

FIRST COMMUNITY CORP /SC/

Form DEF 14A

April 15, 2005

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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 Rule 14a-11(c) or Rule 14a-12

First Community Corporation

(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) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**FIRST COMMUNITY CORPORATION**

**5455 Sunset Boulevard**

**Lexington, South Carolina 29072**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**April 15, 2005**

Dear Fellow Shareholder:

We cordially invite you to attend the 2005 Annual Meeting of Shareholders of First Community Corporation, the holding company for First Community Bank, N.A. At the meeting, we will report on our performance in 2004 and answer your questions. We are excited about our accomplishments in 2004 and look forward to discussing both our accomplishments and our plans with you. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on May 18, 2005 at 11:00 a.m. at the Saluda Shoals Park River Center, 5605 Bush River Road, Columbia, South Carolina 29212, for the following purposes:

1. To elect five Class II directors to serve on the board of directors each for three-year terms;
2. To elect two Class III directors to serve on the board of directors each for a one-year term; and
3. To transact any other business that may properly come before the meeting or any adjournment of the meeting.

Shareholders owning our common stock at the close of business on April 1, 2005 are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at the company's offices prior to the meeting.

Please use this opportunity to take part in the affairs of your company by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy to us as promptly as possible.

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By order of the Board of Directors,

/s/ James C. Leventis  
James C. Leventis  
Chairman of the Board

/s/ Michael C. Crapps  
Michael C. Crapps  
President and Chief Executive Officer

5455 Sunset Boulevard, Lexington, South Carolina 29072 / Telephone: (803) 951-2265 / Fax: (803) 951-1722

**FIRST COMMUNITY CORPORATION**

**5455 Sunset Boulevard**

**Lexington, South Carolina 29072**

**Proxy Statement For Annual Meeting of**

**Shareholders to be Held on May 18, 2005**

Our board of directors is soliciting proxies for the 2005 Annual Meeting of Shareholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. We encourage you to read it carefully.

**Voting Information**

The board set April 1, 2005 as the record date for the meeting. Shareholders owning our common stock at the close of business on that date are entitled to attend and vote at the meeting, with each share entitled to one vote. There were 2,830,962 shares of common stock outstanding on the record date. A majority of the outstanding shares of common stock represented at the meeting will constitute a quorum. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

Many of our shareholders hold their shares through a stockbroker, bank, or other nominee rather than directly in their own name. If you hold our shares in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held in street name, and these materials are being forwarded to you by your broker or nominee, which is considered the *shareholder of record* with respect to those shares. As the *beneficial owner*, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. However, since you are not the *shareholder of record*, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the *shareholder of record* giving you the right to vote the shares. Your broker or nominee has enclosed or provided a voting instruction card for you to use to direct your broker or nominee how to vote these shares.

When you sign the proxy card, you appoint David K. Proctor and Joseph G. Sawyer as your representatives at the meeting. Messrs. Proctor and Sawyer will vote your proxy as you have instructed them on the proxy card. If you submit a proxy but do not specify how you would like it to be voted, Messrs. Proctor and Sawyer will vote your proxy for the election to the Board of Directors of all nominees listed below under Election of Directors. We are not aware of any other matters to be considered at the meeting. However, if any other matters come before the meeting, Messrs. Proctor and Sawyer will vote your proxy on such matters in accordance with their judgment.

You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by signing and delivering another proxy with a later date or by voting in person at the meeting.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that brokers do not vote on some proposals but that they do vote on others are referred to as "broker non-votes" with respect to the proposals not voted upon. A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. In addition, if a shareholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

We are paying for the costs of preparing and mailing the proxy materials and of reimbursing brokers and others for their expenses of forwarding copies of the proxy materials to our shareholders. Our officers and employees may assist in soliciting proxies but will not receive additional compensation for doing so. We are distributing this proxy statement on or about April 15, 2005.

**Proposal No. 1 and 2: Election of Directors**

The board of directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the board members expire at each annual meeting. The current terms of the Class II directors will expire at the meeting. With the exception noted below, the terms of the Class III directors will expire at the 2006 Annual Shareholders Meeting. The terms of the Class I directors will expire at the 2007 Annual Shareholders Meeting. In addition, in connection with our merger with DutchFork Bancshares, Inc. and its wholly owned subsidiary, Newberry Federal Savings Bank, which was consummated on October 1, 2004, Steve P. Sligh was appointed to the board of directors as a Class II director and J. Thomas Johnson was appointed to the board of directors as a Class III director. In accordance with our bylaws and the provisions of the South Carolina Business Corporation Act of 1988, both Messrs. Sligh and Johnson are up for re-election as directors at the 2005 annual meeting.

Our directors and their classes are:

Class I

Richard K. Bogan, MD  
 Michael C. Crapps  
 Hinton G. Davis  
 Anita B. Easter  
 George H. Fann, Jr., D.M.D.

Class II

Thomas C. Brown  
 O.A. Ethridge, D.M.D.  
 W. James Kitchens, Jr.  
 Mitchell M. Willoughby  
 Steve P. Sligh

Class III

Chimin J. Chao  
 James C. Leventis  
 Loretta R. Whitehead  
 J. Thomas Johnson  
 Alexander Snipes, Jr.

There are currently five directors in Class II. Shareholders will elect five nominees as Class II directors at the meeting to serve a three-year term, expiring at the 2008 annual meeting of shareholders. The directors will be elected by a plurality of the votes cast at the meeting. This means that the five nominees receiving the highest number of votes will be elected. The board of directors recommends that you elect Thomas C. Brown, O.A. Ethridge, D.M.D., W. James Kitchens, Jr., Mitchell M. Willoughby, and Steve P. Sligh as Class II directors.

In addition, the board of directors recommends that you elect J. Thomas Johnson and Alexander Snipes, Jr. as Class III directors to serve a one-year term expiring at the 2006 annual meeting of shareholders. As noted above, in connection with our merger with DutchFork Bancshares, Mr. Johnson was appointed to the board of directors as a Class III director. In addition, the nominating committee met twice during 2004 and discussed increasing the size of the board to 15 directors and reviewed various candidates to fill the new position. At the February 15, 2005 board meeting, the nominating committee presented a motion to increase the size of the board from the current 14 to 15 directors. The motion was approved unanimously by the board. The nominating committee then presented a motion that Alexander Snipes, Jr. be nominated to the board as a Class III director, and presented for election at the 2005 annual shareholders meeting. If elected, Mr. Snipes term would begin immediately following the meeting. The board of directors recommends that you elect J. Thomas Johnson and Alexander Snipes, Jr. as Class III directors.

If you submit a proxy but do not specify how you would like it to be voted, Messrs. Proctor and Sawyer will vote your proxy to elect Mr. Brown, Dr. Ethridge, Mr. Kitchens, Mr. Willoughby, Mr. Sligh, Mr. Snipes and Mr. Johnson. If any of these nominees is unable or fails to accept nomination or election (which we do not anticipate), Messrs. Proctor and Sawyer will vote instead for a replacement to be recommended by the board of directors, unless you specifically instruct otherwise in the proxy.

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Set forth below is certain information about the Class II nominees and Messrs. Johnson and Snipes, each of whom (with the exception of Mr. Snipes) is also a director of the bank:

*Thomas C. Brown*, 46, Class II director, has served as a director of the company since its formation in 1994. Since 1989, Mr. Brown has been the president and owner of T.C.B. Enterprises of South Carolina, Inc., a restaurant business based in Myrtle Beach. Mr. Brown graduated from Clemson University in 1981 with a B.S. degree in Civil Engineering. He serves part-time as an ordained minister at All Saints Episcopal Church, Pawleys Island, South Carolina.



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*O.A. Ethridge, D.M.D.*, 61, Class II director, has served as a director of the company since its formation in 1994. Dr. Ethridge currently resides in Lexington, South Carolina and has practiced children's dentistry in West Columbia, South Carolina for more than 20 years. After graduating with a B.A. degree in Science from Erskine College in Due West, South Carolina in 1965, Dr. Ethridge received a D.M.D. in 1971 from the University of Louisville School of Dentistry in Louisville, Kentucky. He became a pedodontist in 1974 after receiving a pedodontist specialty from Children's Medical Center in Dayton, Ohio.

*W. James Kitchens, Jr.*, 43, Class II director, has served as a director of the company since its formation in 1994. Mr. Kitchens is a Certified Public Accountant and holds the Chartered Financial Analyst Designation. He is the president of The Kitchens Firm, P.A., a certified public accounting firm in Columbia. Mr. Kitchens earned a B.S. degree in Mathematics from The University of the South and an M.B.A. degree at Duke University.

*Mitchell M. Willoughby*, 57, Class II director, has served as a director of the company since its formation in 1994. Mr. Willoughby has lived in Columbia, South Carolina since 1970 and practiced law since 1975. He is currently a founding member of the law firm Willoughby & Hoefer, P.A. Mr. Willoughby formally served as general counsel to the Greater Columbia Chamber of Commerce and serves in the South Carolina Army National Guard with the rank of Brigadier General. He received a B.S. degree in 1969 from Clemson University and a J.D. degree from the University of South Carolina in 1975.

*Steve P. Sligh*, 55, Class II director, joined the bank as a senior vice president in October 2004 following the consummation of the merger with DutchFork Bancshares and Newberry Federal. Prior to the merger, Mr. Sligh served as executive vice president of Newberry Federal from 1989 until succeeding J. Thomas Johnson as president of Newberry Federal in January 2000. Since 2000 and until consummation of the merger, he also served as treasurer of Newberry Federal and executive vice president, treasurer, chief financial officer, and a director of DutchFork Bancshares.

*J. Thomas Johnson*, 58, Class III director, has served as Vice Chairman of the Board and Executive Vice President of the company since the merger with Dutch Fork BancShares in October 2004. Mr. Johnson Previously served as Chairman and CEO of Dutch Fork BancShares and Newberry Federal Savings Bank since 1984. Mr. Johnson has been in banking since 1968. He has served as Chairman of the Community Financial Institutions of South Carolina and currently serves on the board of directors of the South Carolina Bankers Association. He is a member of the board of directors of the Federal Home Loan Bank of Atlanta representing South Carolina member banks. He is also Chairman of Business Carolina, a statewide economic development lender. He received a B.S. in Marketing in 1968 from the University of South Carolina. He Currently serves on the board of visitors of the Medical University of South Carolina; the boards of the Newberry Opera House Foundation; Newberry Chamber of Commerce; Central Carolina Alliance; and the Central Carolina Community Foundation.

*Alexander Snipes, Jr.*, 54, is nominated for election as a Class III director of our company. Mr. Snipes has been the president and chief executive officer of Glory Communications, Inc. since September 1992. Glory Communications, Inc. operates five gospel radio stations located in South Carolina markets, including its first station, WFMV, which began broadcasting in November 1993 in Columbia, South Carolina. Prior to forming Glory Communications, Inc., Mr. Snipes was the general sales manager at a radio station for 10 years. He has over 20 years of broadcasting experience. Mr. Snipes serves on the board of the William L. Bonner Bible College, The National Association of Broadcasters Radio Board, The Radio Board's Membership Committee (chairman), and The Gospel Heritage Foundation. Mr. Snipes is a former board member of the Columbia Urban League and The Gospel Music Association, and he is Past President of the South Carolina Broadcasters Association.

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Set forth below is also information about each of the company's other directors and each of its executive officers. Each of the following directors is also a director of our bank.

*Richard K. Bogan*, 59, Class I director, has served as a director of the company since its formation in 1994. Dr. Bogan has practiced medicine in Columbia, South Carolina since he started Pulmonary Associates of Carolina in 1978. He graduated with a B.S. degree from Wofford College in Spartanburg in 1966 and earned an M.D. degree from the Medical College of South Carolina in Charleston in 1970. Dr. Bogan has been president of

Bogan Consulting, Inc., a medical consulting company, since December 1992 and holds memberships in numerous medical organizations. He has served as medical director of Palmetto Physician Partners and president of SCDA, a management company of sleep clinics throughout the Southeast.

*Chimin J. Chao*, 49, Class III director, has served as a director of the company since its formation in 1994. Mr. Chao lives in Lexington, South Carolina and since 1987 has been president of the engineering firm Chao and Associates, Inc. in Irmo, South Carolina. Mr. Chao is a member of the American Society of Engineers and the National Society of Professional Engineers. He received a M.S. degree in Structural Engineering at the University of South Carolina and holds a Professional Engineer license and General Contractors license in South Carolina.

*Michael C. Crapps*, 46, Class I director, has served as our President and Chief Executive Officer and as a director of the company since its formation in 1994. A lifelong Lexington County resident, he began his banking career with South Carolina National Bank in 1980, and by the time he changed jobs in 1985 he was a vice president and senior commercial lender in a regional office of that bank. From 1985 to 1993, he worked for Republic National Bank in Columbia, becoming President, chief executive officer, and a director of that bank. During his career, Mr. Crapps has been responsible for virtually all aspects of banking, including branches, commercial banking, operations, credit administration, accounting, human resources, and compliance. He also serves the banking industry through his involvement in the South Carolina Bankers Association serving as its immediate Past Chairman and on its Board of Directors. Mr. Crapps was selected as the 1997 Young Banker of the Year by the South Carolina Bankers Association. He received a B.S. degree in Economics in 1980 from Clemson University and an M.B.A. degree from the University of South Carolina in 1984. Mr. Crapps is also a graduate of the L.S.U. Banking School of the South. Mr. Crapps is presently on the Boards of Directors of the South Atlantic Division of the American Cancer Society and serves as its Treasurer, the Greater Columbia Community Relations Council, the Saluda Shoals Park Foundation, the Lexington School District #1 Foundation and the Midlands Business Leadership Group. He is also a Past Chairman of the Lexington Chamber of Commerce.

*Hinton G. Davis*, 67, Class I director, has served as a director of the company since its formation in 1994. Mr. Davis is the founder and chief executive officer of Capital City Insurance Company, Inc. and Davis Garvin Agency, Inc., an insurance company and insurance agency, respectively. Since founding these companies in 1981, Mr. Davis has worked as chief executive officer and primary owner of three related insurance businesses: Southeastern Claims Services, Inc., Capital E & S Brokers, and Charter Premium Audits. Mr. Davis has resided in Columbia for over 20 years and holds a B.B.A. degree in Insurance from the University of Georgia.

*Anita B. Easter*, 60, Class I director, has served as a director of the company since its formation in 1994. Mrs. Easter is retired. She is a former owner and director of Anchor Continental, Inc., a manufacturer of pressure sensitive tapes. She received a B.S. in Nursing from the University of South Carolina in 1979. In the fall of 2003, she completed the South Carolina Bankers Association Bank Directors College at the University of South Carolina.

*George H. Fann, Jr., D.M.D.*, 60, Class I director, has served as a director of the company since its formation in 1994. Dr. Fann has practiced dentistry in West Columbia, South Carolina for 34 years. He earned a B.S. degree from Clemson University in 1966 and a D.M.D. from the University of Louisville School of Dentistry in 1969. Dr. Fann is past chairman of the board of directors of Lexington Medical Center in West Columbia, South Carolina. Dr. Fann is a recipient of the Order of the Palmetto awarded by the Governor of South Carolina.

*James C. Leventis*, 67, Class III director, Chairman of the Board, has served as Chairman of the Board of Directors of the company since its formation in 1994. Mr. Leventis is a shareholder of the law firm Rogers, Townsend & Thomas, PC where he has practiced since 1996. Mr. Leventis received a J.D. degree and a B.S. degree in Business Administration from the University of South Carolina. Mr. Leventis also has extensive experience in the banking industry. From 1964 to 1968, Mr. Leventis was a commercial lending officer with First National City Bank

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of New York; from 1968 to 1974, he served as vice president and general manager of Genway Corp., a nationwide leasing system of General Motors dealers; and from 1985 to 1988, he served as

president and chairman of Republic National Bank in Columbia. Mr. Leventis is also past vice chairman of the School Board of Richland District I, a past member and former chairman of the Richland County Council and Central Midlands Regional Planning Council, and past president of the Alumni Association of the University of South Carolina. He serves on the Boards of the South Carolina State Chamber of Commerce, South Carolina Bankers Association, Business Development Corporation, the Governor's School for Science and Mathematics, the Indian Waters Council and Southeastern Region Boy Scouts of America, the City Center Partnership of Columbia, and the Blue Ribbon Committee, Richland County School District One.

*Loretta R. Whitehead*, 62, Class III director, has served as a director of the company since its formation in 1994. Ms. Whitehead has been a realtor since 1981 and is currently a broker with RE/MAX Real Estate Services in Columbia, South Carolina. She taught full-time from 1964 through 1968 after receiving a B.A. degree in English and Elementary Education from Columbia College in 1963. She is a board member of the Lexington Medical Center Foundation. She also took additional graduate work at the University of South Carolina and University of Tennessee from 1963 through 1968.

*David K. Proctor*, 48, has been the Senior Vice President/Senior Credit Officer of the company since First Community Bank opened for business in 1995. From May 1994 to June 1995, he was the vice president of credit for Republic Leasing Company. From 1987 to 1994, he held various positions with Republic National Bank in Columbia and most recently was executive vice president and senior credit officer. He is a 1979 graduate of Clemson University with a B.S. in Business Administration.

*Joseph G. Sawyer*, 54, has been Senior Vice President/Chief Financial Officer of the company since First Community Bank opened for business in 1995. Prior to joining the company, he was senior vice president and general auditor for the National Bank of South Carolina. He is a certified public accountant and a 1973 graduate of The Citadel with a B.A. in Political Science.

*J. Ted Nissen*, 43, has been Senior Vice President and Group Executive of the company since July 1999. From July 1995 to July 1999 he was a Vice President and City Executive of the company. He is a 1984 graduate of Presbyterian College with a BS in Business Management.

#### **Compensation of Directors and Executive Officers**

#### **Summary of Cash and Certain Other Compensation**

The following table shows the cash compensation we paid to our chief executive officer and president and each of the other executive officers whose total annual compensation, including salary and bonus, for services rendered during the fiscal year ended December 31, 2004 exceeded \$100,000.

## Summary Compensation Table

Name and <u>Principal Position</u>	<u>Year</u>	<u>Annual Compensation (1)</u>		<u>Long Term</u> <u>Compensation</u> <u>Awards</u> <u>Securities</u>	<u>All Other</u> <u>Compensation (2)</u>
		<u>Salary</u>	<u>Bonus</u>	<u>Underlying Options (#)</u>	
Michael C. Crapps	2004	\$162,346	\$36,733		\$9,534
President and CEO	2003	146,879	27,548		8,730
	2002	130,391	31,385		7,184
David K. Proctor	2004	\$102,125	\$23,063		\$6,114
Senior Vice President,	2003	95,938	17,726		5,870
Senior Credit Officer	2002	88,945	21,327		5,353
Joseph G. Sawyer	2004	\$102,208	\$23,063		\$5,995
Senior Vice President	2003	96,981	17,907		5,882
Chief Financial Officer	2002	90,830	21,800		5,427
J. Ted Nissen	2004	\$98,750	\$22,163		\$6,239
Senior Vice President	2003	86,308	16,406		5,223
Group Executive	2002	74,648	17,916		4,631

(1) Our executive officers also receive indirect compensation in the form of certain perquisites and other personal benefits. The amount of such benefits received in the fiscal year by the named executive officer did not exceed the lesser of \$50,000 or 10% of the executive's annual salary and bonus.

(2) Includes company contributions to our 401(k) plan.

## Aggregated Option Exercises and Year-End Option Values

<u>Name</u>	<u>Number of Unexercised Securities Underlying</u> <u>Options at Fiscal Year End(#)(1)</u>	<u>Value of Unexercised In-the-Money</u> <u>Options at</u>
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	<u>Exercisable/Unexercisable</u>	<u>Fiscal Year End (\$)(2)</u>
		<u>Exercisable/Unexercisable</u>
Michael C. Crapps	26,250/0	\$282,362/\$0
David K. Proctor	7,875/0	\$72,154/\$0
Joseph G. Sawyer	10,500/0	\$104,373/\$0
J. Ted Nissen	6,825/0	\$68,169/\$0

- (1) The numbers have been adjusted to reflect all stock dividends and stock splits.
- (2) The values shown equal the difference between the exercise price of unexercised in-the-money options and the closing market price (\$19.97) of the underlying common stock at December 31, 2004. Options are in-the-money if the fair market value of the common stock exceeds the exercise price of the option.

**Employment Agreements**

*Michael C. Crapps and James C. Leventis* Upon its formation, the company entered into employment agreements with Michael C. Crapps, as the President and Chief Executive Officer of the company, and James C. Leventis, as the Chairman of the Board of the company. Both employment agreements provided for an initial term of three years, to be extended automatically each day for an additional day so that the remaining term of the agreement will continue to be three years. The term may be fixed at three years without additional extension by notice of either party to the other. The term of each agreement is currently three years. The agreement with Mr. Crapps provided for a starting annual salary of \$90,000, and the agreement with Mr. Leventis provided for an annual salary of \$25,000 per year, and the amounts have been reviewed annually by the board of directors and

increased from time to time based on the board's recommendation. Both Mr. Crapps and Mr. Leventis are also eligible to receive annual payments based upon achievement criteria established by the board of directors. Since the company's formation through 2002, Mr. Leventis devoted approximately 25% of his time to the company. In 2003, Mr. Leventis began devoting a greater percentage of his time to the company (currently approximately 75% of his time), and the company increased his salary proportionately.

Both agreements provide that if the company terminates the executive's employment without cause or if the executive's employment is terminated due to a sale, merger, or dissolution of the company or First Community Bank, the company will be obligated to continue his salary and bonus for the first 12 months thereafter plus one-half of his salary and bonus for the second 12 months thereafter. Furthermore, the company must remove any restrictions on outstanding incentive awards so that all such awards vest immediately and the company must continue to provide his life insurance and medical benefits until he reaches the age of 65.

In addition, both employment agreements provide that following termination of the executive's employment with the company and for a period of 12 months thereafter, the executive may not (i) be employed in the banking business as a director, officer at the vice president level or higher, or organizer or promoter of, or provide executive management services to, any financial institution within Richland or Lexington counties, (ii) solicit major customers of the company for the purpose of providing financial services, or (iii) solicit employees of the company for employment.

*David K. Proctor, and Joseph G. Sawyer* The company has entered into employment agreements with David K. Proctor, as Senior Vice President and Senior Credit Officer, and Joseph G. Sawyer, as Senior Vice President and Chief Financial Officer. Both employment agreements provide for an initial term of three years, to be extended automatically each day for an additional day so that the remaining term of the agreement will continue to be three years. The term may be fixed at three years without extension by notice of either party to the other.

The term of each agreement is currently three years. The agreement with Mr. Proctor provided for a starting annual salary of \$89,278, and the agreement with Mr. Sawyer provided for an annual salary of \$91,260 per year, and the amounts have been reviewed annually and increased from time to time. Both Mr. Proctor and Mr. Sawyer are also eligible to receive annual payments based upon achievement criteria established by the board of directors.

Both agreements provide that if the company terminates the executive's employment without cause the company shall be obligated to pay the employee compensation in an amount equal to 100% of his then current monthly base salary each month for three months from the date of termination, plus any bonus earned or accrued through the date of termination. If the executive terminates his employment or the company terminates the executive's employment after a change in control without cause, the company will pay the employee an amount equal to two times the then current annual base salary. In addition, the company will pay the employee any bonus earned or accrued through the date of termination. The company will remove any restrictions on outstanding incentive awards so that all such awards vest immediately. The company must continue to pay at its expense medical and life insurance benefits for a period of two years after termination.

In addition, each agreement provides that during the employee's employment and for a period of 12 months thereafter, the employee may not (without prior written consent of the company) compete with the company or any of its affiliates by, directly or indirectly, forming, serving as an organizer, director or officer of, or consultant to, or acquiring or maintaining more than a 1% passive investment in, a financial institution which has one or more offices or branches located within a radius of 10 miles from the bank's main office or any of its branch offices. This restriction does not apply after a change in control.

#### **Director Compensation**



During the year ended December 31, 2004, outside directors received fees of \$150 for attendance at each committee meeting and \$500 for attendance at each board meeting.

**Security Ownership of Certain****Beneficial Owners and Management**

The following table shows how much common stock in the company is owned by the directors, executive officers, and owners of more than 5% of the outstanding common stock, as of March 15, 2005. The mailing address for each beneficial owner is care of First Community Corporation, 5455 Sunset Boulevard, Lexington, South Carolina, 29072.

<u>Name</u>	<u>Number of Shares</u>		<u>% of Beneficial</u>
	<u>Owned (1)</u>	<u>Right to Acquire (2)</u>	<u>Ownership(3)</u>
Richard K. Bogan	3,100	5,250	.29%
Thomas C. Brown	19,687	5,250	.88%
Chimin J. Chao	20,301	5,250	.90%
Michael C. Crapps	32,894	6,562	1.39%
Hinton G. Davis	62,343		2.20%
Anita B. Easter	17,717	5,250	.81%
O.A. Ethridge	17,373	5,250	.80%
George H. Fann, Jr.	60,506		2.14%
W. James Kitchens, Jr.	6,557		.23%
J. Thomas Johnson (5)	30,310	69,494	3.44%
James C. Leventis (4)	17,718		.63%
David K. Proctor	13,580	7,875	.76%
J. Ted Nissen	4,954	6,875	.42%
Joseph G. Sawyer	6,284	10,500	.59%
Steve P. Sligh (5)	15,363	69,494	2.93%
Alexander Snipes	2,642		.09%
Loretta R. Whitehead	15,750		.56%
Mitchell M. Willoughby	14,437	5,250	.69%
All executive officers and directors as a group (18 persons)	361,516	202,300	18.59%

- (1) Includes shares for which the named person has sole voting and investment power, has shared voting and investment power, or holds in an IRA or other retirement plan program, unless otherwise indicated in these footnotes.
- (2) Includes shares that may be acquired within the next 60 days of March 15, 2005 by exercising vested stock options but does not include any unvested stock options.
- (3) For each individual, this percentage is determined by assuming the named person exercises all options which he or she has the right to acquire within 60 days, but that no other persons exercise any options or warrants. For the directors and executive officers as a group, this percentage is determined by assuming that each director and executive officer exercises all options which he or she has the right to acquire within 60 days, but that no other persons exercise any options. The calculations are based on 2,830,962 shares of common stock outstanding on March 15, 2005.
- (4) Includes 4,668 shares held by an investment affiliate of Mr. Leventis.

- (5) Includes 4,294 shares estimated to be received upon termination and final allocation of DutchFork ESOP Plan shares.

### Meetings and Committees of the Board of Directors

During the year ended December 31, 2004, the board of directors of the company held 12 meetings and the board of directors of the bank held 12 meetings. All of the directors of the company and the bank attended at least 75% of the aggregate of such board meetings and the meetings of each committee on which they served, with the exception of Hinton G. Davis who attended 58% of the meetings.

Although we do not have a formal policy regarding attendance by members of our board at our annual shareholders meetings, directors are encouraged to attend our annual meeting. Six directors attended the 2004 annual meeting of shareholders.

Our board of directors has implemented a process for shareholders of the company to send communications to the board. Any shareholder desiring to communicate with the board, or with specific individual directors, may so do by writing to the secretary of the company, at First Community Corporation, 5455 Sunset Boulevard, Lexington, South Carolina 29072. The secretary has been instructed by the board to promptly forward all such communications to the addressees indicated thereon.

Our board of directors has appointed a number of committees, including an audit committee, an executive committee, a nominating committee, and a human resources committee. The audit committee is composed of Dr. Ethridge, Mr. Kitchens, Mr. Willoughby, Ms. Whitehead, and Ms. Easter. Each of these members is considered independent under Rule 4350 of the National Association of Securities Dealers listing standards. Our board has determined that Mr. Kitchens, who was appointed to the audit committee on March 16, 2004, qualifies as an audit committee financial expert under the SEC rules. The audit committee met four times in 2004.

The audit committee has the responsibility of reviewing the company's financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The committee recommends to the board the appointment of the independent auditors for the next fiscal year, reviews and approves the auditor's audit plans, and reviews with the independent auditors the results of the audit and management's responses. The audit committee has a written charter which was adopted on March 18, 2003. The charter outlines the committee's responsibilities for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts and may be amended by the board at any time. The audit committee reports its findings to the board of directors.

Our board of directors recently appointed a nominating committee which is responsible for nominating individuals for election to our board. Prior to establishing this committee, our executive committee acted in this capacity. The executive committee, which is composed of Mr. Leventis, Mr. Crapps, Dr. Fann, Mr. Kitchens, Mr. Willoughby, and Mr. Johnson, met one time during 2004 and the nominating committee met two times during 2004. The nominating committee is composed of Dr. Fann, Jr., Mr. Chao, and Mr. Willoughby. Each of these members is considered independent under Rule 4350 of the National Association of Securities Dealers listing standards.

On March 16, 2004, our board adopted a nominating committee charter. The charter provides that the responsibilities of the committee include: (a) reviewing the qualifications and independence of the members of the board and its various committee assignments; (b) evaluating incumbent directors in determining consideration for reelection; (c) recommending board nominees for election as officers; (d) providing guidance on board and corporate governance issues; and (e) considering director candidates recommended by shareholders who submit nominations in accordance with our bylaws. A copy of the nominating committee charter is available on our website at [www.firstcommunitysc.com](http://www.firstcommunitysc.com).

Shareholders who submit candidates for nomination must deliver nominations in writing to the secretary of the company no later than (i) with respect to an election to be held at an annual meeting of shareholders, 90 days in advance of such meeting; and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, seven days after notice of the special meeting is given to shareholder. Each notice must set forth: (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the shareholder is a holder of record of stock of the company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings

between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (iv) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the board of directors; and (v) the consent of each nominee to serve as a director of the company if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

In evaluating such recommendations, the committee uses a variety of criteria to evaluate the qualifications and skills necessary for members of our board of directors. Under these criteria, members of the board of directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public interest. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of our shareholders.

Our committee uses a variety of methods for identifying and evaluating nominees for director. They regularly assess the appropriate size of the board of directors, and whether any vacancies are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, the committee considers various potential candidates for director. Candidates may come to their attention through current members of the board, shareholders, or other persons. These candidates are evaluated at regular or special meetings of the board, and may be considered at any point during the year. The committee considers properly submitted shareholder recommendations for candidates. In evaluating such recommendations, the committee uses the qualifications and standards discussed above and seeks to achieve a balance of knowledge, experience and capability on the board of directors.

Our human resources committee is responsible for establishing the compensation plans for the company. The committee's duties include the development with management of all benefit plans for employees of the company, the formulation of bonus plans, incentive compensation packages, and medical and other benefit plans. This committee met three times during the year ended December 31, 2004. The human resources committee is composed of the following members: Thomas C. Brown, Hinton G. Davis, Loretta R. Whitehead, and Chimin J. Chao.

#### **Report of the Audit Committee of the Board**

The report of the audit committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the company specifically incorporates the information contained in the report by reference, and shall not be deemed filed under such acts.

The audit committee has reviewed and discussed with management the audited financial statements. The audit committee has discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61. The audit committee has received from the independent auditors the written disclosures and the letter required by Independence Standards Board Standard No. 1 ( Independence Discussions with Audit Committees ) and has discussed with the independent auditors the independent auditor's independence from the company and its management. In reliance on the reviews and discussions referred to above, the audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on SEC Form 10-KSB for the fiscal year ended December 31, 2004 for filing with the SEC.

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The report of the Audit Committee is included herein at the direction of its members, Dr. Ethridge, Mr. Kitchens, Mr. Willoughby, Ms. Whitehead and Ms. Easter.

**Audit Fees**

The following table shows the fees that we paid for services performed by our independent auditor, Clifton D. Bodiford, C.P.A., in fiscal years ended December 31, 2004 and 2003:

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>December 31, 2004</b>	<b>December 31, 2003</b>
Audit Fees	\$ 34,000	\$ 21,300
Audit-Related Fees	\$	\$
Tax Fees	\$ 4,500	\$
All Other Fees	\$ 13,640	\$ 650
Total	\$ 52,140	\$ 21,950

*Audit Fees.* Includes the aggregate fees billed by Clifton D. Bodiford for the audit of our annual financial statements and the review of financial statements included in our quarterly reports.

*Tax Fees.* Includes fees by Clifton D. Bodiford for tax compliance, tax planning, and tax advice.

*All Other Fees.* In 2003, this category consisted of fees billed by Clifton D. Bodiford, CPA for services related to implementation of a Dividend Reinvestment Plan. In 2004, this category consisted of fees billed related to merger activities.

*Oversight of Accountants; Approval of Accounting Fees.* Under the provisions of its charter, the audit committee is responsible for the retention, compensation, and oversight of the work of the independent auditors. The committee reviews any proposed services to insure that they are not prohibited by securities laws and approves the scope of all services prior to being performed. All of the accounting services and fees reflected in the table above have been reviewed and approved by the audit committee, and none of the services were performed by individuals who were not employees of the independent auditor.

**Certain Relationships and Related Transactions**

**Interests of Management and Others in Certain Transactions**

We make loans and enter into other transactions in the ordinary course of business with our directors and officers and their affiliates. It is our policy that these loans and other transactions be on substantially the same terms (including price or interest rates and collateral) as those prevailing at the time for comparable transactions with unrelated parties. We do not expect these transactions to involve more than the normal risk of collectibility nor present other unfavorable features to us. Loans to individual directors and officers must also comply with our lending



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policies and statutory lending limits, and directors with a personal interest in any loan application are excluded from the consideration of the loan application. Our policy is that all of our transactions with our affiliates will be on terms no less favorable to us than could be obtained from an unaffiliated third party and will be approved by a majority of disinterested directors.

#### **Compliance with the Securities Exchange Act of 1934**

As required by Section 16(a) of the Securities Exchange Act of 1934, our directors and executive officers and certain other individuals are required to report periodically their ownership of our common stock and any changes in ownership to the SEC. Based on a review of Forms 3, 4, and 5 and any representations made to us, we believe that all such reports for these persons were filed in a timely fashion during 2004 for transactions occurring in 2004.

#### **Independent Auditor**

We have selected Clifton D. Bodiford, C.P.A. to serve as our independent auditor for the year ending December 31, 2005. Mr. Bodiford will be present at the annual meeting. He will have the opportunity to make a statement if he desires and will be available to respond to appropriate questions.

#### **Shareholder Proposals for the 2006 Annual Meeting of Shareholders**

If shareholders wish a proposal to be included in the company's proxy statement and form of proxy relating to the 2006 annual meeting, they must deliver a written copy of their proposal to the principal executive offices of the company no later than December 16, 2005. To ensure prompt receipt by the company, the proposal should be sent certified mail, return receipt requested. Proposals must comply with the company's bylaws relating to shareholder proposals in order to be included in the company's proxy materials.

Any shareholder proposal to be made at an annual meeting, but which is not requested to be included in our proxy materials, must comply with our bylaws. Proposals must be delivered to our principal executive offices not later than 90 days in advance of the annual meeting.

April 11, 2005

**PROXY SOLICITED FOR ANNUAL MEETING**

**OF SHAREHOLDERS OF**

**FIRST COMMUNITY CORPORATION**

**To be held on May 18, 2005**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby constitutes and appoints David K. Proctor and Joseph G. Sawyer, and each of them, his or her true and lawful agents and proxies with full power of substitution in each, to represent and vote, as indicated below, all of the shares of Common Stock of First Community Corporation that the undersigned would be entitled to vote at the Annual Meeting of Shareholders of the company to be held at the Saluda Shoals Park River Center, 5605 Bush River Road, Columbia, South Carolina, at 11:00 a.m. local time, and at any adjournment, upon the matters described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement, receipt of which is acknowledged. These proxies are directed to vote on the matters described in the Notice of Annual Meeting of Shareholders and Proxy Statement as follows:

**This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted for Proposal No. 1 to elect the five identified Class II directors to serve on the board of directors each for three-year terms, and for Proposal No. 2 to elect the two identified Class III directors to serve on the board of directors each for a one-year term.**

- 1. PROPOSAL to elect five Class II directors to serve for three-year terms.

Thomas C. Brown

O.A. Ethridge, D.M.D.

W. James Kitchens, Jr.

Mitchell M. Willoughby

Steve P. Sligh

**FOR** all nominees listed (except as marked to the contrary)

**WITHHOLD AUTHORITY** to vote for all nominees

**AGAINST**

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), write that nominee's name(s) in the space provided below.

\_\_\_\_\_

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2. PROPOSAL to elect two Class III directors to serve for a one-year term.

J. Thomas Johnson

Alexander Snipes, Jr.

**FOR** all nominees  
listed (except as marked to  
the contrary)

**WITHHOLD AUTHORITY**  
to vote for all nominees

**AGAINST**

INSTRUCTION: To withhold authority to vote for any individual nominee(s), write that nominee's name(s) in the space provided below.

\_\_\_\_\_

Dated: \_\_\_\_\_, 2005

Dated: \_\_\_\_\_, 2005

\_\_\_\_\_  
Signature of Shareholder(s)

\_\_\_\_\_  
Signature of Shareholder(s)

\_\_\_\_\_  
Print name clearly

\_\_\_\_\_  
Print name clearly

Please sign exactly as name or names appear on your stock certificate. Where more than one owner is shown on your stock certificate, each owner should sign. Persons signing in a fiduciary or representative capacity shall give full title. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized person.