base Salary

We pay each officer a base salary because it provides a minimum level of compensation and is necessary for recruitment and retention. The committee intends that our NEOs' base salaries will provide them with a competitive baseline level of compensation based on their individual experience, performance and scope of responsibility. An important aspect of base salary is the ability of the committee, the board and the CEO (in the case of other officers' salaries) to use annual base salary adjustments to reflect an individual's performance or changed responsibilities.

Base salary levels are also important because we generally tie the amount of incentive compensation and retirement benefits to an officer's base salary. For example, awards under our annual bonus plan, the Annual Incentive Plan, are denominated as a percentage of base salary.

For 2009, as discussed above, we initially set salaries to be at or near the market averages of a peer study performed by Grant Thornton in 2008, which resulted in salary increases of 2%-5% for four of our NEO's and a 15% increase for our Chief Executive Officer. Subsequent to the November 2008 Compensation Committee meeting in which the 2009 salaries were established, economic conditions continued to worsen, with the banking industry being especially hard hit. The committee met in January 2009 and again in February 2009, and based on the economic environment and the challenges facing the banking industry, including our company, the Compensation Committee decided to rescind the 2009 salary increases effective March 1, 2009. On June 19, 2009, the Company's bank subsidiary acquired, in an FDIC-assisted transaction, substantially all of the assets and liabilities of Cooperative Bank, which had been closed earlier that day by regulatory authorities. Cooperative Bank operated through twenty-one branches in North Carolina and three branches in South Carolina and had total assets of \$958 million. In light of the significantly increased responsibilities assumed by four of our NEO's as a result of this acquisition, and the expected positive impact that this acquisition would have for the Company, the Compensation Committee decided to increase the salaries of these four NEOs to a level closer to the 75th percentile of the peer averages contained in the November 2008 study, and the salary of the remaining NEO to the level in effect prior to March 1, 2009, effective August 1, 2009.

In order to set salaries for 2010, the Compensation Committee again engaged Grant Thornton to provide analysis and recommendations regarding 2010 compensation for our NEOs. In November 2009, Grant Thornton presented the committee with its findings, which it based on a study of 2008 proxy data (the most recent data then available).

The Grant Thornton analysis compared the compensation of our NEOs to a representative sample of 22 publicly traded financial institutions that were comparable to the Company in either location and asset size or in performance measures. This peer group consisted of the following companies:

- Ameris Bancorp
- Bank of the Ozarks, Inc.
- Capital City Bank Group, Inc.
- City Holding Company
- First Community Bancshares, Inc.
- FNB United Corp.
- Green Bankshares, Inc.
- Hampton Roads, Bankshares, Inc.
- Home Bancshares, Inc.
- NewBridge Bancorp
- Pinnacle Financial Partners, Inc.
- Renasant Corporation
- Republic Bancorp, Inc.
- Sandy Spring Bancorp
- SCBT Financial Corporation
- Seacoast Banking Corp. of Florida
- Simmons First National Corp
- StellarOne Corporation
- TowneBank
- Union Bankshares Corp.
- Virginia Commerce Bancorp, Inc.
- Wesbanco, Inc.

A conclusion of the Grant Thornton analysis was that the Company was a top performer compared to the peer group, and thus should be better aligned with the 75th percentile of the peer group. Based on that conclusion, the salaries of our NEO's were increased for 2010 by a range of 2% to 7%. Additionally, based on this same analysis, the Compensation Committee awarded restricted stock to four of our NEOs (see discussion below under the heading "Equity Grants").

The following table presents the salaries of our NEOs during 2009 and the salaries that have been set for 2010:

Named Executive Officer	Salary from	Salary from	Salary from	Salary for
	January 1, 2009 to February 28, 2010	Salary from March 1, 2009 to July 31, 2009	August 1, 2009 to December 31, 2009	2010
Jerry L. Ocheltree	\$ 390,000	340,000	486,800	496,800
Anna G. Hollers	275,970	265,356	297,700	315,562
Teresa C. Nixon	258,000	245,676	285,000	305,000
Eric P. Credle	222,560	214,000	260,000	275,600
John F. Burns	211,167	207,027	211,167	217,502

2. Annual Cash Incentive

We have an annual incentive bonus plan under which we have historically paid cash bonuses each January based on corporate performance in the preceding fiscal year. The plan allows for the use of multiple performance measures to determine the amount of each participant's annual bonus. However, based on restrictions imposed by the Stimulus Act and the Treasury related to our participation in the CPP, we were prohibited from paying any cash bonus to our NEOs for 2009 performance.

3. Equity Grants

As discussed in the Base Salary section above, during 2009, the Compensation Committee engaged Grant Thornton to provide analysis and recommendations regarding compensation for our NEOs. A conclusion of this report was that the Company was a top performer compared to its peer group and the report recommended that total compensation should be better aligned with the 75th percentile of peer banks. The report also noted that the Company lagged its peer group in grants of equity awards to its NEOs and recommend that the Committee award restricted stock to its NEOs.

In order to address both of these recommendations, in December 2009 the Compensation Committee awarded shares of restricted stock to the four NEOs who experienced the biggest increase in responsibility as a result of the Cooperative Bank acquisition. Ms. Hollers, Ms. Nixon and Mr. Credle were each granted restricted stock with a value equal to 20% of their base 2010 salary and Mr. Ocheltree was granted restricted stock equal to 35% of his base 2010 salary. These awards were granted in amounts and terms that are permitted by Stimulus Act and Treasury rules for companies participating in the CPP. Accordingly, the shares of restricted stock do not exceed one-third of total compensation and the awards generally vest based on the later of 1) the Company's repayment of the CPP financial assistance, and 2) two years from the date of grant. After two years from the grant date, for each 25% of total financial assistance repaid, 25% of the total long-term restricted stock may become transferrable. The number of restricted stock shares granted and the corresponding grant-date fair values are presented in the section below entitled "Grants of Plan-Based Awards."

4. Benefits

We provide a competitive benefits program for our NEOs. We provide these benefits in order to retain and attract an appropriate caliber of talent and recognize that other companies with which we compete for talent provide similar benefits to their executive officers.

The following table lists our current benefit programs and shows, for each, the employees eligible for each benefit:

Benefit Plan	Named Executive Officers	Certain Managers and Individual Contributors	All Full-Time Employees
Supplemental Executive Retirement Plan	X	X	
Perquisites	X	X	
401(k) Plan	X	X	X
Defined Benefit Pension Plan	X	X	(1)
Health Insurance	X	X	X
Life Insurance	X	X	X
Disability Insurance	X	X	X

(1) Our defined benefit pension plan covers all full-time employees hired on or before June 11, 2009.

Supplemental Executive Retirement Plan

We sponsor a supplemental executive retirement plan, or SERP, for the benefit of certain members of our senior management, including each of the NEOs. The purpose of the SERP is to provide additional monthly pension benefits to ensure that each participant will receive lifetime pension benefits beyond the amounts that we can pay under our qualified pension plan. The SERP generally provides participants with an annual benefit at retirement equal to 3% of final average compensation multiplied by years of service, up to a maximum of 60% of final average compensation. The amount of a participant's SERP benefit is reduced by (1) the amount payable under our qualified pension plan, and (2) 50% of the participant's primary Social Security benefit.

We set the benefits payable under the SERP in 1993 at the inception of the plan, in consultation with an employee benefits consultant who assisted us with plan design. At that time, the employee benefits consultant provided peer information and gave his expert opinion that the benefits payable under this plan were reasonable and would further our objectives of attracting and retaining senior management executives. The committee believes these reasons are still valid.

Perquisites

We provide only very limited perquisites. During 2009, the only perquisites provided to any of the NEOs were as follows:

- We paid country club dues amounting to \$6,058 on behalf of Mr. Ocheltree. Mr. Ocheltree used the country club exclusively for business purposes.
 - We paid civic club dues amounting to \$580 on behalf of Mr. Credle and \$480 on behalf of Mr. J. Burns.

5. Post-Termination Compensation

Accelerated Vesting

Our current equity plan and the SERP have change in control provisions that automatically vest all participants in the benefits of each plan in the event of a change in the control of our company. We believe that other companies with which we compete for executive talent provide a similar acceleration benefit, and that these provisions therefore assist us in attracting and retaining talent.

Employment Agreements

We have three-year, automatically renewing employment agreements with each of the NEOs. Each of these agreements provides for the payment of certain severance benefits to the officer upon termination of employment in certain circumstances, including following a change in the control of our company. For more information about these benefits, see the section below captioned “Executive Compensation – Potential Payments Upon Termination.” Each agreement also contains non-competition and confidentiality covenants that protect our company if the officer leaves.

The objectives of the employment agreements are as follows:

- The multi-year term helps us attract and retain talented executive officers.
- The non-competition covenant protects us by preventing an officer from leaving our company and immediately joining a competitor, which would likely result in the officer taking business away from us.
- The confidentiality covenant protects us by preventing an officer from disclosing trade secrets or confidential information regarding our company or our customers for two years after the officer leaves his or her employment with the company.
- The change-in-control severance payment provision benefits us by minimizing the uncertainty and distraction caused by the current climate of bank acquisitions, and by allowing our executive officers to focus on performance by providing transition assistance in the event of a change in control.

The committee and the board believe the amount of the severance benefits potentially payable to each named executive officer under these agreements is reasonable and consistent with industry standards.

As noted above, the Stimulus Act prohibits us from making severance or post-termination payments to our NEOs, including any change of control payments. In connection with the Company’s receipt of TARP funds, each of our NEOs executed a waiver of any compensation owed them or any entitlement to future compensation that would violate the Stimulus Act.

The above discussion described the five primary components of our executive compensation program. The following section describes other guidelines and procedures affecting executive compensation.

Other Guidelines and Procedures Affecting Executive Compensation

Stock Option Grants

When we approve a stock option grant, we set a date in the future as the measurement date for the exercise price of the stock option. We do not “back-date” stock option grants. We do not have a policy or practice of making stock option grants during periods in which there is material non-public information about our company.

Tax Considerations

It has been and continues to be our intent that all incentive payments be deductible unless maintaining deductibility would undermine our ability to meet our primary compensation objectives or is otherwise not in our best interest. At this time, essentially all compensation we have paid to the NEOs is deductible under the federal tax code, except for income realized from exercise of incentive stock options by some executive officers. We are currently evaluating whether the \$500,000 limit on tax deductible compensation resulting from our participation in the CPP will have any impact on the Company.

Share Ownership Guidelines for Named Executive Officers

We do not require our NEOs to own any minimum amount of our common stock. We may consider a minimum stock ownership policy in the future, but the committee does not currently believe that such a policy is necessary. We believe that the way we compensate our NEOs aligns their interest sufficiently with that of the shareholders.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of First Bancorp has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on its review and discussion, the Compensation Committee recommended to the board that the Compensation Discussion and Analysis be included in this proxy statement and in First Bancorp's annual report on Form 10-K for filing with the Securities and Exchange Commission.

During 2009, the Compensation Committee discussed the Company's compensation plans and whether any limits or restrictions were needed in order to minimize any risk associated with:

- (A) Senior Executive Officer (SEO) compensation plans that could lead SEOs to take unnecessary and excessive risks that could threaten the value of First Bancorp;
- (B) Employee compensation plans that unnecessarily expose First Bancorp to risks; and
- (C) Employee compensation plans that could encourage the manipulation of reported earnings of First Bancorp to enhance the compensation of an employee.

In these discussions, the Compensation Committee concluded that for 2009, the only significant aspect of compensation related to any employee compensation plan that could lead to the taking of unnecessary or excessive risks or that could encourage the manipulation of reported earnings related to a June 2008 grant of performance units and stock options that had earnings per share vesting conditions. On June 17, 2008, we granted to 19 senior officers, including each of our NEOs, a mixture of stock options and performance units under our 2007 Equity Plan, with each performance unit equaling one share of our common stock upon vesting. In general, up to one-third of the total number of stock options and performance units granted to each NEO will vest, if and to the extent that both (1) our earnings per share (EPS) goals for the corresponding performance period are met and (2) the employee continues with us for a period of two years beyond the annual performance period.

We established the following EPS goals based on goals we established at a strategic planning retreat in 2006:

	Threshold (\$)	Target (\$)	Maximum (\$)
2008	1.53	1.70	1.87
2009	1.68	1.87	2.06
2010	1.85	2.06	2.27

Our actual EPS for 2008 was \$1.38, and thus we did not achieve the threshold level of EPS for 2008. Accordingly, one-third of the stock options and performance units granted were permanently forfeited.

The Compensation Committee discussed whether the EPS goals required for future vesting could lead to the taking of unnecessary or excessive risks or could encourage the manipulation of reported earnings. We decided that these risks were minimal for the following reasons:

- Our budget for 2009 was \$1.10 per share, which we believed was a reasonable expectation of earnings for the year. Because of the significant difference between expected EPS and the minimum EPS required for vesting (\$1.68), we concluded that any actions taken by employees that could possibly result in the attainment of the minimum EPS necessary for vesting would require board of director approval (which actually occurred and is discussed in note 1 to the Summary Compensation Table below).

- We concluded that our system of internal controls was effective at detecting any manipulation of earnings of the magnitude that would result in the Company achieving the minimum EPS threshold necessary for vesting.

The Compensation Committee also certifies that:

- (i) It has reviewed with senior risk officers the senior executive officer (SEO) compensation plans and has made all reasonable efforts to ensure that these plans do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the Company;
- (ii) It has reviewed with senior risk officers the employee compensation plans and has made all reasonable efforts to limit any unnecessary risks these plans pose to the Company; and
- (iii) It has reviewed the employee compensation plans to eliminate any features of these plans that would encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

Submitted by the Compensation Committee of First Bancorp's board of directors.

Jack D. Briggs	Frederick L. Taylor II
David L. Burns	Virginia C. Thomasson
Mary Clara Capel	Dennis A. Wicker
James C. Crawford	John C. Willis
Thomas F. Phillips – Chairman	

Summary Compensation Table

The following table shows the compensation we paid in each of the last three fiscal years to the NEOs.

2009 SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (1) (e)	Non-Equity Incentive Plan Compensation (\$) (g)	Change in	All Other Compensation (\$) (3) (i)	Total (\$) (j)
						Pension Value and Nonqualified Deferred Compensation Earnings (\$) (2) (h)		
Jerry L. Ocheltree President and Chief Executive Officer	2009	409,500	—	173,870	—	144,000	43,454	770,824
	2008	340,000	—	—	157,471	106,500	41,457	645,428
	2007	312,700	—	—	206,617	81,500	42,871	643,688
Anna G. Hollers Executive Vice President, Chief Operating Officer and Secretary	2009	280,602	—	78,890	—	204,000	29,726	593,218
	2008	265,356	—	—	98,320	153,600	26,951	544,227
	2007	255,150	—	—	134,872	138,800	32,878	561,700
Teresa C. Nixon Executive Vice President & Chief Lending Officer	2009	266,950	—	76,240	—	87,000	16,246	446,436
	2008	245,676	—	—	91,028	78,100	14,493	429,297
	2007	236,225	—	—	124,869	58,900	18,923	438,917
Eric P. Credle Executive Vice President and Chief Financial Officer	2009	234,593	—	68,738	—	24,000	15,106	342,437
	2008	214,000	—	—	79,291	25,700	12,787	331,778