

FIRST BANCORP /NC/
Form 424B3
February 07, 2008

**GREAT PEE DEE BANCORP, INC.
901 CHESTERFIELD HIGHWAY
CHERAW, SOUTH CAROLINA 29520**

To the Stockholders of Great Pee Dee Bancorp, Inc.:

Great Pee Dee Bancorp, Inc. and First Bancorp have entered into a merger agreement dated July 12, 2007, as amended on February 5, 2008. This agreement calls for a merger of Great Pee Dee and First Bancorp, with First Bancorp surviving the merger. References to the merger in the proxy statement/prospectus refer to the merger of Great Pee Dee into First Bancorp.

The merger requires the approval of the stockholders of Great Pee Dee. For that reason, you are receiving a proxy statement/prospectus describing the terms of the merger and providing other important information. **We urge you to read it carefully, including the risk factors beginning on page 13 of the proxy statement/prospectus.**

At a special stockholder meeting to be held on March 14, 2008, you will be asked to vote upon and approve the merger and a proposal to adjourn the special meeting, including, if necessary, to allow time for further solicitation of proxies in the event there are insufficient votes at the special meeting to approve the merger. A proxy card that can be used to cast your vote accompanies the proxy statement/prospectus. The approval of the holders of at least a majority of the shares of Great Pee Dee common stock outstanding as of January 24, 2008, which is the record date for the Great Pee Dee stockholder meeting, is required to complete the merger.

Under the merger agreement, you will receive 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock you own as of the date the merger is completed. This exchange ratio is subject to adjustment in limited circumstances as described in the proxy statement/prospectus. The approximate maximum number of shares to be issued by First Bancorp pursuant to the merger agreement based on the exchange ratio is 2,086,872.

First Bancorp common stock is traded on the Nasdaq Global Select Market under the symbol FBNC. Based on the closing price of First Bancorp common stock on February 5, 2008 of \$17.83 per share and the 1.15 exchange ratio, you would receive approximately \$20.50 worth of First Bancorp common stock for each share of Great Pee Dee common stock you hold on the closing date. The actual value of the First Bancorp common stock you receive in the merger will depend on the market value of First Bancorp common stock at the time of completion of the merger.

Your vote is very important. The board of directors of Great Pee Dee has unanimously adopted the merger agreement, and your board strongly encourages you to vote FOR approval of the merger and the proposal to adjourn the special meeting.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the First Bancorp common stock to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate, adequate or complete. Any representation to the contrary is a criminal offense. The shares of First Bancorp common stock are not savings or deposit accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

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The shares of First Bancorp common stock to be issued in connection with the merger will be freely tradable in the open market, subject to the resale restrictions applicable to affiliates described in The Merger Resales of First Bancorp Common Stock on page 39.

The date of this proxy statement/prospectus is February 6, 2008.

It is first being mailed on or about February 7, 2008.

**GREAT PEE DEE BANCORP, INC.
901 CHESTERFIELD HIGHWAY
CHERAW, SOUTH CAROLINA 29520
(843) 537-7656**

Notice of Special Meeting of Stockholders to be held on March 14, 2008

Great Pee Dee Bancorp, Inc. will hold a special meeting of stockholders at its offices located at 901 Chesterfield Highway, Cheraw, South Carolina 29520, at 2:00 p.m., local time, on March 14, 2008 for the following purposes:

(1) *Approval of Merger Agreement.* To consider and vote on a proposal to approve the merger agreement dated July 12, 2007 between First Bancorp and Great Pee Dee, as amended on February 5, 2008, pursuant to which Great Pee Dee will merge into First Bancorp, with First Bancorp being the surviving corporation. Under the merger agreement, Great Pee Dee stockholders will receive 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock they own as of the date the merger is completed (subject to adjustment under certain limited circumstances).

(2) *Adjournment.* To consider and vote on a proposal to adjourn the special meeting, including, if necessary, to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting in person or by proxy, to approve the merger.

(3) *Other Business.* To transact such other business as may properly come before the special meeting, or any adjournments or postponements of such meeting.

Great Pee Dee's board of directors is not aware of any other business to be considered at the meeting.

The merger is described more fully in the proxy statement/prospectus attached to this notice.

Record holders of Great Pee Dee common stock at the close of business on January 24, 2008 will receive notice of and may vote at the special meeting, including any adjournments or postponements of such meeting.

Approval of the merger agreement at the special meeting will require the affirmative vote of the holders of a majority of the outstanding shares of Great Pee Dee common stock.

Under certain circumstances described in the proxy statement/prospectus, stockholders will have dissenters' rights under Section 262 of the Delaware General Corporation Law with respect to the proposed merger. The procedures to exercise dissenters' rights are summarized in, and a copy of Section 262 of the Delaware General Corporation Law is attached as Appendix C to, the proxy statement/prospectus. Strict compliance with Section 262 of the Delaware General Corporation Law is required to exercise dissenters' rights.

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or following the voting instructions from your broker for shares held in street name. If you sign, date and mail your proxy card without indicating how you want to vote, we will vote your proxy in favor of the merger and the proposal to adjourn the special meeting. If you do not either return your card or attend and vote in favor of the merger agreement at the special meeting, the effect will be the same as a vote against the merger.

By Order of the Board of Directors

John S. Long
President and Chief Executive Officer

February 6, 2008

Your board of directors unanimously recommends that you vote FOR approval of the merger agreement and the proposal to adjourn the special meeting.

PLEASE NOTE

No one has been authorized to provide stockholders of Great Pee Dee with any information other than the information included in this document and the documents that are referred to herein. Stockholders of Great Pee Dee should not rely on other information as being authorized by Great Pee Dee or First Bancorp.

This proxy statement/prospectus has been prepared as of February 6, 2008. There may be changes in the affairs of First Bancorp or Great Pee Dee since that date that are not reflected in this document.

When used in this proxy statement/prospectus, the terms Great Pee Dee and First Bancorp refer to Great Pee Dee Bancorp, Inc. and First Bancorp, respectively, and, where the context requires, to Great Pee Dee and First Bancorp and their respective subsidiaries.

OTHER INFORMATION ABOUT THE PARTIES

Important business and financial information about First Bancorp is contained in documents that have been incorporated by reference into this document. These documents are described on page 75 under Additional Information.

You can obtain additional, free copies of the information described above or additional copies of this document on written or oral request, or you can ask questions about the merger, by writing or calling:

John M. Digby
Great Pee Dee Bancorp, Inc.
901 Chesterfield Highway
Cheraw, South Carolina 29520
Telephone: (843) 537-7656

Anna G. Hollers
First Bancorp
Post Office Box 508
341 North Main Street
Troy, North Carolina 27371-0508
Telephone: (910) 576-6171

To obtain timely delivery of the documents, you must request the information by March 4, 2008.

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Appendices

Appendix A	Merger Agreement, dated as of July 12, 2007, between First Bancorp and Great Pee Dee Bancorp, Inc. and Amendment to Merger Agreement, dated as of February 5, 2008, between First Bancorp and Great Pee Dee Bancorp, Inc.
Appendix B	Opinion of Howe Barnes Hoefer & Arnett, Inc.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements about each of First Bancorp and Great Pee Dee, as well as information relating to the merger. Forward-looking statements are statements about the future and are not based on historical fact and can often be identified by such words as expect, may, could, intend, believe or anti. These forward-looking statements reflect current views as of the date of this proxy statement/prospectus of First Bancorp and Great Pee Dee, but they are based on assumptions and are subject to risks, uncertainties and other factors. These risks, uncertainties and other factors could cause actual results to differ significantly from these forward-looking statements and include the following:

First Bancorp may not be able to successfully integrate its acquisition of Great Pee Dee;

competitive pressure in the banking industry may increase significantly;

changes in the interest rate environment may reduce operating margins;

general economic conditions, either national or regional, may be less favorable than expected, resulting in, among other things, deterioration of asset quality;

adverse changes may occur in the regulatory environment;

adverse changes may occur in business conditions and inflation; and

adverse changes may occur in the securities markets.

Further information on specific factors that could affect the financial results of First Bancorp after the merger is included in the discussion of Risk Factors beginning on page 13. You should also consider the cautionary statements contained in First Bancorp's and Great Pee Dee's respective filings with the Securities and Exchange Commission.

SUMMARY TERM SHEET

First Bancorp has entered into a merger agreement with Great Pee Dee, dated July 12, 2007, as amended on February 5, 2008. A summary of the terms of the merger agreement is set forth below. Great Pee Dee's board of directors is soliciting your proxy for use at the meeting of Great Pee Dee stockholders to be held at 901 Chesterfield Highway, Cheraw, South Carolina 29520, at 2:00 p.m., local time, on March 14, 2008. At the special meeting you will be asked to consider and approve the merger agreement. Great Pee Dee's board of directors has unanimously approved the merger agreement and believes that the merger is fair to, and in the best interests of, Great Pee Dee stockholders. Great Pee Dee strongly encourages you to vote FOR the merger.

Aggregate Merger Consideration:	2,086,872 shares of First Bancorp common stock, plus additional shares for any Great Pee Dee options exercised prior to closing
Form of Merger Consideration:	Great Pee Dee stockholders will receive 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock
Merger Consideration Adjustment:	If the average closing price of First Bancorp common stock is less than \$16.50 during the 20-day trading period ending three business days prior to the later of (i) the date of stockholder approval of the merger agreement, or (ii) the date of the last consent from a regulatory authority required for consummation of the merger, and if certain other conditions are satisfied, Great Pee Dee will have the option to terminate the merger. First Bancorp has the option to nullify the termination by increasing the exchange ratio and/or paying cash to Great Pee Dee stockholders such that the sum of the increased exchange ratio multiplied by the average price of First Bancorp stock during such 20-day trading period, plus any cash paid per share, is at least \$18.975.
Fractional Shares:	For many Great Pee Dee stockholders, the conversion of Great Pee Dee common stock into First Bancorp common stock would result in the issuance of fractional shares of First Bancorp common stock. Instead of issuing fractional shares, First Bancorp will pay cash, determined by multiplying the fraction by the closing price of First Bancorp common stock on the last trading day before the merger is effective.
Dissenters' Rights:	Stockholders of Great Pee Dee will not have dissenters' rights unless First Bancorp increases the merger consideration (as described above) and elects to pay all or a portion of such increased consideration in cash. If cash is included in the merger consideration (other than for fractional shares), then Great Pee Dee stockholders who do not vote in favor of the merger and properly exercise their dissenters' rights will have the right to receive a cash payment for the fair value of their Great Pee Dee shares instead of accepting the consideration offered in the merger.
Surviving Corporation:	First Bancorp; Great Pee Dee will merge into First Bancorp
Headquarters after Merger:	Troy, North Carolina One director

Great Pee Dee Representation on the
Board of Directors of First Bancorp:

Pro Forma Ownership of First Bancorp
Common Stock by Great Pee Dee
stockholders: Approximately 12.53%, as of January 31, 2008

Expected Closing: Second quarter of 2008

Required Approvals: First Bancorp Regulatory
Great Pee Dee Stockholder

Fairness Opinion: Howe Barnes Hoefler & Arnett, Inc., an investment banking firm headquartered in Chicago, Illinois, has given its opinion, dated July 12, 2007, to Great Pee Dee's board of directors that the consideration to be received by the Great Pee Dee stockholders in connection with the merger is fair, from a financial point of view, to Great Pee Dee stockholders. An updated opinion, dated January 31, 2008, is attached as Appendix B to this proxy statement/prospectus, and Great Pee Dee's stockholders should read it carefully.

Stock Listings: First Bancorp common stock is listed on the Nasdaq Global Select Market under the symbol FBNC.

Great Pee Dee common stock is listed on the Nasdaq Global Market under the symbol PEDE.

QUESTIONS AND ANSWERS ABOUT THE STOCKHOLDER MEETING AND MERGER

Q: What am I being asked to vote upon at the Great Pee Dee stockholder meeting?

A: As a Great Pee Dee stockholder, you are being asked to:

approve the merger agreement pursuant to which Great Pee Dee will merge into First Bancorp;

approve a proposal to adjourn the special meeting to a later date or dates, including, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

take action upon any other business as may properly come before the meeting, or any adjournments or postponements of the meeting.

Great Pee Dee's board of directors is not aware of any other business to be considered at the meeting.

Q: Why is my vote important?

A: The merger cannot be completed unless the holders of at least a majority of the outstanding shares of Great Pee Dee common stock vote in favor of the merger agreement. The proposal to adjourn the special meeting will be approved if more votes are cast in favor of the proposal than are cast against it. The Great Pee Dee board of directors recommends that you vote **FOR** approval of the merger agreement and the proposal to adjourn if necessary. If you do not either return your proxy card or attend the stockholder meeting and vote in favor of the merger agreement, the effect will be the same as a vote against the merger.

Q: Who is eligible to vote at the stockholder meeting?

A: Holders of Great Pee Dee common stock are eligible to vote their shares of Great Pee Dee common stock at the stockholder meeting if they were holders of record of those shares at the close of business on January 24, 2008.

Q: What will I receive in the merger?

A: Each Great Pee Dee stockholder will receive 1.15 shares of First Bancorp common stock for each issued and outstanding share of Great Pee Dee common stock, with cash being paid for any fractional shares. The value of the consideration to be received by each Great Pee Dee stockholder will depend upon the value of the First Bancorp common stock at the effective time of the merger. Based on the closing price of First Bancorp common stock of \$18.28 as of July 12, 2007 (the last trading day before the merger was announced) and \$17.83 as of February 5, 2008 (the most recent practicable trading date prior to the mailing of this proxy statement/prospectus), the value of the consideration to be received by each stockholder of Great Pee Dee would be approximately \$21.02 on July 12, 2007 and \$20.50 as of February 5, 2008.

Q: Will I be taxed on the First Bancorp common stock that I receive in exchange for my Great Pee Dee shares?

A: We expect the merger to qualify as a reorganization for United States federal income tax purposes. If the merger qualifies as a reorganization for United States federal income tax purposes, Great Pee Dee stockholders will not

recognize any gain or loss to the extent Great Pee Dee stockholders receive First Bancorp common stock in exchange for their Great Pee Dee shares. However, Great Pee Dee s stockholders will recognize capital gain, but not loss, to the extent of any cash received. We recommend that Great Pee Dee stockholders carefully read the complete explanation of the material United States federal income tax consequences of the merger beginning on page 37, and that Great Pee Dee stockholders consult their individual tax advisors for a full understanding of the tax consequences of their participation in the merger based on their particular individual circumstances.

Q: When will the merger be completed?

A: If the merger agreement is approved by Great Pee Dee stockholders, the merger will be completed within 30 days after the satisfaction or waiver of the conditions to the merger, which are described in this proxy

statement/prospectus. First Bancorp and Great Pee Dee currently anticipate that the merger will be completed during the second quarter of 2008.

Q: What should I do now?

A: After you carefully read this document, indicate on your proxy card how you want to vote, and sign, date, and mail the proxy card in the enclosed envelope as soon as possible, so that your shares will be voted at the meeting.

If you sign, date and mail your proxy and do not indicate how you want to vote, your proxy will be voted in favor of the merger and the proposal to adjourn the special meeting. Failing to sign and send in your proxy or attend and vote in person at the meeting will have the effect of a vote against the merger.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: Your broker will vote your shares of stock only if you provide instructions on how to vote. You should instruct your broker how to vote your shares in accordance with the directions your broker provides. Failure to provide instructions to your broker will result in your shares not being voted, which will have the effect of a vote against the merger.

Q: Can I change my vote after I mail my proxy card?

A: Yes. If you mailed your proxy card, you can change your vote in any of the following ways:

by sending a written notice to the Secretary of Great Pee Dee that is received prior to the stockholder meeting stating that you revoke your proxy;

by signing, dating and mailing a new proxy card so that it is received by Great Pee Dee prior to the stockholder meeting; or

by attending the stockholder meeting and voting in person.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, First Bancorp will send you written instructions for exchanging your Great Pee Dee stock certificates for First Bancorp stock certificates.

Q: Can I exercise dissenters' rights?

A: Generally, no. If First Bancorp only issues its common stock as merger consideration (other than cash paid for fractional shares), then you will not be entitled to exercise dissenters' rights. However, there are circumstances in which First Bancorp may elect to pay cash as a portion of the merger consideration. If that occurs, and you vote against or abstain from voting on the merger and properly exercise your dissenters' rights prior to the stockholder meeting, you will have the right to receive a cash payment equal to the fair value of your shares of Great Pee Dee common stock. To exercise this right, you must strictly comply with Section 262 of the Delaware General Corporation Law, a copy of which is attached as Appendix C to this proxy statement/prospectus and which is summarized below in Dissenters' Rights. If you wish to exercise dissenters' rights, please read this information carefully. You must take affirmative steps to preserve these rights.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus relating to the merger and may not include all of the information that is important to you. To get a more complete description of the proposed merger, you should carefully read this entire document. For more information about First Bancorp and Great Pee Dee, see Additional Information and Information About Great Pee Dee. We have included page references in this summary to direct you to other places in this proxy statement/prospectus where you can find more detailed information about the topics summarized below.

The Parties (See page 50)

Great Pee Dee Bancorp, Inc.
901 Chesterfield Highway
Cheraw, South Carolina 29520
Telephone: (843) 537-7656

Great Pee Dee is a savings and loan holding company headquartered in Cheraw, South Carolina. It conducts its operations through a wholly owned subsidiary bank, Sentry Bank & Trust, formerly First Federal Savings and Loan Association of Cheraw.

Sentry was organized in 1935 and has been a member of the Federal Home Loan Bank system since its organization. Sentry's deposits are insured by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation, or the FDIC, to the maximum amount permitted by law. Sentry conducts its primary business in Chesterfield, Marlboro and Florence Counties, South Carolina. Sentry is primarily engaged in the business of attracting deposits from the general public and using such deposits to make mortgage loans secured by real estate located in its primary market area. Sentry also makes commercial loans, consumer loans and loans secured by deposit accounts. Sentry is a community-oriented financial institution offering a variety of financial services to meet the needs of the communities it serves. In fiscal year 2007 and other recent years, Sentry accounted for substantially all of the consolidated net income of Great Pee Dee.

As of September 30, 2007, Great Pee Dee had total assets of approximately \$221.6 million, total loans of approximately \$174.7 million, total deposits of approximately \$160.4 million, investment securities of approximately \$19.5 million, and stockholders' equity of approximately \$27.4 million.

At September 30, 2007, Great Pee Dee and its subsidiaries had 37 full-time employees.

First Bancorp
341 North Main Street
Post Office Box 508
Troy, North Carolina 27371-0508
Telephone: (910) 576-6171

First Bancorp is a bank holding company headquartered in Troy, North Carolina. It conducts its operations primarily through a subsidiary bank, First Bank, from 70 branches covering a geographical area from Latta, South Carolina to the southeast, to Wilmington, North Carolina to the east, to Radford, Virginia to the north, to Wytheville, Virginia to the northwest, and to Harmony, North Carolina to the west. First Bancorp provides a full range of banking services, including accepting demand and time deposits, making secured and unsecured loans to individuals and businesses, and

offering repurchase agreements. In 2006 and other recent years, First Bank accounted for substantially all of the consolidated net income of First Bancorp.

As of September 30, 2007, First Bancorp had total assets of approximately \$2.3 billion, loans of approximately \$1.8 billion, deposits of approximately \$1.8 billion, investment securities of approximately \$153.4 million, and total shareholders' equity of approximately \$170.8 million.

At September 30, 2007, First Bancorp and its subsidiaries had 577 full-time employees.

The Merger (See page 17)

Pursuant to the merger agreement, Great Pee Dee will merge into First Bancorp, with First Bancorp being the surviving corporation.

After the merger is completed, it is expected that James C. Crawford, III, who currently serves as Chairman of the Board of Directors of Great Pee Dee, will be elected as a director of First Bancorp and First Bank. It is also expected that immediately after completion of the merger, John S. Long, the current chief executive officer and president of Great Pee Dee, will be employed by First Bancorp. See [The Merger](#) Management and Operations after the Merger.

What Great Pee Dee Stockholders Will Receive in the Merger (See page 17)

Upon completion of the merger, Great Pee Dee stockholders will receive 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock. If the average price of First Bancorp common stock, however, is less than \$16.50 during the 20-day trading period ending three business days prior to the later of the date of stockholder approval of the merger agreement or the date of the last consent from a regulatory authority required for consummation of the merger, and certain other conditions are satisfied, Great Pee Dee will have the option to terminate the merger. First Bancorp has the option to nullify the termination by increasing the exchange ratio and/or paying cash to Great Pee Dee stockholders such that the sum of the increased exchange ratio multiplied by the average price of First Bancorp stock, plus any cash paid per share, is at least \$18.975. See [The Merger](#) What Great Pee Dee Stockholders Will Receive in the Merger.

Based on the closing price of First Bancorp common stock on February 5, 2008 of \$17.83 per share and the 1.15 exchange ratio, Great Pee Dee stockholders would receive approximately \$20.50 of First Bancorp common stock for each share of Great Pee Dee common stock held. The market price of First Bancorp stock, however, may fluctuate between the date of this proxy statement/prospectus and the date that the merger is completed. Such fluctuation will change the value of the shares of First Bancorp common stock that the Great Pee Dee stockholders will receive in the merger. For more information about what the Great Pee Dee stockholders will receive if the merger is completed, see [The Merger](#) What Great Pee Dee Stockholders Will Receive in the Merger.

First Bancorp will not issue any fractional shares of its common stock but, instead, will pay cash (without interest) for any fractional shares that any Great Pee Dee stockholders would otherwise receive upon completion of the merger. The cash payment will be an amount equal to the fraction of a share of First Bancorp common stock that otherwise would be received in the merger multiplied by the closing price of one share of First Bancorp common stock on the Nasdaq Global Select Market on the last trading day before the merger is completed.

Effect of the Merger on Great Pee Dee Options (See page 18)

There are outstanding options to acquire Great Pee Dee common stock under an existing Great Pee Dee stock option plan. Upon completion of the merger, First Bancorp will assume each outstanding option, which will be converted into an option to purchase First Bancorp common stock. The number of shares of First Bancorp common stock subject to such options and their exercise price will be established based on the exchange ratio applicable to outstanding shares of Great Pee Dee common stock in the merger.

First Bancorp Dividend Policy Following the Merger (See page 34)

First Bancorp currently pays quarterly dividends at an annualized rate of \$0.76 per share of First Bancorp common stock, which, based on an exchange ratio of 1.15, equates to approximately \$0.87 per share of Great Pee Dee common stock. First Bancorp, however, may change this policy at any time, based upon business conditions, its financial condition and earnings, or other factors. Great Pee Dee currently pays quarterly dividends at an annualized rate of \$0.64 per share of Great Pee Dee common stock.

Comparative Market Prices of Great Pee Dee and First Bancorp Common Stock (See page 49)

Shares of First Bancorp common stock are traded on the Nasdaq Global Select Market under the symbol FBNC. Shares of Great Pee Dee common stock are traded on the Nasdaq Global Market under the symbol PEDE.

The following table shows the reported closing sale prices per share for Great Pee Dee common stock and First Bancorp common stock on (i) July 12, 2007, the last trading day before the public announcement of the execution of the merger agreement, and (ii) February 5, 2008, the latest practicable date prior to the mailing of this proxy statement/prospectus. This table also shows in the column entitled Equivalent Price Per Great Pee Dee Share the value that Great Pee Dee stockholders would receive in the merger for each share of Great Pee Dee common stock as of the dates indicated.

	Great Pee Dee Common Stock	First Bancorp Common Stock	Equivalent Price per Great Pee Dee Share(1)
July 12, 2007	\$ 15.50	\$ 18.28	\$ 21.02
February 5, 2008	\$ 19.72	\$ 17.83	\$ 20.50

- (1) The equivalent price per share of Great Pee Dee common stock at each specified date represents the closing sales price of a share of First Bancorp common stock on such date multiplied by an exchange ratio of 1.15. See Comparative Market Prices and Dividends.

We can make no assurance as to what the market price of the First Bancorp common stock will be when the merger is completed or anytime thereafter. Great Pee Dee stockholders should obtain current stock price quotations for First Bancorp and Great Pee Dee common stock.

Expected Tax Treatment as a Result of the Merger (See page 37)

It is anticipated that the merger will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code and that, for federal income tax purposes, Great Pee Dee stockholders that exchange their shares solely for First Bancorp common stock will not recognize any gain or loss upon the exchange. However, Great Pee Dee stockholders will be required to recognize gain upon the receipt of any cash paid as part of the merger consideration or in lieu of fractional shares to the extent of the cash received. For more information, see The Merger What Great Pee Dee Stockholders Will Receive in the Merger.

Because certain tax consequences of the merger may vary depending on the particular circumstances of each stockholder, whether the stockholder receives cash or stock, and other factors, each stockholder of Great Pee Dee should consult his or her own tax advisor to determine the tax consequences of the merger under federal, state, local, and foreign tax laws.

Reasons for the Merger (See pages 28, 29)

The boards of directors of Great Pee Dee and First Bancorp believe that, among other things, the merger will provide the resulting company with expanded opportunities for profitable growth. In addition, the boards believe that by combining the resources and capital of First Bancorp and Great Pee Dee, the resulting company will have an improved ability to compete in the competitive financial services industry.

Opinion of Great Pee Dee s Financial Advisor (See page 20)

In deciding to approve the merger agreement, the board of directors of Great Pee Dee considered an opinion from its financial advisor Howe Barnes Hoefler & Arnett, Inc., dated July 12, 2007, that the merger consideration was fair to the Great Pee Dee stockholders from a financial point of view as of such date. An updated opinion, dated January 31, 2008, is attached to this proxy statement/prospectus as Appendix B. We encourage all Great Pee Dee stockholders to read this opinion.

Stockholder Meeting (See page 15)

The special meeting of the Great Pee Dee stockholders will be held at 901 Chesterfield Highway, Cheraw, South Carolina 29520, at 2:00 p.m., local time, on March 14, 2008. The stockholders will be asked to:

approve the merger agreement;

approve a proposal to adjourn the special meeting to a later date or dates, including, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

transact such other business as may properly come before the meeting, or any adjournments or postponements of such meeting.

Great Pee Dee's board of directors is not aware of any other business to be considered at the meeting. A quorum of Great Pee Dee stockholders must be present to hold the special meeting. A quorum is established when the holders of a majority of the shares of Great Pee Dee common stock entitled to vote on a matter are represented at the meeting, either in person or by proxy.

Required Stockholder Vote (See page 15)

The approval of the merger agreement will require the affirmative vote of the holders of a majority of the outstanding shares of Great Pee Dee common stock.

Voting Rights at the Stockholder Meeting (See page 15)

If you are a holder of shares of Great Pee Dee common stock as of the close of business on January 24, 2008, the record date, you are entitled to vote at the special meeting of the Great Pee Dee stockholders. On the record date, 1,814,671 shares of Great Pee Dee common stock were outstanding. You will be entitled to one vote for each share of Great Pee Dee common stock owned as of the record date. You may vote either by attending the meeting and voting your shares or by completing the enclosed proxy card and mailing it to Great Pee Dee in the enclosed envelope.

Great Pee Dee is seeking your proxy to use at the special meeting of its stockholders. We have prepared this proxy statement/prospectus to assist you in deciding how to vote and whether or not to grant your proxy to us. Please indicate on your proxy card how you want to vote. Sign, date and mail the proxy to us by mail as soon as possible so that your shares will be voted at the meeting. If you sign, date and mail your proxy card without marking how you want to vote, your proxy will be counted as a vote for the merger. Failure to return your proxy card or to vote in person will have the effect of a vote against the merger. If you sign a proxy, you may revoke it at any time prior to the meeting or by attending and voting at the meeting. You cannot vote shares held in street name (by a broker); only your broker can vote these shares. If you do not provide your broker with instructions on how to vote your shares, your broker will not be permitted to vote them, and your shares will be treated as votes against the merger.

Dissenters' Rights (See page 16)

If First Bancorp pays a portion of the merger consideration in the form of cash (other than cash paid for fractional shares) (see "What Great Pee Dee Stockholders Will Receive in the Merger," above), stockholders who vote against or abstain from voting on the merger and properly exercise their dissenters' rights prior to the stockholder meeting have

the right to receive a cash payment for the fair value of their shares of Great Pee Dee common stock. To exercise these rights, you must comply with Delaware General Corporation Law, the relevant portions of which are attached as Appendix C to this proxy statement/prospectus. If you wish to dissent, please read this information carefully as you must take affirmative steps to preserve your rights. See Stockholder Meeting.

Great Pee Dee Recommendation to Stockholders (See page 16)

The Great Pee Dee board of directors has unanimously approved the merger agreement and believes that the proposed merger is fair to the Great Pee Dee stockholders and is in their best interests. The Great Pee Dee board unanimously recommends that the Great Pee Dee stockholders vote **FOR** approval of the merger agreement.

Share Ownership of Management and Certain Stockholders (See page 16)

On the record date, Great Pee Dee directors and executive officers, their immediate family members and entities they control owned or had or shared voting power over 282,916 shares of Great Pee Dee common stock, or approximately 15.6% of the outstanding shares of Great Pee Dee common stock, which constitutes approximately 31.2% of the vote required to approve the merger. This number does not include stock that the Great Pee Dee directors and officers may acquire through exercising outstanding stock options. On the record date, one of First Bancorp's directors indirectly owned a minority interest in 9,900 shares of Great Pee Dee common stock. No other executive officer or director of First Bancorp owned any shares of Great Pee Dee common stock on the record date, and neither First Bancorp or its subsidiaries nor Great Pee Dee or its subsidiaries owned any shares of Great Pee Dee common stock other than in a fiduciary capacity for others or as a result of debts previously contracted.

Interests of Certain Persons in the Merger (See page 34)

The Great Pee Dee board of directors and certain executive officers may have interests in the merger that are in addition to their general interests as Great Pee Dee stockholders. The Great Pee Dee directors and certain members of Great Pee Dee's management, along with other employees of Great Pee Dee, have employment or severance agreements and are covered by certain benefit plans and other arrangements and may receive benefits from First Bancorp as a result of the merger. As a result, their interests in and potential benefits from the merger are different from those of the Great Pee Dee stockholders in general. The Great Pee Dee board of directors was aware of these interests and considered them in approving and recommending the merger.

Effective Time (See page 30)

Subject to the conditions to the obligations of Great Pee Dee and First Bancorp to effect the merger, as provided in the merger agreement and described in this proxy statement/prospectus, the merger will become effective at the time of the filing of articles of merger with the Secretary of State of the State of North Carolina and the Secretary of State of the State of Delaware.

If the stockholders of Great Pee Dee approve the merger and all required regulatory approvals are obtained in a timely manner, it is currently anticipated that the merger will be completed during the second quarter of 2008.

Great Pee Dee and First Bancorp cannot assure you if or when the necessary stockholder and regulatory approvals can be obtained or that the other conditions precedent to the merger can or will be satisfied.

Exchange of Stock Certificates for Merger Consideration (See page 30)

Promptly after the merger is completed, Great Pee Dee stockholders will receive a transmittal letter from First Bancorp's exchange agent with instructions on how to surrender their Great Pee Dee stock certificates in exchange for the merger consideration. Great Pee Dee stockholders should carefully review and complete the transmittal letter and return it as instructed, together with their stock certificates for Great Pee Dee common stock. Great Pee Dee

stockholders should not send their stock certificates to Great Pee Dee, First Bancorp or First Bancorp's exchange agent until they receive these written instructions. Shares of Great Pee Dee common stock held in book-entry form or street name will be exchanged for the merger consideration without the submission of any Great Pee Dee stock certificate. First Bancorp will pay cash (without interest) to Great Pee Dee stockholders in lieu of issuing any fractional shares of First Bancorp common stock.

Regulatory Approval and Other Conditions (See page 32)

First Bancorp was required to notify and obtain approval of the merger from the Federal Reserve, which was received on October 15, 2007. First Bancorp has also submitted an application for approval of the transaction by the South Carolina Board of Financial Institutions. We expect this approval will be received, but neither Great Pee Dee nor First Bancorp can make any assurances that this approval will be obtained or as to the timing of receiving such approval.

In addition to the required regulatory approvals, the merger can be completed only if certain other conditions, including the following, are met or waived (if permitted to be waived):

Great Pee Dee stockholders approve the merger agreement;

Great Pee Dee and First Bancorp receive an opinion from an acceptable tax advisor that the merger will qualify as a tax-free reorganization;

holders of not more than 10% of Great Pee Dee's common stock exercise dissenters' rights in the merger;

First Bancorp receives a copy of a favorable determination letter issued by the Internal Revenue Service with respect to the termination of the Sentry Bank & Trust Employee Stock Ownership Plan, which is referred to herein as the Employee Stock Ownership Plan;

Great Pee Dee and First Bancorp have complied with their covenants made in the merger agreement; and

neither Great Pee Dee nor First Bancorp has breached in any material respect any of its representations made in the merger agreement.

In addition to these conditions, the merger agreement, attached to this proxy statement/prospectus as Appendix A, describes other conditions that must be met before the merger may be completed.

Waiver, Amendment and Termination (See page 32)

At any time before the merger is completed, Great Pee Dee and First Bancorp may agree to terminate the merger agreement and not proceed with the merger.

Additionally, either Great Pee Dee or First Bancorp may terminate the merger if the conditions for its completion of the merger have not been satisfied or waived by June 30, 2008. However, either Great Pee Dee or First Bancorp may terminate the merger for this reason if, and only if, it has materially complied with all of its obligations under the merger agreement. In addition, Great Pee Dee may terminate the merger agreement if the trading price of First Bancorp's common stock falls below certain levels, and First Bancorp chooses not to increase the exchange ratio and/or pay cash to prevent such termination. See "The Merger - What Great Pee Dee Stockholders Will Receive in the Merger."

Great Pee Dee and First Bancorp also may terminate the merger if other circumstances occur that are described in Article IX of the merger agreement, which is attached to this proxy statement/prospectus as Appendix A.

The merger agreement may be amended by the written agreement of Great Pee Dee and First Bancorp. The parties may amend the merger agreement without stockholder approval, even if Great Pee Dee stockholders already have

approved the merger. Great Pee Dee stockholders, however, must approve any amendments that would modify, in a material respect, the type or amount of consideration that they will receive in the merger.

Termination Fee (See page 39)

The merger agreement provides for the payment of a \$1,200,000 termination fee by Great Pee Dee to First Bancorp in certain cases. Subject to certain conditions, Great Pee Dee would generally have to pay the termination fee if Great Pee Dee terminates the merger agreement in order to accept a superior acquisition

proposal. Great Pee Dee would also have to pay the termination fee if Great Pee Dee receives an acquisition proposal and Great Pee Dee's board of directors fails to recommend or continue recommending approval of the merger, or amends or withdraws its recommendation to the stockholders, and the stockholders do not approve the merger.

Great Pee Dee agreed to this termination fee arrangement in order to induce First Bancorp to enter into the merger agreement. This arrangement could have the effect of discouraging other companies from trying to acquire Great Pee Dee.

Accounting Treatment (See page 39)

The merger will be accounted for by First Bancorp as a purchase transaction for accounting and financial reporting purposes. Under the purchase method, First Bancorp will record, at fair value, the acquired assets and assumed liabilities of Great Pee Dee. The excess of the value of First Bancorp common stock that is exchanged for shares of Great Pee Dee common stock over the fair value of the net assets of Great Pee Dee will be recorded on First Bancorp's balance sheet as intangible assets, including a core deposit intangible and goodwill. The goodwill will not be amortized against earnings but instead will be tested for impairment at least annually by First Bancorp. Any impairment and resulting write-down of goodwill will be included in First Bancorp's consolidated results of operations for periods after the merger is completed. Other intangible assets such as the core deposit intangible will be amortized. Financial statements of First Bancorp issued after completion of the merger will reflect the acquisition of Great Pee Dee, but past periods shown will not be restated to reflect Great Pee Dee's historical financial position or results of operations.

Certain Differences in Stockholders' Rights (See page 40)

Upon completion of the merger, Great Pee Dee stockholders will become shareholders of First Bancorp. The First Bancorp articles of incorporation and bylaws will govern their rights as First Bancorp shareholders. Because of differences in the articles of incorporation and bylaws of First Bancorp and the certificate of incorporation and bylaws of Great Pee Dee, as well as differences in North Carolina and Delaware corporate law, the rights of Great Pee Dee stockholders prior to the merger will not be the same in certain important ways as their rights as First Bancorp shareholders.

Management and Operations after the Merger (See page 34)

After the merger is completed, it is expected that James C. Crawford, III will be elected as a director of First Bancorp and its banking subsidiary, First Bank. Mr. Crawford currently serves as Chairman of the Board of Directors of Great Pee Dee. The six other directors of Great Pee Dee will not be nominated for election as directors of First Bancorp but, instead, will have the option to serve on a local advisory board of First Bancorp. In recognition of the important role that these individuals will have in making the proposed merger successful, First Bancorp will pay each of them, as a member of such board, \$1,000 per month for a period of three years following the completion of the merger. Such amount, although greater than First Bancorp's ordinary compensation of \$60 per month for serving on such a board, would be comparable to the board fees they were receiving from Great Pee Dee immediately prior to the merger. In addition, upon completion of the merger, First Bancorp, or its banking subsidiary, First Bank, will employ John S. Long as an Executive Vice President and Regional Executive. See "The Merger" Management and Operations after the Merger and "Interests of Certain Persons in the Merger."

Selected Financial Data

The following tables present First Bancorp's selected financial data for the nine-month periods ended September 30, 2007 and 2006 and for each of the years in the five-year period ended December 31, 2006 and Great Pee Dee's selected

financial data for the three-month periods ended September 30, 2007 and 2006 and for each of the years in the five-year period ended June 30, 2007. The selected financial data is based on information contained in reports First Bancorp and Great Pee Dee have filed with the Securities and Exchange Commission.

You should read the following tables in conjunction with the consolidated financial statements of First Bancorp and Great Pee Dee contained in reports that First Bancorp and Great Pee Dee have filed with the Securities and Exchange Commission, recognizing that historical results are not necessarily indicative of results to be expected for any future period. With respect to First Bancorp, results for the nine-month period ended September 30, 2007 are not necessarily indicative of results that may be expected for any other interim period or for the year ending December 31, 2007 as a whole. In the opinion of the management of First Bancorp, all adjustments (which include normal recurring adjustments) necessary to arrive at a fair statement of interim results for such nine-month period have been included. With respect to Great Pee Dee, results for the three-month period ended September 30, 2007 are not necessarily indicative of results that may be expected for any other interim period or for the year ending June 30, 2008 as a whole. In the opinion of the management of Great Pee Dee, all adjustments (which include normal recurring adjustments) necessary to arrive at a fair statement of interim results for such three-month period have been included.

First Bancorp Selected Financial Data

	Nine Months Ended September 30,		Years Ended December 31,				
	2007 (Unaudited)	2006	2006	2005	2004	2003	2002
(Dollars in thousands, except per share data)							
Income Statement							
Net interest income	\$ 110,628	\$ 93,937	\$ 129,207	\$ 101,429	\$ 81,593	\$ 74,667	\$ 73,200
Net interest expense	51,907	38,599	54,671	32,838	20,303	18,907	23,875
Net interest income	58,721	55,338	74,536	68,591	61,290	55,760	49,325
Provision for loan losses	3,742	3,630	4,923	3,040	2,905	2,680	2,540
Net interest income	54,979	51,708	69,613	65,551	58,385	53,080	46,785
Interest income	13,370	10,252	14,310	15,004	15,864	14,918	11,900
Interest expense	42,581	39,328	53,198	47,636	43,717	37,964	32,300
Income before income taxes	25,768	22,632	30,725	32,919	30,532	30,034	26,510
Income taxes	9,720	8,474	11,423	16,829	10,418	10,617	9,280
Net income	\$ 16,048	\$ 14,158	\$ 19,302	\$ 16,090	\$ 20,114	\$ 19,417	\$ 17,230
Share Data(1)							
Net income per share	\$ 1.12	\$ 0.99	\$ 1.35	\$ 1.14	\$ 1.42	\$ 1.38	\$ 1.20
Adjusted net income per share	1.11	0.98	1.34	1.12	1.40	1.35	1.20
Adjusted dividends per share	0.57	0.55	0.74	0.70	0.66	0.63	0.60

End stated							
Value	11.88	11.40	11.34	10.94	10.54	10.02	9.0
End tangible							
Value	8.32	7.78	7.76	7.48	7.04	6.44	7.2
Balance Sheet Data							
(Period End)							
Total assets	\$ 2,284,263	\$ 2,078,458	\$ 2,136,624	\$ 1,801,050	\$ 1,638,913	\$ 1,475,769	\$ 1,218,14
Liabilities	1,838,346	1,696,835	1,740,396	1,482,611	1,367,053	1,218,895	998,54
Provision for loan							
Losses	20,631	18,465	18,947	15,716	14,717	13,569	10,90
Deposits	1,818,908	1,664,902	1,695,679	1,494,577	1,388,768	1,249,364	1,055,95
Unfunded funds	233,013	200,013	210,013	100,239	92,239	76,000	30,00
Total shareholders							
Equity	170,770	163,089	162,705	155,728	148,478	141,856	123,98
Performance Ratios							
Return on average							
Assets(2)	1.01%	1.00%	1.00%	0.94%	1.30%	1.45%	1.4
Return on average							
Equity(2)	12.68%	11.70%	11.83%	10.39%	13.71%	14.14%	14.2
Interest income							
to average							
(valent)/average							
on assets(2)(3)	4.00%	4.22%	4.18%	4.33%	4.31%	4.52%	4.5
to shareholders equity							
to total assets	7.48%	7.85%	7.62%	8.65%	9.06%	9.61%	10.1

	Nine Months Ended		2006	Years Ended December 31,			2002
	2007	2006		2005	2004	2003	
	(Unaudited)						
Capital Ratios							
Tier I risk-based capital	10.04%	10.13%	10.05%	10.49%	10.92%	11.51%	12.68%
Total risk-based capital	11.63%	11.77%	11.81%	11.61%	12.08%	12.56%	13.69%
Leverage	8.60%	8.69%	8.59%	8.60%	8.86%	9.44%	10.09%
Asset Quality Ratios							
Allowance/gross loans	1.12%	1.09%	1.09%	1.06%	1.08%	1.11%	1.09%
Nonperforming loans/total loans	0.38%	0.31%	0.39%	0.11%	0.27%	0.35%	0.30%
Nonperforming assets/total assets	0.39%	0.34%	0.39%	0.17%	0.32%	0.39%	0.36%
Net charge-offs/average loans(2)	0.15%	0.08%	0.11%	0.14%	0.14%	0.10%	0.11%

- (1) Per share amounts for 2002 and 2003 have been restated from their originally reported amounts to reflect the 3-for-2 stock split paid on November 15, 2004.
- (2) Ratios for the nine-month periods ended September 30, 2007 and 2006 have been annualized.
- (3) Net interest income on a tax equivalent basis is derived by adding the tax benefit realized from tax-exempt securities to reported interest income. The following is a reconciliation of reported net interest income to tax equivalent net interest income.

	Nine Months Ended		2006	Years Ended December 31,			2002
	2007	2006		2005	2004	2003	
	(Unaudited)						
(Dollars in thousands)							
Taxable-Equivalent Net Interest Income							
Net interest income as reported	\$ 58,721	\$ 55,338	\$ 74,536	\$ 68,591	\$ 61,290	\$ 55,760	\$ 49,390
Tax-equivalent adjustment	399	384	501	448	475	519	535
Net interest income, tax-equivalent	\$ 59,120	\$ 55,722	\$ 75,037	\$ 69,039	\$ 61,765	\$ 56,279	\$ 49,925

Great Pee Dee Selected Financial Data

	Three Months Ended		Years Ended June 30,				
	September 30, 2007	2006	2007	2006	2005	2004	2003
(Dollars in thousands, except per share data)							
Income Statement Data							
Interest income	\$ 3,941	\$ 3,545	\$ 14,516	\$ 12,754	\$ 9,746	\$ 8,312	\$ 8,426
Interest expense	2,229	1,824	7,963	6,038	3,954	3,131	3,367
Net interest income	1,712	1,721	6,553	6,716	5,792	5,181	5,059
Provision for loan losses	67	47	168	363	192	375	400
Net interest income after provision for loan losses	1,645	1,674	6,385	6,353	5,600	4,806	4,659
Noninterest income	275	290	1,142	773	941	1,274	1,080
Noninterest expense	1,577	1,231	5,029	4,584	4,723	4,105	3,496
Income before income taxes	343	733	2,498	2,542	1,818	1,975	2,243
Income taxes	248	280	955	943	654	727	833
Net income	\$ 95	\$ 453	\$ 1,543	\$ 1,599	\$ 1,164	\$ 1,248	\$ 1,410
Per Share Data							
Net income per share basic	\$ 0.06	\$ 0.27	\$ 0.90	\$ 0.93	\$ 0.68	\$ 0.74	\$ 0.87
Net income per share diluted	0.05	0.26	0.89	0.92	0.68	0.73	0.85
Cash dividends declared	0.16	0.16	0.64	0.64	0.64	0.61	0.55
Period end stated book value	15.23	15.04	15.26	14.83	14.57	14.38	14.77
Period end tangible book value	14.99	14.69	14.98	14.45	14.10	13.80	14.07
Balance Sheet Data (at Period End)							
Total assets	\$ 221,641	\$ 214,237	\$ 236,747	\$ 212,706	\$ 195,746	\$ 156,355	\$ 143,326
Loans held for investment	174,702	180,880	178,687	177,176	155,724	115,824	109,370
Allowance for loan losses	1,987	1,940	1,938	1,901	1,593	1,532	1,416
Deposits	160,427	155,387	171,204	151,339	136,573	108,945	108,812
Borrowed funds	31,900	30,100	36,400	33,100	31,448	21,000	8,000

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Total stockholders equity	27,354	26,863	27,315	26,540	26,256	26,051	26,043
Performance Ratios							
Return on average assets(1)	0.18%	0.90%	0.71%	0.76%	0.66%	0.81%	1.01%
Return on average equity(1)	1.39%	6.78%	5.87%	6.05%	4.52%	4.80%	5.49%
Net interest income/average earning assets(1)	3.16%	3.44%	3.21%	3.38%	3.50%	3.55%	3.79%
Stockholders equity to total assets	12.34%	12.54%	11.54%	12.48%	13.41%	16.66%	18.17%
Capital Ratios (for Sentry)							
Tier I risk-based capital	14.61%	14.02%	14.01%	15.78%	18.78%	23.52%	26.72%
Total risk-based capital	15.79%	15.21%	15.14%	16.97%	20.03%	23.52%	27.97%
Leverage	11.13%	10.69%	10.05%	11.90%	12.28%	14.33%	16.72%
Asset Quality Ratios							
Allowance/gross loans	1.14%	1.07%	1.08%	1.07%	1.02%	1.32%	1.29%
Nonperforming loans/total loans	0.93%	0.32%	0.70%	0.31%	0.71%	1.86%	2.06%
Nonperforming assets/total assets	0.78%	0.28%	0.56%	0.31%	0.66%	1.70%	1.60%
Net charge-offs/average loans(1)	0.04%	0.02%	0.07%	0.03%	0.10%	0.23%	0.04%

(1) Ratios for the three-month periods ended September 30, 2007 and 2006 have been annualized.

HISTORICAL AND PRO FORMA COMPARATIVE PER SHARE DATA

The following table shows certain comparative per share data relating to net income, cash dividends, and book value. The equivalent pro forma information is based on an exchange ratio of 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock, which means that 2,086,872 shares of First Bancorp common stock will be issued as merger consideration, with 27,329 of such shares being cancelled immediately in connection with the repayment of the loan to the Employee Stock Ownership Plan. A different number of shares of First Bancorp common stock may, in certain circumstances, be issued and paid as merger consideration. See *The Merger What Great Pee Dee Stockholders Will Receive in the Merger*. The pro forma information gives effect to the merger as though it was completed as of the beginning of the period stated.

The pro forma and equivalent pro forma data is presented for your information only. It does not necessarily indicate the results of operations or combined financial position that would have resulted had First Bancorp and Great Pee Dee completed the merger at the time indicated, and it does not necessarily indicate future results of operations or the combined financial position of First Bancorp after the merger.

You should read the information shown below in conjunction with the historical consolidated financial statements of First Bancorp and Great Pee Dee (and notes to them) and related financial information appearing elsewhere in this proxy statement/prospectus and the documents incorporated by reference in this document. See *Summary Selected Financial Data* and *Additional Information*.

**First Bancorp and Great Pee Dee Bancorp, Inc.
Historical and Pro Forma Comparative Per Share Data**

		Nine Months Ended September 30, 2007	Twelve Months Ended December 31, 2006
Net Income Per Share			
First Bancorp	Historical		
Basic		\$ 1.12	\$ 1.35
Diluted		1.11	1.34
First Bancorp	Pro forma(1)		
Basic		1.03	1.30
Diluted		1.02	1.29
Great Pee Dee	Historical(2)		
Basic		0.46	1.00
Diluted		0.46	0.99
Great Pee Dee	Pro forma equivalent(3)		
Basic		1.18	1.50
Diluted		1.17	1.48
Cash Dividends Per Share			
First Bancorp	Historical	0.57	0.74
First Bancorp	Pro forma(4)	0.57	0.74

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Great Pee Dee	Historical	0.48	0.64
Great Pee Dee	Pro forma equivalent(3)(4)	0.66	0.85
Book Value At Period End			
First Bancorp	Historical	11.88	11.34
First Bancorp	Pro forma(5)	12.67	12.20
Great Pee Dee Bancorp	Historical	15.23	15.16
Great Pee Dee	Pro forma equivalent(3)	14.57	14.03

(1) Pro forma assumptions include:

the immediate cancellation of 27,329 shares of First Bancorp common stock in connection with the planned termination of the Employee Stock Ownership Plan;

the amortization of an estimated fair value adjustment to loans amounting to \$2,678,000, which results in estimated additional interest income in the first year of \$412,000;

the amortization of an estimated fair value adjustment to investment securities amounting to \$588,000, which results in estimated additional interest income in the first year of \$113,000;

a cost of funds rate of 5.5% per annum on the estimated net transaction expenses of \$2,353,000, which reduces interest income by \$129,000 annually; and

a seven-year straight-line amortization of the estimated core deposit intangible of \$790,000, which results in annual amortization expense of \$113,000, or \$72,000 less than Great Pee Dee's current intangible amortization expense.

- (2) Converted from a fiscal year end of June 30 to First Bancorp's fiscal year end of December 31 and nine-months ended September 30, 2007.
- (3) The pro forma equivalent per share data for Great Pee Dee are calculated by multiplying First Bancorp's pro forma information by the 1.15 exchange ratio.
- (4) First Bancorp's pro forma cash dividends per share represents historical dividends per share paid by First Bancorp. First Bancorp currently pays quarterly dividends at an annualized rate of \$0.76 per share, which is a pro forma equivalent of \$0.87 per share of Great Pee Dee common stock. See "The Merger Management and Operations after the Merger" and "Dividend Policy."
- (5) Based on the pro forma total shareholders' equity of First Bancorp divided by the total pro forma shares of First Bancorp common stock, assuming the issuance of 2,059,543 shares of First Bancorp common stock (after cancellation of the shares issued in connection with the repayment of the loan to the Employee Stock Ownership Plan).

RISK FACTORS

Upon completion of the merger, Great Pee Dee stockholders will receive shares of First Bancorp common stock in exchange for their shares of Great Pee Dee common stock. Great Pee Dee stockholders should be aware of and consider particular risks and uncertainties that are applicable to the merger.

The value of the merger consideration will vary with changes in First Bancorp's stock price.

Subject to certain exceptions, each share of Great Pee Dee common stock owned by Great Pee Dee stockholders will be converted into the right to receive shares of First Bancorp common stock. The price of First Bancorp common stock when the merger takes place will likely vary from its price at the date of this proxy statement/prospectus and at the date of Great Pee Dee's stockholder meeting. Such variations in the price of First Bancorp common stock may result from changes in the business, operations or prospects of First Bancorp, regulatory considerations, general market and economic conditions and other factors. At the time of Great Pee Dee's stockholder meeting, you will not know the exact value of the merger consideration to be received when the merger is completed.

The value of First Bancorp shares may decline before the merger consideration is received.

As discussed above, the price of First Bancorp common stock that Great Pee Dee stockholders receive in the merger may decline from its price at the date of this proxy statement/prospectus and at the date of Great Pee Dee's stockholder meeting. Additionally, there will be a time period after the merger between the deadline for delivering a transmittal letter and surrendering certificates representing Great Pee Dee shares and the time at which former Great Pee Dee stockholders receive the certificates representing the merger consideration. Until such certificates are received, Great Pee Dee stockholders will not be able to sell their First Bancorp shares on the open market and thus will not be able to avoid losses resulting from any decline in the trading prices of First Bancorp common stock during such period.

The merger agreement limits Great Pee Dee's ability to pursue alternative transactions.

The merger agreement prohibits Great Pee Dee and its directors, officers, representatives and agents from soliciting, authorizing the solicitation of or, subject to very narrow exceptions, entering into discussions with any third party regarding alternative acquisition proposals. The prohibition limits Great Pee Dee's ability to pursue offers that may be superior from a financial point of view from other possible acquirers. If Great Pee Dee receives an unsolicited proposal from a third party that is superior from a financial point of view to that made by First Bancorp and terminates the merger agreement, Great Pee Dee would be required to pay a \$1,200,000 termination fee. This fee makes it less likely that a third party will make an alternative acquisition proposal.

If First Bancorp does not successfully integrate the operations of Great Pee Dee, it may not realize all the expected benefits from the merger.

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

the loss of key employees and customers;

the disruption of operations and business;

deposit attrition, customer loss and revenue loss;

possible inconsistencies in standards, control procedures and policies;

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

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

After the merger is completed, Great Pee Dee stockholders will become First Bancorp shareholders and will have different rights.

Upon completion of the merger, Great Pee Dee stockholders who receive First Bancorp common stock for their shares of Great Pee Dee common stock will become First Bancorp shareholders. Differences in Great Pee Dee's certificate of incorporation and bylaws and First Bancorp's articles of incorporation and bylaws will result in changes to the rights of Great Pee Dee stockholders who become First Bancorp shareholders. For more information, see "Effect of the Merger on Rights of Stockholders," beginning on page 40. A stockholder of Great Pee Dee may conclude that his, her or its current rights under Great Pee Dee's certificate of incorporation and bylaws are more advantageous than the rights he, she or it may have as a First Bancorp shareholder under First Bancorp's articles of incorporation and bylaws.

Finally, there are risks and uncertainties relating to an investment in First Bancorp common stock or to economic conditions generally that should affect other financial institutions in similar ways. These aspects are discussed under the heading "A Warning About Forward-Looking Statements" herein and in First Bancorp's 2006 Annual Report on 10-K under the heading "Risk Factors."

STOCKHOLDER MEETING

Date, Place, Time and Purpose

Great Pee Dee is furnishing this proxy statement/prospectus to the holders of Great Pee Dee common stock in connection with a proxy solicitation by the Great Pee Dee board of directors, which will use the proxies at a special meeting of Great Pee Dee stockholders to be held at 901 Chesterfield Highway, Cheraw, South Carolina 29520 at 2:00 p.m., local time, on March 14, 2008.

At this meeting, holders of Great Pee Dee common stock will be asked to:

vote on a proposal to approve the merger agreement, as amended, which is attached to this proxy statement/prospectus as Appendix A;

vote on a proposal to adjourn the special meeting, including, if necessary, to allow time for the further solicitation of proxies if there are not sufficient votes present at the meeting to approve the merger; and

transact such other business as may properly come before the special meeting, or any adjournments or postponements of such meeting.

Great Pee Dee's board of directors is not aware of any other business to be considered at the special meeting.

Record Date, Voting Rights, Required Vote and Revocability of Proxies

The Great Pee Dee board of directors fixed the close of business on January 24, 2008 as the record date for determining the Great Pee Dee stockholders entitled to notice of and to vote at the special meeting of Great Pee Dee stockholders. Only holders of Great Pee Dee common stock of record on the books of Great Pee Dee at the close of business on January 24, 2008 have the right to receive notice of and to vote at the special meeting. On the record date, there were 1,814,671 shares of Great Pee Dee common stock issued and outstanding held by approximately 259 holders of record. At the special meeting, Great Pee Dee stockholders will have one vote for each share of Great Pee Dee common stock owned on the record date.

A quorum of stockholders is required to hold the special meeting. A quorum will exist when the holders of a majority of the outstanding shares of Great Pee Dee common stock entitled to vote on a matter are present at the meeting. To determine whether a quorum is present, Great Pee Dee will count all shares of Great Pee Dee common stock present at the special meeting either in person or by proxy, whether or not such shares are voted for any matter.

Approval of the merger agreement will require the affirmative vote of the holders of a majority of the outstanding shares of Great Pee Dee common stock. Approval of the proposal to adjourn will require more votes in favor of the proposal than against the proposal.

Brokers who hold shares in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those shares without specific instructions from their customers. Any abstention, nonvoting share or broker non-vote will have the same effect as a vote **AGAINST** approval of the merger.

Properly executed proxies that Great Pee Dee receives before the vote at the Great Pee Dee special meeting that are not revoked will be voted in accordance with the instructions indicated on the proxies. Any proxy received with no

instructions indicated will be voted **FOR** the proposal to approve the merger agreement and the proposal to adjourn the special meeting, and the proxy holder may vote the proxy in its discretion as to any other matter that may come properly before the special meeting. No proxy holder, however, will vote a proxy in favor of a proposal to adjourn the special meeting if that proxy instructed a vote against approval of the merger.

A stockholder of Great Pee Dee who has given a proxy may revoke it at any time prior to its exercise at the Great Pee Dee special meeting by:

giving written notice of revocation to the Secretary of Great Pee Dee;

properly submitting to Great Pee Dee a duly executed proxy bearing a later date; or

attending the Great Pee Dee special meeting and voting in person.

All written notices of revocation and other communications with respect to revocation of proxies should be sent to:

Great Pee Dee Bancorp, Inc.
901 Chesterfield Highway
Cheraw, South Carolina 29520
Attention: John M. Digby

On the record date, Great Pee Dee's directors and executive officers, including their immediate family members and affiliated entities, owned or had or shared voting power over 282,916 shares or approximately 15.6% of the outstanding shares of Great Pee Dee common stock, or approximately 31.2% of the shares required to approve the merger. This number does not include shares subject to options to purchase Great Pee Dee common stock. It is expected that the directors and executive officers of Great Pee Dee will vote their shares in favor of the merger. On the record date, one of First Bancorp's directors indirectly owned a minority interest in 9,900 shares of Great Pee Dee common stock. No other executive officer or director of First Bancorp owned any shares of Great Pee Dee common stock on the record date, and neither First Bancorp or its subsidiaries nor Great Pee Dee or its subsidiaries owned any shares of Great Pee Dee common stock other than in a fiduciary capacity for others or as a result of debts previously contracted.

Solicitation of Proxies

Directors, officers, employees, and agents of Great Pee Dee may solicit proxies by mail, in person, or by telephone or telegraph. They will receive no additional compensation for such services. Although Great Pee Dee does not currently expect to do so, it may engage one or more proxy solicitation firms to assist it in the delivery of proxy materials and solicitation of votes. Great Pee Dee also may make arrangements with brokerage firms and other custodians, nominees, and fiduciaries, if any, for the forwarding of solicitation materials to the beneficial owners of the common stock held of record by such persons. Great Pee Dee will reimburse any such brokers, custodians, nominees, and fiduciaries for the reasonable out-of-pocket expenses incurred by them in connection with the services provided. In general, Great Pee Dee will pay its own expenses incurred in connection with the merger. See [The Merger Expenses](#).

Dissenters' Rights

If First Bancorp pays a portion of the merger consideration in cash (other than cash paid for fractional shares), as described in [The Merger What Great Pee Dee Stockholders Will Receive in the Merger](#), then stockholders who vote against or abstain from voting on the merger and properly exercise their dissenters' rights prior to the stockholder meeting will have the right to receive a cash payment for the fair value of their shares of Great Pee Dee common stock. To exercise these rights, stockholders must comply with Section 262 of the Delaware General Corporation Law, the relevant portions of which are attached as [Appendix C](#) to this proxy statement/prospectus. If you wish to dissent, please read this information carefully as you must take affirmative steps to preserve your rights.

Recommendation by Great Pee Dee's Board of Directors

Great Pee Dee's board of directors has unanimously approved the merger agreement, and it believes that completion of the merger is in the best interests of Great Pee Dee and its stockholders. Great Pee Dee's board of directors unanimously recommends that its stockholders vote **FOR** approval of the merger agreement and the proposal to adjourn the special meeting if necessary.

PROPOSAL NO. 1

THE MERGER

The following information describes material aspects of the merger. This description is not a complete description of all the terms and conditions of the merger agreement. This description is qualified in its entirety by the Appendices attached to this proxy statement/prospectus, including the merger agreement, which is attached as Appendix A and incorporated into this document by reference. You are urged to read the Appendices in their entirety.

The Merger

Great Pee Dee will be acquired by and merged into First Bancorp, with First Bancorp being the surviving corporation.

What Great Pee Dee Stockholders Will Receive in the Merger

Upon completion of the merger, Great Pee Dee stockholders will receive 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock.

No fractional shares of First Bancorp common stock will be issued. Instead, cash (without interest) will be paid in lieu of any fractional share to which any Great Pee Dee stockholder would be entitled upon completion of the merger in an amount equal to such stockholder's fractional interest multiplied by the closing price of First Bancorp common stock on the Nasdaq Global Select Market on the last trading day preceding the effective date of the merger.

Great Pee Dee's board of directors may terminate the merger agreement if:

the average closing price (as defined below) of First Bancorp common stock is less than \$16.50 for the 20-day trading period (the measurement period) ending three business days prior to the later of the date of stockholder approval of the merger agreement or the date of the last consent from a regulatory authority required for consummation of the merger;

provided, however, that:

in such case, First Bancorp has the right to increase the exchange ratio and/or pay cash to Great Pee Dee stockholders such that the sum of the increased exchange ratio multiplied by the average closing price of First Bancorp stock, plus any cash paid per share, is at least \$18.975, in which case Great Pee Dee will not have the right to terminate the merger agreement and the merger.

For purposes of the adjustment provisions described above,

average closing price means, during any specified period, with respect to First Bancorp common stock, the average of the daily closing sales price for such stock on the Nasdaq Global Select Market during such period.

The actual market value of shares of First Bancorp common stock at the effective time of the merger and at the time stock certificates for those shares are delivered following surrender and exchange of stock certificates representing shares of Great Pee Dee common stock may be more or less than the average closing price during the measurement period. Great Pee Dee stockholders are urged to obtain current market prices for First Bancorp common stock.

The above description is adapted from the provisions contained in Section 9.1(h) of the merger agreement, which is attached to this proxy statement/prospectus as Appendix A.

What Dissenting Stockholders Will Receive in the Merger

If First Bancorp pays a portion of the merger consideration in cash (other than cash paid for fractional shares), as described above in What Great Pee Dee Stockholders Will Receive in the Merger, stockholders who vote against or abstain from voting on the merger and properly exercise their dissenters' rights prior to the stockholder meeting have the right to receive a cash payment for the fair value of their shares of Great Pee Dee common stock, plus accrued interest. Any such payment will be in lieu of shares of First Bancorp common stock otherwise receivable by the dissenting stockholder and could be more than, the same as, or less

than the value of such shares of First Bancorp common stock. To exercise these rights, you must comply with Section 262 of the Delaware General Corporation Law, the relevant portions of which are attached as Appendix C to this proxy statement/prospectus and which sets forth in detail the procedures by which these rights are exercisable and by which the fair value of shares is determined and paid. If you wish to dissent, please read this information carefully as you must take affirmative steps to preserve your rights.

Effect of the Merger on Great Pee Dee Options

Great Pee Dee's directors and several of its employees hold options to purchase shares of Great Pee Dee common stock. When the merger becomes effective, each outstanding option or other right to purchase Great Pee Dee common stock granted under Great Pee Dee's stock option plan will become an option to purchase First Bancorp common stock. First Bancorp will assume each option in accordance with the terms of Great Pee Dee's stock option plan and the agreements that evidence the options and will deliver First Bancorp common stock upon the exercise of each option. All Great Pee Dee options not already exercisable have or will become vested, non-forfeitable and exercisable as a result of the proposed merger and the change-in-control provisions in the Great Pee Dee stock option plan. After the merger becomes effective:

First Bancorp and the compensation committee of its board of directors will be substituted for Great Pee Dee and the compensation committee of Great Pee Dee's board of directors administering the Great Pee Dee stock option plan;

each option assumed by First Bancorp may be exercised only for shares of First Bancorp common stock;

the number of shares of First Bancorp common stock subject to the converted Great Pee Dee options will be equal to the number of shares of Great Pee Dee common stock subject to the options immediately before the merger became effective multiplied by the exchange ratio, rounded down to the nearest whole share; and

the per share exercise price under each converted Great Pee Dee option will be adjusted by dividing the exercise price immediately before the merger by the exchange ratio and rounding up to the nearest cent.

Notwithstanding the foregoing:

each Great Pee Dee option that is an incentive stock option will be adjusted as required by Section 424 of the Internal Revenue Code and the related regulations so that the conversion will not constitute a modification, extension or renewal of the option within the meaning of Section 424(h) of the Internal Revenue Code.

For information with respect to stock options held by Great Pee Dee's management, see "The Merger - Interests of Certain Persons in the Merger."

Background of the Merger

Great Pee Dee has been a public company since its initial public offering in 1997 relating to the mutual-to-stock conversion of Sentry. As a result of the enactment of the Sarbanes-Oxley Act in 2002, Great Pee Dee has become subject to heightened compliance and documentation requirements in a variety of areas, including disclosure controls, internal and external audit relationships, and the duties and qualifications of its board committees. Great Pee Dee has also become subject to expanded disclosure requirements relating to its corporate and trading activities. As a result of these new requirements, Great Pee Dee's cost of compliance has increased, particularly relative to its limited personnel resources and market capitalization. In addition to the substantial indirect costs in management time, costs associated with Great Pee Dee's reporting obligations include securities counsel fees, auditor fees, costs of printing and mailing

shareholder documents, and specialized word processing and filing costs. Additional costs are anticipated from the upcoming requirement under Section 404 of the Sarbanes-Oxley Act that Great Pee Dee document, test and assess its internal control structure and that its external auditors report on the effectiveness of its internal control structure.

In light of the foregoing, at a regular meeting of Great Pee Dee's board of directors in March 2007, the board discussed the advantages and disadvantages of pursuing a going private transaction that would result in the termination of Great Pee Dee's reporting obligations under the federal securities laws. In early April, certain members of Great Pee Dee's management and the board met with an executive of a bank in North Carolina that had engaged in a going private transaction. At a special meeting held on April 20, the board reviewed a detailed analysis of a going private transaction and the alternative methods available to accomplish the deregistration of Great Pee Dee's common stock.

At a special meeting on April 26, the board again discussed engaging in a transaction that would result in the deregistration of Great Pee Dee's common stock and the termination of its reporting obligations under the federal securities laws. Counsel to Great Pee Dee, Luse Gorman Pomerenk & Schick, reviewed various legal issues associated with a going private transaction and the process involved. At the April 26 meeting, Great Pee Dee's President and Chief Executive Officer, John Long, also reported on a meeting he had with certain executives of First Bancorp and their expression of interest in a possible merger between First Bancorp and Great Pee Dee. The board determined to continue with its review and consideration of a going private transaction, but authorized management and Great Pee Dee's financial advisor, Howe Barnes Hoefler & Arnett, Inc., referred to herein as Howe Barnes, to have further discussions with First Bancorp regarding a possible merger between the companies.

Further discussions took place between Howe Barnes and management of Great Pee Dee and First Bancorp regarding the possible terms of a merger between Great Pee Dee and First Bancorp. At a special meeting held on May 9, the Great Pee Dee board reviewed an analysis prepared by Howe Barnes regarding the terms of a business combination that were proposed by First Bancorp, which involved a stock-for-stock merger with an exchange ratio of 1.1429 shares of First Bancorp stock for each share of Great Pee Dee common stock, the assumption of outstanding stock options, and the appointment of one director from Great Pee Dee to the board of First Bancorp. The board also reviewed an analysis and overview of First Bancorp that was prepared by Howe Barnes. The board further discussed the matter in executive session, and concluded by authorizing management and Howe Barnes to continue discussions with First Bancorp and to seek an increase in the proposed exchange ratio.

At a special meeting held on May 22, Howe Barnes reported that First Bancorp had agreed to increase the exchange ratio to 1.15 shares of First Bancorp common stock for each share of Great Pee Dee common stock. The board reviewed an updated analysis of the proposed terms and a preliminary financial analysis of the proposed terms presented by Howe Barnes. After further discussion, including discussion among the independent board members in executive session, the board authorized management and Great Pee Dee's legal and financial advisors to proceed to the negotiation of a definitive merger agreement.

On May 23, each of the parties entered into confidentiality agreements in contemplation of conducting due diligence. During the next several weeks, each party conducted due diligence reviews of the other. A merger agreement was prepared by counsel to First Bancorp and negotiated with Great Pee Dee and its advisors. A special board meeting was held on June 26. Management, Howe Barnes and Great Pee Dee's legal counsel reported on the favorable results of the due diligence investigation of First Bancorp. Howe Barnes presented a detailed analysis from a financial point of view of the terms of the proposed merger. Counsel reviewed in detail a proposed merger agreement, which had been distributed to the board in advance of the meeting, and discussed the fiduciary duties of the board of directors in general and in particular in connection with a merger transaction. Howe Barnes stated that it was prepared to provide its opinion that the proposed merger consideration was fair to Great Pee Dee and its stockholders from a financial point of view. Counsel indicated that further discussions and negotiations needed to take place before a definitive agreement would be ready for execution and final approval by the board.

A special board meeting was held on July 12, and Howe Barnes presented its fairness opinion as to the merger consideration at the meeting. Great Pee Dee's legal counsel again reviewed the material terms of the merger agreement and the fiduciary duties of the board. After further discussion, the board of directors voted unanimously to approve the

merger agreement as being in the best interests of Great Pee Dee and its stockholders. Management was authorized to execute the agreement and to issue a joint press release announcing the transaction.

On February 5, 2008, Great Pee Dee's board of directors met and unanimously approved an amendment to the merger agreement to modify the procedure for converting Great Pee Dee options into First Bancorp options. This modification was made to ensure compliance with Section 368(a) of the Internal Revenue Code. The amendment was entered into by First Bancorp and Great Pee Dee on February 5, 2008 and is included in Appendix A to this proxy statement/prospectus.

Opinion of Great Pee Dee's Financial Advisor

On July 12, 2007, at a meeting of the Great Pee Dee board of directors, Howe Barnes delivered to the Great Pee Dee board of directors its opinion, to the effect that, as of that date and based upon and subject to various assumptions, matters considered, and limitations on Howe Barnes' review described in the opinion, the merger consideration was fair, from a financial point of view, to the stockholders of Great Pee Dee. Howe Barnes has updated its opinion as of January 31, 2008. No limitations were imposed by Great Pee Dee on Howe Barnes with respect to the investigations made or the procedures followed in rendering its opinion.

Great Pee Dee retained Howe Barnes to act as its financial advisor in connection with its proposed merger with First Bancorp. Great Pee Dee selected Howe Barnes as its financial advisor based upon Howe Barnes' qualifications, expertise, and reputation advising financial institutions and other companies with regard to mergers and acquisitions.

The full text of Howe Barnes' updated written opinion to Great Pee Dee's board, dated January 31, 2008, which sets forth the assumptions made, matters considered and extent of review by Howe Barnes, is attached as Appendix B and is incorporated herein by reference. You should read the fairness opinion carefully and in its entirety. The following summary of Howe Barnes' opinion is qualified in its entirety by reference to the full text of the opinion. Howe Barnes' opinion is directed to Great Pee Dee's board and does not constitute a recommendation to any stockholder of Great Pee Dee as to how a stockholder should vote with regard to the merger at the stockholders meeting described in this proxy statement/prospectus. The opinion addresses only the fairness, from a financial point of view, of the merger consideration to the holders of Great Pee Dee's common stock. The opinion does not address the relative merits of the merger or any alternatives to the merger, the underlying decision of Great Pee Dee's board to approve or proceed with or effect the merger, or any other aspect of the merger.

Howe Barnes has consented to the inclusion of its opinion and to the inclusion of the summary of its opinion in this proxy statement/prospectus. In giving such consent, Howe Barnes does not concede that it comes within the category of persons whose consent is required under the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder, nor does it concede that it is an expert within the meaning of the term "expert" as used in the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder with respect to any part of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part.

In connection with rendering its original opinion, Howe Barnes:

- (1) reviewed the terms of the merger agreement;
- (2) reviewed First Bancorp's recent filings with the Securities and Exchange Commission, including its proxy statement filed March 27, 2007, annual reports on Form 10-K for the three years ended December 31, 2006, 2005 and 2004, and quarterly report on Form 10-Q for the three months ended March 31, 2007;
- (3) reviewed Great Pee Dee's recent filings with the Securities and Exchange Commission, including its proxy statement filed September 8, 2006, annual reports on Form 10-KSB for the three years ended June 30, 2006, 2005 and

2004, and quarterly reports on Form 10-QSB for the three quarters ended March 31, 2007, December 31, 2006 and September 30, 2006;

(4) reviewed current reports to stockholders of Great Pee Dee and First Bancorp as filed on Form 8-K with the Securities and Exchange Commission from January 1, 2004 through the date of its opinion;

- (5) reviewed certain internal financial information and financial forecasts relating to the business, earnings, cash flows, assets and prospects of the respective companies furnished to Howe Barnes by Great Pee Dee and First Bancorp;
- (6) held discussions with members of senior management of Great Pee Dee and First Bancorp, including without limitation, their respective outside accountants, legal advisors and others concerning the past and current results of operations of Great Pee Dee and First Bancorp, their respective current financial condition and managements opinion of their respective future prospects;
- (7) reviewed the historical record of reported prices, trading activity and dividend payments for both Great Pee Dee and First Bancorp;
- (8) compared the reported financial terms of selected recent business combinations in the banking industry; and
- (9) performed such other studies and analyses as Howe Barnes considered appropriate under the circumstances.

The written opinion provided by Howe Barnes to Great Pee Dee, dated as of July 12, 2007, and updated as of January 31, 2008, was necessarily based upon economic, monetary, financial market, and other relevant conditions as of the date the opinion was rendered. Accordingly, you should understand that although subsequent developments may affect its opinion, Howe Barnes does not have any obligation to further update, revise, or reaffirm its opinion.

In connection with its review and arriving at its opinion, with the consent of Great Pee Dee s board, Howe Barnes assumed and relied upon the accuracy and completeness of the financial information and other pertinent information provided by Great Pee Dee and First Bancorp to Howe Barnes for purposes of rendering its opinion. Howe Barnes did not assume any obligation to independently verify any of the information discussed above, including, without limitation, information from published sources, as being complete and accurate. With regard to the financial information, including financial projections it received from Great Pee Dee and First Bancorp, as well as projections of cost savings, Howe Barnes assumed that this information reflected the best available estimates and good faith judgments of management as to Great Pee Dee s future performance and that the projections provided a reasonable basis upon which Howe Barnes could formulate its opinion. Great Pee Dee does not publicly disclose internal management forecasts or projections of the type utilized by Howe Barnes in connection with Howe Barnes role as its financial advisor, and those forecasts and projections were not prepared with a view towards public disclosure. The forecasts and projections were based upon numerous variables and assumptions that are inherently uncertain, including, among others, factors relative to the general economic and competitive conditions Great Pee Dee faces. Accordingly, actual results could vary significantly from those set forth in the forecasts and projections.

Howe Barnes does not purport to be an expert in the evaluation of loan portfolios or the allowance for loan losses with respect to loan portfolios and, accordingly, assumes that Great Pee Dee s allowances and First Bancorp s allowances were adequate to cover any losses. In addition, Howe Barnes has not reviewed and does not assume any responsibility for any individual credit files and did not make an independent evaluation, appraisal, or physical inspection of the assets or liabilities, contingent or otherwise, of Great Pee Dee s or First Bancorp s individual properties, nor was Howe Barnes provided with any such appraisals. In rendering its opinion, Howe Barnes expressed no opinions with respect to the amount or nature of any compensation to any officers, directors, or employees of Great Pee Dee, or any class of such persons relative to the exchange ratio to be received by the holders of the common stock of Great Pee Dee in the transaction or with respect to the fairness of any such compensation. In addition, for purposes of rendering its written opinion, Howe Barnes assumed that (i) the merger will be consummated in accordance with the terms set forth in the merger agreement, without any waiver of any of its material terms or conditions, and that obtaining the necessary regulatory approvals for the merger will not have an adverse effect on either separate institution or the combined entity, and (ii) the merger will be consummated in a manner that complies in all respects with the applicable

provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and all other applicable federal and state statutes, rules, and regulations.

In connection with rendering its opinion to Great Pee Dee's board, Howe Barnes performed a variety of financial and comparative analyses, which are briefly summarized below. Such summaries do not purport to be a complete description of the analyses performed by Howe Barnes. The fact that any specific analysis has been referred to in the summaries below is not meant to indicate that the analysis was given greater weight than any other analysis. Accordingly, the ranges of values resulting from any particular analysis described below should not be taken to be Howe Barnes' view of Great Pee Dee's or the combined company's actual value. Moreover, Howe Barnes believes that the analyses must be considered as a whole and that selecting portions of the analyses and the factors considered, including information presented in tabular form, without considering all of the analyses and factors, could create an incomplete understanding of the process underlying the analyses and, more importantly, a misleading or incomplete view of its opinion as to fairness from a financial point of view that is based on those analyses.

Comparable Transaction Analysis. Howe Barnes reviewed and compared financial performance and pricing information for the following groups of United States thrift merger transactions announced in the 24 months ended July 10, 2007 (the "Nationwide Merger Groups"):

Thrift acquisitions in the United States in the preceding 24 months;

Thrift acquisitions in the United States involving acquired thrifts with assets of \$100 million to \$300 million;

Thrift acquisitions in the United States with total deal values of \$20 million to \$60 million;

Thrift acquisitions in the United States involving acquired thrifts with returns on average assets of 0.60% to 0.90%;

Thrift acquisitions in the United States involving acquired thrifts with returns on average equity of 5.0% to 8.0%;

Thrift acquisitions in the United States involving acquired thrifts with tangible capital to tangible assets of 10.0% to 14.0%.

Pricing ratios for the merger were compared to the Nationwide Merger Group's median (1) price to book value, (2) price to tangible book value, (3) capital adjusted price to tangible book value, (4) price to last twelve months reported earnings, (5) tangible book value premium to core deposits, and (6) premium paid to market price (the Pricing Ratios), as seen below:

Groups	Number of Deals	Price/Book Value	Price/Tangible Book Value	Capital Adjusted	Tangible		
				Price/Tangible Book Value(1)	Price/LTM Reported Earnings(2)	Book Premium/Core Deposits(3)	Premium/Market Price
Last 24 Months	82	180%	202%	222%	21.7x	14.6%	32%
Assets \$100 - \$300 Million	25	166%	168%	212%	23.2x	11.9%	61%
Deal Value \$20 - \$60 Million	16	178%	188%	214%	23.9x	13.9%	34%
ROAA 0.60% - 0.90%	18	177%	183%	216%	23.4x	17.2%	42%
ROAE 5.0% - 8.0%	21	166%	168%	213%	25.1x	13.0%	43%

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Tangible Capital	10%	14%	25	171%	176%	229%	22.8x	17.2%	42%
High				180%	202%	229%	25.1x	17.2%	61%
Median				174%	180%	215%	23.3x	14.3%	42%
Low				166%	168%	212%	21.7x	11.9%	32%
Great Pee Dee/First Bancorp(4)				137%	140%	174%	22.5x	10.4%	35%

* Source: SNL Financial LC

- (1) Estimated premium paid on the first 7% of tangible capital
- (2) Last 12 months fully-diluted reported earnings per share
- (3) Premium over tangible book value as a percentage of core deposits (total deposits less jumbo time deposits)
- (4) Based on First Bancorp's closing price of \$17.97 on July 11, 2007

In addition, Howe Barnes reviewed a selected group of thrift merger transactions announced since January 1, 2004 involving acquired thrifts with assets of \$100 million to \$500 million, tangible equity to tangible assets of 8.0% to 16.0% and return on average assets of 0.50% to 1.00%, as well as First Community Corp.'s acquisition of Dutchfork Bancshares, Inc. based on its similar asset size, capital level and proximity to Great Pee Dee (the Guideline Transactions). The following table represents the Guideline Transactions:

Acquiror	Target
First Mutual of Richmond, Inc.	Mutual Bancorp, Inc.
Great River Holding Co.	First Federal Bancorp
First Place Financial Corp.	Northern Savings & Loan Co.
MainSource Financial Group	HFS Bank FSB
MainSource Financial Group	Peoples Ohio Financial
Peoples Community Bancorp, Inc.	PFS Bancorp, Inc.
Main Street Trust, Inc.	Citizens First Financial Corp.
ESB Financial Corp.	PHSB Financial Corp.
Park National Corp.	First Federal Bancorp, Inc.
Kentucky First Federal	Frankfort First Bancorp, Inc.
Prosperity Bancshares, Inc.	Village Bank & Trust S.S.B.
First Community Corp.	Dutchfork Bancshares, Inc.
WesBanco, Inc.	Western Ohio Financial Corp
United Community Banks, Inc.	Fairbanco Holding Co., Inc.

The following table represents a comparison of the merger to the Guideline Transaction Pricing Ratios:

Target	Price/ Book Value	Price/ Tangible Book Value	Capital Adjusted Price/ Tangible Book Value(1)	Price/ LTM Reported Earnings(2)	Tangible Book Premium/ Core Deposits(3)	Premium/ Market Price
Mutual Bancorp, Inc.	165%	165%	218%	20.0x	10.8%	NA
First Federal Bancorp	149%	149%	165%	25.1x	7.5%	NA
Northern Savings & Loan Co.	166%	166%	229%	25.3x	13.2%	47%
HFS Bank FSB	175%	175%	195%	23.3x	11.0%	55%
Peoples Ohio Financial	164%	164%	229%	23.3x	22.8%	45%
PFS Bancorp, Inc.	165%	166%	267%	35.9x	22.5%	39%
Citizens First Financial Corp.	152%	152%	203%	33.0x	11.2%	17%
PHSB Financial Corp.	173%	173%	278%	25.7x	20.0%	20%
First Federal Bancorp, Inc.	195%	195%	230%	24.5x	17.3%	56%
Frankfort First Bancorp, Inc.	168%	168%	249%	30.5x	22.9%	1%
Village Bank & Trust S.S.B.	198%	204%	239%	20.1x	12.6%	NA
Dutchfork Bancshares, Inc.	149%	149%	221%	12.9x	18.0%	10%
Western Ohio Financial Corp	142%	142%	187%	25.0x	14.1%	13%

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Fairbanco Holding Co., Inc.	131%	131%	142%	14.7x	5.8%	NA
High	198%	204%	204%	35.9x	22.9%	56%
Median	165%	165%	225%	24.8x	13.7%	30%
Low	131%	131%	142%	12.9x	5.8%	1%
Great Pee Dee / First Bancorp(4)	137%	140%	174%	22.5x	10.4%	35%

* Source: SNL Financial LC

- (1) Estimated premium paid on the first 7% of tangible capital
- (2) Last 12 months fully-diluted reported earnings per share
- (3) Premium over tangible book value as a percentage of core deposits (total deposits less jumbo time deposits)
- (4) Based on First Bancorp's closing price of \$17.97 on July 11, 2007

Comparable Public Company Analysis. Howe Barnes considered the market performance of publicly traded thrifts for the three-year period ended July 11, 2007. Howe Barnes compared Great Pee Dee's market performance to the market performances of the indexes of all publicly traded thrifts in the United States with assets below \$250 million, all publicly traded thrifts in the United States with assets \$250 million to \$500 million, and all publicly traded thrifts in the United States (as identified by SNL Financial LC). During this period, Great Pee Dee decreased 1.2%, the index of thrifts with assets less than \$250 million decreased 10.2%, the index of thrifts with assets \$250 million to \$500 million increased 4.2%, and the index of all publicly traded thrifts in the United States increased 14.3%.

In addition, Howe Barnes compared the trading performance for Great Pee Dee to the following selected groups of public thrifts, as defined by SNL Financial LC. (the Nationwide Trading Groups):

All public thrifts;

Public thrifts with assets of \$150 million to \$300 million;

Public thrifts with market capitalizations of \$20 million to \$40 million;

Public thrifts with returns on average assets of 0.70% to 0.90%;

Public thrifts with returns on average equity of 5.0% to 8.0%;

Public thrifts with tangible capital to tangible assets of 10.0% to 14.0%;

Public thrifts located in South Carolina;

Public thrifts located in the Southeast.

Great Pee Dee's price performance was compared to the Nationwide Trading Group medians, as seen below:

Groups(3)	Number of Companies	Price/ LTM Reported Earnings(1)	Price/ MRQ Reported Earnings(2)	Price/ Book Value	Price/ Tangible Book Value	Dividend Yield
All Companies	275	18.0x	18.0x	124%	131%	2.7%
Assets \$150 - \$300 Million	54	18.7x	19.7x	117%	118%	2.7%
Market Cap \$20 - \$40 Million	61	22.4x	21.4x	121%	124%	3.0%
ROAA 0.70% - 0.90%	51	16.2x	17.5x	124%	134%	3.0%
ROAE 5.0% - 8.0%	53	19.1x	20.4x	122%	130%	2.8%
Tangible Capital 10% - 14%	64	21.4x	21.0x	126%	130%	2.7%
South Carolina	5	15.7x	14.8x	152%	140%	3.2%
Southeast	31	17.8x	17.8x	121%	126%	3.0%
High		22.4x	21.4x	152%	140%	3.2%
Median		18.3x	18.8x	123%	130%	2.9%
Low		15.7x	14.8x	117%	118%	2.7%

Great Pee Dee(4)	\$ 15.32	15.8x	18.0x	100%	102%	4.2%
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* Source: SNL Financial LC

(1) Last 12 months fully-diluted reported earnings per share

(2) Most recent quarter fully-diluted reported earnings per share

(3) Nationwide Trading Group trade data as of July 10, 2007; financial data as of March 31, 2007

(4) Great Pee Dee trade data as of July 11, 2007; financial data as of March 31, 2007

Howe Barnes also compared historical operating, financial and trading performance for Great Pee Dee to a select group of United States public thrifts, as defined by SNL Financial LC, with available public trading

data and with the following financial characteristics: assets of \$100 million to \$500 million, tangible equity to tangible assets of 8.0% to 16.0% and return on average assets of 0.60% to 0.90% (the Guideline Companies). The Guideline Companies do not include thrifts located in Alaska, mutual holding companies or acquisition targets. Howe Barnes considered these companies to be reasonably similar in scope of operations for purposes of its analyses.

The following tables represent the comparison of Great Pee Dee to the Guideline Companies:

Company(3)	Closing Price	Price/ LTM Reported Earnings(1)	Price/ MRQ Reported Earnings(2)	Price/ Book Value	Price/ Tangible Book Value	Dividend Yield
CKF Bancorp, Inc.	\$ 14.85	14.9x	18.6x	118%	126%	4.9%
Crazy Woman Creek Bancorp, Inc.	\$ 20.41	16.9x	19.6x	122%	124%	2.4%
DSA Financial Corp.	\$ 12.60	31.5x	NM	124%	124%	4.1%
First Capital, Inc.	\$ 18.00	14.6x	17.3x	115%	132%	3.8%
First Independence Corp.	\$ 18.35	12.7x	12.1x	97%	97%	3.8%
Guaranty Bancorp, Inc.	\$ 34.00	13.3x	16.3x	125%	125%	NA
High Country Bancorp, Inc.	\$ 17.55	11.2x	6.1x	80%	80%	2.9%
Home Loan Financial Corp.	\$ 14.75	22.4x	20.5x	118%	118%	5.4%
Lexington B&L Financial Corp.	\$ 25.90	NA	19.0x	106%	112%	1.5%
LSB Financial Corp.	\$ 24.90	12.6x	13.0x	113%	113%	3.2%
Midland Capital Holdings Corp.	\$ 42.00	19.2x	23.9x	114%	114%	2.3%
Peoples-Sydney Financial Corp.	\$ 12.90	15.9x	17.0x	113%	113%	5.0%
United Tennessee Bankshares, Inc.	\$ 22.00	23.7x	36.7x	138%	143%	2.0%
Washington Savings Bank, F.S.B.	\$ 7.95	18.9x	22.1x	96%	96%	2.0%
Wells Financial Corp.	\$ 28.85	13.5x	14.7x	111%	111%	3.6%
High		31.5x	36.7x	138%	143%	5.4%
Median		15.4x	17.9x	114%	114%	3.4%
Low		11.2x	6.1x	80%	80%	1.5%
Great Pee Dee(4)	\$ 15.32	15.8x	18.0x	100%	102%	4.2%

* Source: SNL Financial LC

(1) Last 12 months fully-diluted reported earnings per share

(2) Most recent quarter fully-diluted reported earnings per share

(3) Guideline Companies trade data as of July 10, 2007

(4) Great Pee Dee trade data as of July 11, 2007

	Great Pee Dee(1)	Guideline Companies(2) 15 Thrifts
Balance Sheet Ratios		
Total Assets (\$MM)	\$ 219	\$ 163
Loans/Deposits	123%	106%
Borrowings/Assets	17.0%	16.2%
Tangible Equity/Tangible Assets	12.3%	9.7%
Growth Rates (LTM)		
Asset Growth Rate	2.5%	1.1%
Loan Growth Rate	7.1%	0.1%
Profitability Ratios		
Interest Rate Margin	3.23%	3.38%
Non-interest Income/Average Assets	0.52%	0.65%
Non-interest Expense/Average Assets	2.24%	2.43%
Efficiency Ratio	69%	70%
ROAA	0.77%	0.73%
ROAE	6.2%	7.5%
Asset Quality		
LLR/Loans	1.06%	0.79%
NPA s/Assets	0.39%	0.98%
Other		
Deposits/Branch (\$MM)	\$ 50.9	\$ 28.5

(1) Source: SNL Financial LC as of July 10, 2007; financial data of March 31, 2007

(2) Median values

Discounted Cash Flow Analysis. Howe Barnes calculated the present value of a share of Great Pee Dee common stock based on the value of the estimated dividend payments to Great Pee Dee stockholders through December 31, 2012 plus a terminal value assuming the share is sold at the end of 2012. Howe Barnes relied upon the management of Great Pee Dee as to the reasonableness and achievability of the financial and operating projections.

In this analysis, Howe Barnes utilized various combinations of discount rates between 14.0% and 16.0% representing typical thrift investor return expectations. Howe Barnes selected terminal multiples between 16.0x and 19.0x estimated 2012 net income, representing a range of July 10, 2007 price-to-last-twelve month earnings multiples of:

19.1x The median of nationwide public thrifts, as defined by SNL Financial LC, with assets \$250 million to \$500 million. Great Pee Dee's projected asset size on December 31, 2012 is \$341 million.

17.8x The median of Southeast public thrifts, as defined by SNL Financial LC.

15.8x Great Pee Dee (as of July 11, 2007).

Based on these assumptions, the implied per share present value of Great Pee Dee common stock ranged from \$10.85 to \$13.61. Howe Barnes noted that the discounted cash flow analysis was considered because it is a widely used

valuation methodology, but that the results of the methodology are not conclusive and are highly dependent upon the numerous assumptions that must be made, including discount rates and long term growth rates.

Accretion / Dilution Analysis. On the basis of financial projections established by management, and estimates of on-going cost savings accruing to the combined companies, as well as estimated one-time costs related to the transaction, Howe Barnes compared pro forma equivalent earnings per share, cash earnings per share, book value per share, tangible book value per share and cash dividends per share to the stand-alone projections of Great Pee Dee and First Bancorp. No assumptions were made regarding revenue enhancements following the completion of the transaction.

93.3% accretion to earnings per share and 82.2% accretion to cash earnings per share for Great Pee Dee stockholders in the first year of combined operations;

2.5% dilution to earnings per share and 1.8% dilution to cash earnings per share for First Bancorp stockholders in the first year of combined operations;

1.7% dilution to book value per share and 29.4% dilution to tangible book value per share for Great Pee Dee stockholders in the first year of combined operations;

5.8% accretion to book value per share and 4.0% accretion to tangible book value per share for First Bancorp stockholders in the first year of combined operations;

A 47.3% increase in cash dividends per share for Great Pee Dee stockholders in the first full year of combined operations, assuming First Bancorp maintains its current dividend policy.

The estimates of achievable cost savings and revenue synergies and the timing of the realization of such cost savings and revenue synergies are based on numerous estimates, assumptions, and judgments and are subject to significant uncertainties. Actual results may vary, and variations in amounts and timing may be material.

Contribution Analysis. Howe Barnes compared the contribution of Great Pee Dee to the combined companies relative to its approximate ownership of the combined companies. The analysis indicated that Great Pee Dee stockholders would own approximately 12.4% of the pro forma shares of First Bancorp. Great Pee Dee's approximate contributions are listed below by category:

	Contribution %	
	Great Pee Dee	First Bancorp
Fully diluted ownership	12.4%	87.6%
Assets	9.1%	90.9%
Loans	9.6%	90.4%
Deposits	8.0%	92.0%
Equity	14.2%	85.8%
Tangible equity	19.1%	80.9%
2007 net income without synergies(1)	6.5%	93.5%
2007 net income with synergies(2)	8.1%	91.9%
2007 net income cash basis(3)	8.8%	91.2%

2008 net income	without synergies(1)	6.4%	93.6%
2008 net income	with synergies(2)	10.1%	89.9%
2008 net income	cash basis(3)	10.7%	89.3%

* Note all balance sheet data is as of June 30, 2007

(1) Based on forecasted net income without giving effect to merger synergies and purchase accounting

(2) Based on forecasted net income including merger synergies and purchase accounting

(3) Based on forecasted net income including merger synergies, but excluding amortization of intangibles

In performing its analyses, Howe Barnes made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond Great Pee Dee's or First Bancorp's control. The analyses performed by Howe Barnes are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by those analyses. Howe Barnes drew from its past experience in similar transactions, as well as its experience

in the valuation of securities and its general knowledge of the banking industry as a whole. Estimates of company valuations do not purport to be appraisals or to necessarily reflect the prices at which companies or their respective securities actually may be sold. Accordingly, those analyses and estimates are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, and Howe Barnes does not assume any responsibility if future results are materially different from those projected.

As described above, Howe Barnes' opinion and presentation to Great Pee Dee's board were among the many factors taken into consideration by Great Pee Dee's board in making its determination to approve the merger, and to recommend that Great Pee Dee's stockholders approve the merger.

Great Pee Dee has agreed to pay Howe Barnes an amount equal to 1.50% of the total consideration received by Great Pee Dee and its stockholders for Howe Barnes financial advisory services rendered in connection with the proposed merger. Howe Barnes has received \$100,000 to date, with the remainder of its fee payable at closing of the proposed merger as a success fee. Great Pee Dee's board was aware of this fee structure and took it into account in considering Howe Barnes' fairness opinion and in approving the merger. In addition, Great Pee Dee has agreed to reimburse Howe Barnes for its reasonable expenses incurred by it on Great Pee Dee's behalf up to \$5,000, and to indemnify Howe Barnes against liabilities arising out of the merger, including the rendering of Howe Barnes' fairness opinion. During the two years preceding the date of the opinion, Howe Barnes has not had a material relationship with Great Pee Dee where compensation was received or that it contemplates will be received after closing of the transaction.

Howe Barnes has received compensation from First Bancorp in the last two years. Howe Barnes advised First Bancorp with its trust preferred securities issuance in April 2006 and received a referral fee from a third party. In addition, Howe Barnes received a fee in September 2006 for a core deposit and purchase accounting analysis related to First Bancorp's acquisition of two branches.

Great Pee Dee's Reasons for the Merger

Great Pee Dee's board of directors believes that the merger is in the best interests of Great Pee Dee and its stockholders. Accordingly, the board of directors has approved the merger agreement and unanimously recommends that stockholders vote FOR the approval of the merger agreement.

In reaching its decision to approve the merger agreement, Great Pee Dee's board of directors consulted with its outside legal counsel, Luse Gorman Pomerenk & Schick, and with its financial advisor, Howe Barnes, and considered a variety of factors, including the following, which are not presented in order of priority:

- the board's understanding of, and the presentations of Great Pee Dee's management and financial advisor regarding each of Great Pee Dee's and First Bancorp's business, operations, management, financial condition, earnings and prospects;

- the results of Great Pee Dee's due diligence investigation of First Bancorp;

- the board's knowledge of the current and prospective environment in which Great Pee Dee operates, including national and local economic conditions, the competitive environment, the trend toward consolidation in the financial services industry and the likely effect of these factors on its potential growth, development, productivity, profitability and strategic options;

- the board's view that the size of the institution and related economies of scale, as well as diversification of product offerings, beyond the level it believed to be reasonably achievable on an independent basis, was becoming increasingly important to continued success in the current financial services environment;

advice from Great Pee Dee's financial advisors, Howe Barnes, that the per share merger consideration is fair to Great Pee Dee's stockholders from a financial point of view;

the fact that First Bancorp's common stock has an attractive dividend yield;

a review of the terms, to the extent publicly available, of certain other transactions deemed by Howe Barnes to be relevant to its review of the proposed merger;

the review by the Great Pee Dee board of directors with its legal and financial advisors of the structure of the merger and the financial and other terms of the merger agreement;

the likelihood that the merger will be completed, including the likelihood that the regulatory and stockholder approvals needed to complete the merger will be obtained;

management's view that the merger will allow for enhanced opportunities for Great Pee Dee's clients and customers;

the compatibility of the corporate cultures of Great Pee Dee and First Bancorp; and

the geographic fit of the branch networks of First Bank and Sentry.

On the basis of these considerations, Great Pee Dee's board of directors unanimously approved the merger agreement and recommends that stockholders vote FOR the approval of the merger agreement.

First Bancorp's Reasons for the Merger

The board of directors of First Bancorp believes that the merger presents an important opportunity for First Bancorp to increase shareholder value by merging with a profitable, well-managed financial institution in Chesterfield and Florence counties in South Carolina. These counties represent natural extensions of First Bancorp's existing market areas, as the counties are contiguous to ones in which First Bancorp currently operates. First Bancorp's board of directors also believes there is a positive benefit of the additional capital that will result from the merger. This additional capital will increase First Bancorp's regulatory capital ratios, thus allowing for higher asset growth than would have otherwise been possible without the issuance of capital instruments. First Bancorp's board of directors believes that the opportunities created by the merger to increase First Bancorp's shareholder value more than offset risks inherent in the merger.

In reaching its decision to approve the merger agreement, First Bancorp's board of directors consulted with the management of First Bancorp, as well as its financial advisors regarding the financial aspects of the proposed transaction and its legal advisors regarding the terms of the transaction. In reaching its decision to approve the merger agreement, First Bancorp's board of directors considered a variety of factors, including the following:

the familiarity of First Bancorp's board of directors with and review of Great Pee Dee's business, operations, financial condition, earnings and prospects. In making this assessment, First Bancorp's board of directors took into account the results of First Bancorp's due diligence review of Great Pee Dee;

the business, operations, financial condition, earnings and prospects of the combined entity that would result from the merger of First Bancorp with Great Pee Dee;

the belief of senior management of First Bancorp and First Bancorp's board of directors that First Bancorp and Great Pee Dee have similar and compatible approaches to delivering financial performance and shareholder value and operating a community banking organization, and that their management and employees possess complementary skills and expertise;

the pro forma and prospective financial impact of the merger upon First Bancorp;

the structure of the proposed merger, the terms of the merger agreement and the expectation that the merger will qualify as a transaction that is tax-free for federal income tax purposes;

the current and prospective economic and competitive environments facing financial institutions, including First Bancorp;

the attractiveness of the Great Pee Dee franchise and the complementary position of Great Pee Dee's market to the other markets served by First Bancorp in contiguous counties of North Carolina and South Carolina;

the financial terms of the merger, including the relationship of the value of the consideration issuable in the merger to the market value, book value, tangible book value, assets, core deposits and earnings per share of Great Pee Dee common stock. In evaluating these relationships, First Bancorp's board of directors also compared them to an average of comparable nationwide merger transactions;

the non-financial terms of the merger, including arrangements relating to continued involvement of the management and members of the board of directors of Great Pee Dee with the combined company; and

the likelihood that the merger will be approved by applicable regulatory authorities without undue conditions or delay.

This discussion of the information and factors considered by First Bancorp's board of directors includes the material factors considered by First Bancorp's board of directors. First Bancorp's board of directors did not assign any relative or specific weights to these factors, and individual directors may have given different weights to different factors.

Effective Time of the Merger

Subject to the conditions to the obligations of the parties to complete the merger, the merger will become effective on the date and at the time of the filing of articles of merger with the Secretary of State of the State of North Carolina and the Secretary of State of the State of Delaware. Great Pee Dee and First Bancorp will use their reasonable efforts to cause the effective time to occur as soon as practicable following the last to occur of (i) the effective date (including any applicable waiting period in respect thereof) of the last required consent of any regulatory authority having authority over and approving or exempting the merger and (ii) the date on which the stockholders of Great Pee Dee approve the merger.

Great Pee Dee and First Bancorp anticipate that the merger will become effective in the second quarter of 2008. However, delays in the completion of the merger could occur.

Exchange of Great Pee Dee Stock Certificates for the Merger Consideration

First Bancorp has appointed Registrar & Transfer Company as its exchange agent in connection with the merger. At the effective time of the merger, First Bancorp will deposit with the exchange agent, for the benefit of Great Pee Dee stockholders, certificates representing shares of First Bancorp common stock to be issued as the merger consideration.

Within 10 business days after the effective time of the merger, the exchange agent will mail to each Great Pee Dee stockholder a transmittal letter and instructions for surrendering certificates representing shares of Great Pee Dee common stock in exchange for the merger consideration.

Great Pee Dee stockholders should not send their stock certificates to Great Pee Dee, First Bancorp or First Bancorp's exchange agent until they receive the transmittal letter with instructions from the exchange agent.

Shares of Great Pee Dee common stock held in book-entry form or street name will be exchanged without the submission of any Great Pee Dee stock certificate. First Bancorp will pay cash (without interest) to Great Pee Dee stockholders in lieu of issuing any fractional shares of First Bancorp common stock.

Dissenting Great Pee Dee stockholders must follow the procedures required by Section 262 of the Delaware General Corporation Law. See [The Merger](#) [What Dissenting Stockholders Will Receive in the Merger](#).

After Great Pee Dee stockholders surrender to the exchange agent their duly endorsed stock certificates representing Great Pee Dee common stock, the exchange agent will mail such stockholders (i) stock certificates representing the number of shares of First Bancorp common stock to which such stockholders are

entitled, and (ii) one or more checks for the amount (without interest), if any, to be paid in cash as merger consideration and in lieu of any fractional shares and for the amount of all undelivered dividends or distributions (without interest) in respect of the shares of First Bancorp common stock, if any, declared after the completion of the merger. First Bancorp is not obligated to deliver the stock certificates or other consideration to any former Great Pee Dee stockholder until such stockholder has properly surrendered his or her Great Pee Dee stock certificates (unless such certificates are held in book-entry form or street name, in which case they automatically will be exchanged without being surrendered).

Whenever a dividend or other distribution with a record date after the date on which the merger is completed is declared by First Bancorp on First Bancorp common stock, the declaration will include dividends or other distributions on all shares of First Bancorp common stock that may be issued in connection with the merger. First Bancorp, however, will not pay any dividend or other distribution that is payable to any former Great Pee Dee stockholder that has not properly surrendered his or her Great Pee Dee stock certificates. If any Great Pee Dee stockholder's stock certificate has been lost, stolen, or destroyed, the exchange agent will issue the shares of First Bancorp common stock and any cash in lieu of fractional shares, and such dividends or distributions will be delivered, upon the stockholder's submission of an affidavit claiming the certificate to be lost, stolen, or destroyed and the posting of a bond as indemnity against any claim that may be made with respect to the certificate.

At the time the merger becomes effective, the stock transfer books of Great Pee Dee will be closed, and no transfer of shares of Great Pee Dee common stock by any stockholder will be made or recognized. If certificates representing shares of Great Pee Dee common stock are presented for transfer after the merger becomes effective, they will be canceled and exchanged, as applicable, for shares of First Bancorp common stock, a check for the amount, if any, to be paid in cash as merger consideration, a check for the amount due in lieu of fractional shares, if any, and a check for any undelivered dividends or distributions on the First Bancorp common stock after the merger.

Conditions to Consummation of the Merger

First Bancorp and Great Pee Dee are required to complete the merger only after the satisfaction of various conditions, which are set forth in Article VIII of the merger agreement attached as Appendix A. These conditions include the following:

the holders of a majority of the outstanding shares of Great Pee Dee common stock must approve the merger;

dissenters' rights shall have been perfected with respect to no more than 10% of the outstanding shares of Great Pee Dee common stock;

First Bancorp and Great Pee Dee must receive the required regulatory approvals for the merger, which approvals shall not be conditioned or restricted in a manner not reasonably anticipated as of the date of the merger agreement, that, in the reasonable judgment of the board of directors of either of the merger parties, would so materially adversely impact the economic or business assumptions contemplated by the merger agreement that had such condition or requirement been known, such party would not, in its reasonable judgment, have entered into the merger agreement;

First Bancorp and Great Pee Dee must have received all other consents required to complete the merger or to prevent any default under any contract except to the extent that the failure to obtain any such consents would not, individually or in the aggregate, result in a material adverse effect on such person;

there must not be any order or any action taken by any court, governmental or regulatory authority of competent jurisdiction prohibiting or restricting the merger or making it illegal;

First Bancorp and Great Pee Dee must receive a written opinion of an acceptable tax advisor as to the tax-free nature of the merger under the Internal Revenue Code;

First Bancorp must receive a copy of a favorable determination letter issued by the Internal Revenue Service with respect to the termination of the ESOP;

the shares of First Bancorp common stock to be issued in the merger must be approved for listing on the Nasdaq Global Select Market, subject to official notice of issuance;

the representations and warranties of Great Pee Dee and First Bancorp as set forth in the merger agreement must be accurate in all material respects as of the date of completion of the merger;

Great Pee Dee and First Bancorp must have performed and complied with all covenants and agreements made by them in the merger agreement;

the registration statement filed with the Securities and Exchange Commission covering the issuance of the shares of First Bancorp common stock in connection with the merger must have been declared effective, and no stop orders suspending such effectiveness shall have been initiated;

First Bancorp must have received all required state securities or Blue Sky authorizations or permits; and certain other conditions must be satisfied, including the receipt of various certificates from the officers of Great Pee Dee and First Bancorp.

The foregoing is a summary of the applicable closing conditions; you are encouraged to refer to the merger agreement for a complete listing of such conditions.

Great Pee Dee and First Bancorp have agreed in the merger agreement to use their reasonable efforts to perform or fulfill all conditions and obligations to be performed or fulfilled by them under the merger agreement so that the merger will be completed.

We cannot assure you as to if or when all of the conditions to the merger can or will be satisfied or waived by the party permitted to do so. Except in limited circumstances, if all conditions for the merger have not been satisfied or waived on or before June 30, 2008, the board of directors of either Great Pee Dee or First Bancorp may terminate the merger agreement and abandon the merger. See The Merger Waiver, Amendment and Termination.

Regulatory Approval

The merger is subject to approval by the Federal Reserve pursuant to Section 3 of the Bank Holding Company Act of 1956, as amended, which was received by First Bancorp on October 15, 2007.

The Department of Justice had 30 days after Federal Reserve Board approval to challenge the merger on antitrust grounds. The commencement of an antitrust action by the Department of Justice would have stayed the effectiveness of Federal Reserve approval of the merger, unless a court specifically orders otherwise. In reviewing the merger, the Department of Justice could have analyzed the merger's effect on competition differently from the Federal Reserve. Although the Department of Justice did not object, it is possible that private persons or state attorneys general may file antitrust actions, irrespective of the approvals of the Federal Reserve or the Department of Justice.

In addition, the merger must be approved by the South Carolina Board of Financial Institutions. First Bancorp's application has been submitted to the Board. We cannot assure you that this approval will be obtained or as to the timing of obtaining this approval.

Waiver, Amendment and Termination

To the extent permitted by law, the parties to the merger agreement may amend the agreement by a writing signed by each of the parties, whether before or after stockholder approval of the merger. After stockholder approval, however, no amendment may be made that modifies in any material respect the consideration to be received by the Great Pee

Dee stockholders without the further approval of the stockholders of Great Pee Dee.

In addition, before or at the time of completion of the merger, Great Pee Dee or First Bancorp may waive any default in the performance of any term of the merger agreement by any other party or may waive or extend the time for the compliance or fulfillment by the other parties of any and all of their obligations under the merger agreement. In addition, either party may waive any of the conditions precedent to its obligations under the merger agreement, unless a violation of any law or governmental regulation would result from the waiver. To be effective, a waiver must be in writing and signed by the waiving party.

At any time before completion of the merger, the boards of directors of First Bancorp and Great Pee Dee may agree in writing to terminate the merger agreement. In addition, either Great Pee Dee's board of directors or First Bancorp's board of directors may terminate the merger agreement in the following circumstances:

if the Great Pee Dee stockholders fail to approve the merger agreement at the Great Pee Dee special meeting or adjournment thereof;

if there is any law or regulation that makes completion of the merger illegal or if any judgment, order, injunction or decree prohibits Great Pee Dee or First Bancorp from completing the merger or other transactions contemplated by the merger agreement and such judgment, order, injunction or decree has become final and non-appealable;

if the merger is not consummated by June 30, 2008 and the party seeking termination is in material compliance with all of its obligations under the merger agreement and the conditions to that party's obligation to consummate the merger agreement have not been fulfilled or waived;

if a condition to the obligation to complete the merger of the party seeking termination has become incapable of fulfillment (notwithstanding the efforts of the party seeking to terminate) and the other party has not waived it; or

if the other party has materially breached any covenant, agreement, representation or warranty in the merger agreement and such breach has not been cured by 10 days after the date on which written notice of such breach is given to the breaching party.

Great Pee Dee's board of directors also may terminate the merger agreement if the price of the First Bancorp common stock decreases below certain price levels and First Bancorp elects not to increase the exchange ratio and/or pay cash to Great Pee Dee stockholders such that the value of the merger consideration received by Great Pee Dee stockholders exceeds certain levels. See [The Merger](#) [What Great Pee Dee Stockholders Will Receive in the Merger](#).

Great Pee Dee's board of directors also may terminate the merger agreement if Great Pee Dee receives an acquisition proposal, as defined in the merger agreement, that is more favorable from a financial point of view to Great Pee Dee's stockholders than the merger with First Bancorp, after taking into account any amendment or modification to the merger agreement proposed by First Bancorp, and if Great Pee Dee executes a definitive, binding transaction agreement in furtherance of such acquisition proposal. If Great Pee Dee terminates the merger agreement pursuant to such an acquisition proposal, or if upon receipt of an acquisition proposal Great Pee Dee's board of directors amends or withdraws its recommendation of the merger to Great Pee Dee's stockholders and such stockholders fail to approve the merger at the stockholder meeting, then Great Pee Dee will pay First Bancorp a termination fee of \$1,200,000, and First Bancorp will have no further rights or claims against Great Pee Dee arising out of the termination.

If the merger is terminated, the merger agreement will become void and have no effect, except that the confidentiality and expense provisions will survive. Termination of the merger agreement will not relieve a breaching party from liability for any uncured breach of a representation, warranty, covenant, or agreement.

Conduct of Business Pending the Merger

The merger agreement requires Great Pee Dee and Sentry to conduct business only in the usual, regular and ordinary course before the merger becomes effective and imposes certain specific limitations on the operations of Great Pee Dee and Sentry during this period. The specific restrictions are listed in Article VI of the merger agreement, which is attached as [Appendix A](#) to this proxy statement/prospectus. The merger agreement specifically permits Great Pee Dee

to declare and pay regular quarterly dividends on Great Pee Dee common stock at the annual rate of \$0.64 per share with record and payment dates conforming to past practices. The merger agreement also permits the payment of any quarterly dividend if necessary to prevent Great Pee Dee stockholders from failing to receive a quarterly dividend from either Great Pee Dee or First Bancorp during a particular calendar quarter (due to the timing of the merger).

Great Pee Dee also has agreed that, except with respect to the merger agreement and the transactions contemplated in the merger agreement, neither it nor any of its representatives will directly or indirectly solicit or engage in any negotiations concerning any proposal for the acquisition of Great Pee Dee. Great Pee Dee or its representatives may, however, to the extent necessary to comply with the fiduciary duties of Great Pee

Dee's board of directors as advised by its outside counsel, subject to a confidentiality agreement containing customary terms, furnish any information concerning Great Pee Dee in response to a request for information or access made in connection with an acquisition proposal from a third party, negotiate with such party concerning any written acquisition proposal, not recommend stockholder approval of the merger and terminate the merger agreement, but only if neither Great Pee Dee nor any of its representatives solicited, initiated or encouraged such proposal. Unless the merger agreement has been terminated, the board of directors of Great Pee Dee must notify First Bancorp immediately if any such acquisition proposal has been made.

First Bancorp and Great Pee Dee also have agreed to use their reasonable efforts to obtain any consents that are necessary or desirable for consummation of the merger.

Management and Operations after the Merger

It is not expected that the merger will change the present management team or board of directors of First Bancorp, except as follows. After the merger is completed, it is expected that James C. Crawford, III will be elected as a director of First Bancorp and its banking subsidiary, First Bank. Mr. Crawford currently serves as the Chairman of the board of directors of Great Pee Dee. The six other directors of Great Pee Dee will not be nominated for election as directors of First Bancorp but, instead, will serve on a local advisory board of First Bancorp. In recognition of the important role that these individuals will have in making the proposed merger successful, First Bancorp will pay each of them, as a member of such board, \$1,000 per month for a period of three years following the completion of the merger. Such amount, although greater than First Bancorp's ordinary compensation of \$60 per month for serving on such a board, would be comparable to the board fees these individuals were receiving from Great Pee Dee immediately prior to the merger. Additionally, upon completion of the merger, John S. Long will be employed by First Bancorp as an Executive Vice President and Regional Executive.

Information concerning the current management of First Bancorp is included in the documents that have been incorporated by reference into this document. See *Additional Information*. For additional information regarding the interests of certain persons in the merger, see *The Merger* *Interests of Certain Persons in the Merger*.

Dividend Policy

First Bancorp currently pays quarterly dividends at an annualized rate of \$0.76 per share of First Bancorp common stock, which, based on an exchange ratio of 1.15, equates to approximately \$0.87 per share of Great Pee Dee common stock. First Bancorp, however, may change this policy at any time, based upon business conditions, its financial condition and earnings, or other factors. Great Pee Dee currently pays quarterly dividends at an annualized rate of \$0.64 per share of Great Pee Dee common stock.

Interests of Certain Persons in the Merger

General. Members of Great Pee Dee's management and Great Pee Dee's board of directors may be deemed to have certain interests in the merger that are in addition to their interests as stockholders of Great Pee Dee generally. Great Pee Dee's board of directors was aware of these interests and considered them, among other matters, in approving and recommending the merger agreement.

First Bancorp Employment Agreement. Upon completion of the merger, First Bancorp will enter into an employment agreement with John S. Long. The existing employment agreement between Great Pee Dee and Mr. Long will be terminated. The employment agreement between First Bancorp and Mr. Long will be for an initial term of three years, at an initial annual salary of \$175,000 per year. Mr. Long will be eligible for insurance, pension, profit-sharing, stock option and other benefit plans as are or may be available generally to the employees of First Bancorp. Additionally,

under such employment agreement, Mr. Long will be eligible for participation in First Bancorp's Supplemental Executive Retirement Plan. Mr. Long will also receive an initial grant of 5,000 stock options under the First Bancorp 2007 Equity Incentive Plan on the date of completion of the merger.

Under Mr. Long's employment agreement, if First Bancorp terminates Mr. Long's employment for any reason other than death, gross negligence or certain other misconduct, First Bancorp will be obligated to pay his base salary for the remainder of the term of his employment agreement. In the case of disability, these

payments would be reduced by any payments from First Bancorp's disability insurance plan and by any earnings Mr. Long receives from alternative employment while disabled. If Mr. Long voluntarily terminates his employment, First Bancorp would have no further obligations to him other than compensation and vested employee benefits earned through the date of termination.

Mr. Long's employment agreement also will provide that if there is a change in control of First Bancorp during the term of the employment agreement and Mr. Long's employment is terminated by him or by First Bancorp within 12 months after the change in control, the vesting of certain employee benefits would be accelerated, and he would receive a severance payment amounting to approximately 2.9 times his base annual salary.

Pursuant to his employment agreement, Mr. Long also will agree not to compete with First Bancorp within a 50-mile radius of each of Cheraw and Florence, South Carolina during the term of the employment agreement and for a period of one year after termination of employment if First Bancorp terminates Mr. Long's employment with cause or for a period of two years after termination of employment if Mr. Long voluntarily terminates his employment. If First Bancorp terminates employment for any other reason, the restrictions on competition will last for the remainder of the term of the agreement.

Great Pee Dee Board of Directors. After the merger is completed, it is expected that Mr. Crawford will be elected as a director of First Bancorp and its banking subsidiary, First Bank. The six other directors of Great Pee Dee will not be nominated for election as directors of First Bancorp but, instead, will serve on a local advisory board of First Bancorp. In recognition of the important role that these individuals will have in making the proposed merger successful, First Bancorp will pay each of them, as a member of such board, \$1,000 per month for a period of three years following the completion of the merger. Such amount, although greater than First Bancorp's ordinary compensation of \$60 per month for serving on such a board, would be comparable to the board fees these individuals were receiving from Great Pee Dee immediately prior to the merger.

Great Pee Dee Stock Options. Certain directors and executive officers of Great Pee Dee hold options to purchase Great Pee Dee common stock. Upon completion of the merger, these options will be converted into options to purchase First Bancorp common stock. See *The Merger* Effect of the Merger on Great Pee Dee Options. All Great Pee Dee options not already exercisable have or will become vested, non-forfeitable and exercisable as a result of the proposed merger and the change-in-control provisions in the stock option plan under which they were granted.

The following table sets forth, with respect to (1) each executive officer, (2) a group consisting of all the executive officers, and (3) Great Pee Dee's non-executive officers and directors as a group, the number of shares of Great Pee Dee common stock covered by outstanding Great Pee Dee options held by such persons as of the Great Pee Dee record date.

	Number of Shares Underlying Options Held	Number of Shares Underlying Options Currently Exercisable(1)	Weighted Average Exercise Price per Option	Aggregate Value of Options(2)
John S. Long	15,291	15,291	\$ 17.50	\$ 339,766.02
John M. Digby	0	0	N/A	N/A

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Michael O. Blakeley	2,700	2,700	17.59	59,994.00
Terry H. Laughter	0	0	N/A	N/A
Executive Officer Group (2 persons)	17,991	17,991	17.51	399,760.02
Non-Executive Officer-Director Group (4 persons)	58,892	58,892	16.26	1,308,580.24

- (1) The information in this column assumes the completion of the merger accelerating the holder's ability to exercise the options.
- (2) Based on the closing price of Great Pee Dee common stock of \$22.22 as listed on the Nasdaq Global Market on January 24, 2008.

Great Pee Dee Severance Payments. In connection with the completion of the merger, Great Pee Dee will enter into settlement agreements with each of John S. Long, Terry H. Laughter and John M. Digby. The settlement agreements provide for certain payment to each covered officer in full settlement under the officer's employment agreement (in the case of Mr. Long) or change in control agreement (in the case of Ms. Laughter and Mr. Digby). Upon the completion of the merger, Mr. Long will receive a lump-sum payment of \$454,913 under his settlement agreement. In addition, Great Pee Dee will transfer to Mr. Long the title to the automobile being provided to him by Great Pee Dee at the time of completion of the merger. Ms. Laughter and Mr. Digby will be entitled to receive \$178,113 and \$302,559, respectively, under their settlement agreements.

In addition, First Bancorp has agreed to provide severance to employees of Great Pee Dee (other than Mr. Long, Ms. Laughter and Mr. Digby) that are terminated in connection with the merger, at the rate of two weeks of base salary per year of service with Great Pee Dee, with a minimum of three months of severance. In addition, First Bancorp has agreed to offer outplacement services for Great Pee Dee employees terminated in connection with the merger.

Retention Bonuses. In exchange for their willingness to remain employees of Sentry after the merger and provided they do not voluntarily terminate employment prior to the earlier to occur of (a) ninety (90) days following the completion of the merger or (b) the date of the data processing conversion with respect to the merger of Sentry into First Bank, First Bancorp will pay Mr. Long a retention bonus of \$70,000 and will pay Ms. Laughter and Mr. Digby each a retention bonus of \$25,000.

Great Pee Dee Employee Benefit Plans. In addition to the option plan described above, the merger will trigger payments to Mr. Long and to certain directors of Great Pee Dee under existing deferred compensation and other benefit plans of Great Pee Dee. Mr. Herbert W. Watts and Mr. Long are the only two participants in the First Federal Savings and Loan Association of Cheraw Non-Qualified Supplemental Plan. Under the Supplemental Plan, Mr. Watts vested account balance consists of approximately 2,754 shares of Great Pee Dee common stock, and cash and other investments of approximately \$24,000. Mr. Long's vested account balance consists of approximately 2,651 shares of Great Pee Dee common stock and cash and other investments of approximately \$32,000. In connection with the merger, the Supplemental Plan provides for lump sum distributions to the participants. Mr. Watts is the only participant in the First Federal Savings and Loan Association of Cheraw Restated Non-Qualified Deferred Compensation Plan and has a vested interest in 4,048 shares of Great Pee Dee common stock and two annuities valued at approximately \$220,000 and \$160,000, respectively. In connection with the merger, First Bancorp will assume and honor the terms of this plan. Great Pee Dee also has two deferred compensation plans for directors. Under the 2002 plan, Mr. Crawford, Robert M. Bennett, Jr., H. Malloy Evans and William R. Butler have vested account balances of approximately \$36,000, \$32,000, \$48,000 and \$31,000, respectively. In connection with the merger, the 2002 deferred compensation plan will be terminated, and all participants will receive distributions of their account balances in three equal annual installments. Mr. Watts and Mr. Evans also have vested account balances of \$1,000 and \$34,000, respectively, under the 2005 deferred compensation plan. In connection with the merger, Mr. Watts has elected to receive a lump sum distribution, and Mr. Evans has elected to receive his account balance in installments over a three-year period. After distributions of assets, the 2005 plan will be terminated. Messrs. Long, Watts, Evans, Crawford, Bennett and Butler have signed or, prior to closing of the merger will sign, acknowledgement agreements confirming payments due under each plan.

Indemnification; Directors and Officers Insurance. After completion of the merger, First Bancorp has agreed to indemnify the present and former directors and officers of Great Pee Dee and its subsidiaries against certain liabilities arising out of actions or omissions (including the merger) occurring at or prior to the time the merger becomes effective to the fullest extent permitted under North Carolina law and Great Pee Dee's certificate of incorporation. First Bancorp also has agreed to maintain, for a period of at least six years after completion of the merger, Great Pee Dee's

existing directors and officers liability insurance policy or a comparable policy.

Expected Tax Treatment as a Result of the Merger

The following is a summary of the material U.S. federal income tax consequences of the merger to holders of Great Pee Dee common stock and does not discuss any aspects of state, local or foreign taxation. The discussion may not apply to special situations, such as Great Pee Dee stockholders, if any, who hold Great Pee Dee common stock other than as a capital asset, who received Great Pee Dee common stock upon the exercise of employee stock options or otherwise as compensation, who hold Great Pee Dee common stock as part of a straddle or conversion transaction, or who are insurance companies, securities dealers, financial institutions or foreign persons. This summary is based upon U.S. federal tax laws, regulations, rulings and decisions now in effect and on proposed regulations, all of which are subject to change (possibly with retroactive effect) by legislation, administrative action, or judicial decision. No ruling has been or will be requested from the Internal Revenue Service on any matter relating to the tax consequences of the merger.

Consummation of the merger is conditioned upon receipt by First Bancorp and Great Pee Dee of an opinion of an acceptable tax advisor concerning the material federal income tax consequences of the merger. Assuming that the merger is completed in accordance with the merger agreement, based upon factual statements and representations made by the parties to the merger, and to satisfy this requirement, KPMG LLP will provide an opinion stating that:

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

No gain or loss will be recognized by (and no amount will be included in the income of) Great Pee Dee, First Bancorp or holders of Great Pee Dee common stock to the extent they exchange their Great Pee Dee common stock solely for First Bancorp common stock pursuant to the merger (except with respect to any cash received in lieu of a fractional share interest in Bancorp common stock). Receipt of both First Bancorp common stock and cash by Great Pee Dee stockholders in the merger should result in gain being recognized, but no loss being recognized, by Great Pee Dee stockholders with the amount of gain not to exceed the amount of cash received. Such gain will be capital gain or dividend income (which generally are taxable at the same rates, in the case of long-term capital gains), depending on whether the receipt of the cash has the effect of a dividend distribution as determined under Section 302 of the Internal Revenue Code, but in no event will the amount of any such dividend exceed the Great Pee Dee common stockholder's ratable share of earnings and profits. A holder of Great Pee Dee common stock will recognize a loss if such holder's tax basis in a share of Great Pee Dee common stock is greater than the fair market value of the First Bancorp common stock and cash received therefor, and may not offset such a loss against a gain recognized on another share of Great Pee Dee common stock;

The aggregate tax basis of the First Bancorp common stock received by holders of Great Pee Dee common stock who exchange their Great Pee Dee common stock solely for First Bancorp common stock in the merger will be the same as the aggregate tax basis of the Great Pee D