

FIRST COMMUNITY BANCSHARES INC /NV/

Form 424B3

September 26, 2008

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Registration No. 333-153281

CODDLE CREEK FINANCIAL CORP.
P.O. Box 117
347 North Main Street
Mooreville, North Carolina 28115
(704) 664-4888

September 25, 2008

Dear Stockholders:

You are cordially invited to attend a special meeting of stockholders of Coddle Creek Financial Corp. to be held at 11:00 a.m., Eastern Daylight Saving Time, on October 30, 2008 at Coddle Creek's corporate headquarters located at 347 North Main Street, Mooreville, North Carolina 28115. At the special meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of merger pursuant to which Coddle Creek will be merged with and into First Community Bancshares, Inc.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Coddle Creek common stock will be converted into the right to receive:

\$19.60 in cash; and

0.9046 of a share of common stock of First Community Bancshares, Inc., plus cash in lieu of any fractional share interest.

As of September 22, 2008, there were 610,545 shares of Coddle Creek common stock outstanding.

The First Community common stock is traded on the Nasdaq Global Select Market under the symbol FCBC. On September 22, 2008, the closing sale price of a share of First Community common stock was \$36.00.

The merger cannot be completed unless the holders of a majority of the outstanding shares of Coddle Creek common stock vote in favor of approval of the merger agreement at the special meeting. The directors and executive officers of Coddle Creek have agreed to vote their shares of Coddle Creek common stock in favor of the merger. The directors and executive officers of Coddle Creek collectively own approximately 22.5% of the outstanding shares of Coddle Creek.

Based on our reasons for the merger described in the accompanying proxy statement/prospectus, including the fairness opinion issued by our financial advisor, Howe Barnes Hoefler & Arnett, Inc., our board of directors believes that the merger is fair to you and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote FOR approval of the merger agreement.**

The accompanying proxy statement/prospectus gives you detailed information about the special meeting, the merger and related matters. **We urge you to read this entire document carefully, including the considerations discussed under Risk Factors, beginning on page 14, and the appendices to the accompanying document, which include the merger agreement.**

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 by following the instructions to vote via the Internet or by telephone indicated on the proxy card.

We appreciate your continuing loyalty and support, and we look forward to seeing you at the special meeting.

Sincerely,

/s/ George W. Brawley, Jr.

George W. Brawley, Jr.
President and Chief Executive Officer

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

This proxy statement/prospectus is dated September 25, 2008 and was first mailed to stockholders of Coddle Creek on or about September 26, 2008

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CODDLE CREEK FINANCIAL CORP.
P.O. Box 117
347 North Main Street
Mooreville, North Carolina 28115
(704) 664-4888

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on October 30, 2008

To the stockholders of Coddle Creek Financial Corp.:

We will hold a special meeting of stockholders of Coddle Creek Financial Corp. at 11:00 a.m., Eastern Daylight Saving Time, on October 30, 2008, at Coddle Creek's corporate headquarters located at 347 North Main Street, Mooreville, North Carolina 28115, for the following purposes:

1. to consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated as of July 31, 2008, among First Community Bancshares, Inc. and Coddle Creek, as described in the accompanying proxy statement/prospectus; and
2. to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

We have fixed the close of business on September 24, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting. Only holders of Coddle Creek common stock of record at the close of business on that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has determined that the merger agreement is in the best interests of Coddle Creek and its stockholders and unanimously recommends that stockholders vote FOR approval of the merger agreement.

Holders of Coddle Creek common stock have the right to dissent from the merger and assert dissenters' rights, provided the proper procedures in accordance with Article 13 of the North Carolina Business Corporation Act are followed. A copy of Article 13 of the North Carolina Business Corporation Act is attached as Appendix C to the accompanying proxy statement/prospectus.

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 by following the instructions to vote via the Internet or by telephone indicated on the proxy card.

By Order of the Board of Directors

/s/ Billy R. Williams

Billy R. Williams
Corporate Secretary

Mooresville, North Carolina
September 25, 2008

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HOW TO OBTAIN ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about First Community Bancshares, Inc. from documents that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated in this proxy statement/prospectus by reference but not otherwise accompanying this proxy statement/prospectus by requesting them in writing or by telephone from First Community as follows:

First Community Bancshares, Inc.
P.O. Box 989
Bluefield, Virginia 24605-0989
Attention: Robert L. Schumacher, General Counsel
(276) 326-9000

You will not be charged for any of these documents that you request. If you would like to request documents, please do so no later than five business days prior to the date of the special meeting, or by October 23, 2008 in order to receive them before the special meeting.

For additional information regarding where you can find information about First Community, please see [Where You Can Find More Information](#) beginning on page 68.

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**QUESTIONS AND ANSWERS
ABOUT THE SPECIAL MEETING AND MERGER**

Q. What is the proxy statement/prospectus and why am I receiving it?

A. This proxy statement/prospectus describes the proposed merger between Coddle Creek Financial Corp. and First Community Bancshares, Inc. Because you are a stockholder of Coddle Creek, you are being asked to vote on the merger agreement at a special meeting of stockholders to be held on October 30, 2008.

Q. When and where is the special meeting?

A. The Coddle Creek special meeting of stockholders will be held at Coddle Creek's corporate headquarters located at 347 North Main Street, Mooresville, North Carolina 28115, on October 30, 2008 at 11:00 a.m., Eastern Daylight Saving Time.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus, indicate on your proxy card how you want your shares to be voted. Then sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. Alternatively, you may vote by following the Internet and telephone voting instructions indicated on the proxy card. This will enable your shares to be represented and voted at the special meeting.

Q: Why is my vote important?

A: The merger agreement must be approved by the holders of a majority of the outstanding shares of Coddle Creek common stock. If you do not vote, it will have the same effect as a vote against the merger agreement.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker or other nominee will not be able to vote shares held by it in street name on your behalf without instructions from you. You should instruct your broker or other nominee to vote your shares, following the directions your broker or other nominee provides.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker or other nominee to vote your shares, it will have the same effect as a vote against the merger agreement.

Q: Can I attend the meeting and vote my shares in person?

A: Yes. All stockholders are invited to attend the special meeting. However, if you hold your shares in street name, you will need proof of ownership (by means of a recent brokerage statement, letter from a broker, or other nominee) to be admitted to the meeting. Stockholders of record can vote in person at the special meeting. If your shares are held in street name, then you should instruct your broker on how to vote your shares, following the directions your broker provides.

Q: Can I change my vote?

A: Yes. There are three ways you can change your vote after you have sent in your proxy card:

you may send a written notice to the Corporate Secretary of Coddle Creek stating that you would like to revoke your proxy before the special meeting;

you may complete and submit a new proxy card, and any earlier proxy will be revoked automatically or, if you submitted your proxy via the Internet or by telephone, you can change your vote by submitting a proxy at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

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you may attend the special meeting and vote in person, and any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. Instructions for surrendering your Coddle Creek common stock certificates in exchange for the merger consideration will be sent to you after we complete the merger.

Q: Where will my shares of First Community common stock be listed?

A: We intend to apply to have the shares of First Community common stock to be issued in the merger approved for quotation on the Nasdaq Global Select Market. First Community's common stock currently trades on the Nasdaq Global Select Market under the symbol FCBC.

Q: May I resell my stock acquired in the merger?

A: The First Community common stock issued pursuant to the merger will be freely transferable under the Securities Act of 1933, as amended, which is referred to in this proxy statement/prospectus as the Securities Act, except for shares issued to any Coddle Creek stockholder who may be deemed to be an affiliate of First Community for purposes of Rule 144 promulgated under the Securities Act.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in the fourth quarter of 2008. However, we cannot assure you when or if the merger will occur. Coddle Creek stockholders must first approve the merger agreement at the special meeting and the necessary regulatory approvals must be obtained.

Q: Whom should I call with questions?

A: You should contact Billy R. Williams, Corporate Secretary of Coddle Creek, at (704) 664-4888.

Q: What will I receive in the merger?

A: If the merger agreement is approved by the stockholders of Coddle Creek and the merger is subsequently completed, each outstanding share of Coddle Creek common stock will be converted into the right to receive the following:

\$19.60 in cash; and

0.9046 of a share of common stock of First Community, plus cash in lieu of any fractional share interest.

Q: How Does the Coddle Creek Board Of Directors recommend that I vote?

A:

The Coddle Creek board of directors has unanimously approved and adopted the merger agreement and recommends that Coddle Creek stockholders vote FOR approval of the merger.

Q: What happens if I transfer my Coddle Creek shares after the Record Date for the Special Meeting?

A: The record date for the special meeting is earlier than the expected date of completion of the merger. Therefore, if you transfer your shares of Coddle Creek after the record date for the special meeting, but prior to the merger, you will retain the right to vote at the special meeting, but the right to receive the merger consideration will transfer with the shares of Coddle Creek common stock.

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document, including the merger agreement and the other documents to which we have referred you. See *Where You Can Find More Information* beginning on page 68. Page references are included in this summary to direct you to a more complete description of the topics.*

Throughout this proxy statement/prospectus, Coddle Creek, we and our refers to Coddle Creek Financial Corp., Mooresville Savings Bank refers to Mooresville Savings Bank, Inc., SSB, Coddle Creek's banking subsidiary, First Community refers to First Community Bancshares, Inc. and First Community Bank refers to First Community Bank, National Association, First Community's banking subsidiary. Also, we refer to the merger between First Community and Coddle Creek as the merger, the subsidiary merger between First Community Bank and Mooresville Savings Bank as the subsidiary merger and the agreement and plan of merger, dated as of July 31, 2008, among Coddle Creek and First Community as the merger agreement.

Parties to the Proposed Merger (Page 20)

First Community Bancshares, Inc. First Community is a financial holding company incorporated under the laws of the State of Nevada and serves as the holding company for First Community Bank, a national banking association that conducts commercial banking operations within the states of Virginia, West Virginia, North Carolina and Tennessee. In addition, First Community maintains a loan production office in South Carolina. First Community also owns Greenpoint Insurance Group, Inc., a full-service insurance agency, and Investment Planning Consultants, an investment advisory firm. First Community conducts its banking operations through 58 locations and four wealth management offices. First Community had total consolidated assets of approximately \$2.1 billion, total deposits of approximately \$1.34 billion and total consolidated stockholders' equity of approximately \$200 million at June 30, 2008. First Community's principal executive offices are located at One Community Place, Bluefield, Virginia 24605 and its telephone number is (276) 326-9000.

Coddle Creek Financial Corp. Coddle Creek is a bank holding company incorporated in the State of North Carolina and serves as the holding company for Mooresville Savings Bank, a North Carolina-chartered savings bank. Coddle Creek, which is headquartered in Mooresville, North Carolina, operates three banking offices and had total consolidated assets of approximately \$158.6 million, total deposits of approximately \$136.6 million and total consolidated stockholders' equity of approximately \$19.1 million as of June 30, 2008. Coddle Creek's corporate office is located at 347 North Main Street, P.O. Box 117, Mooresville, North Carolina 28115, and its telephone number is (704) 664-4888.

The Merger (Page 20)

We have attached the merger agreement to this proxy statement/prospectus as Appendix A. Please read the entire merger agreement. It is the legal document that governs the merger. We propose a merger whereby Coddle Creek will merge with and into First Community. Immediately following the merger, the subsidiary merger is expected to be completed with Mooresville Savings Bank merging with and into First Community Bank, with First Community Bank as the surviving entity. Subject to approval by Coddle Creek stockholders and the receipt of all required regulatory approvals, we expect to complete the merger and the subsidiary merger in the fourth quarter of 2008.

Coddle Creek Stockholders will receive Cash and Whole Shares of First Community Common Stock for each Share of Coddle Creek Common Stock Exchanged Pursuant to the Merger (Page 34)

If the merger of Coddle Creek with and into First Community is completed, each outstanding share of Coddle Creek common stock (other than shares held by dissenting stockholders) will be converted into the right to receive:

\$19.60 in cash, which is referred to as the per share cash consideration; and

0.9046 of a share of First Community common stock, which is referred to as the exchange ratio, plus cash in lieu of any fractional share interest.

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The exchange ratio is subject to possible adjustment under certain circumstances described in *The Merger-Termination of the Merger Agreement* beginning on page 44.

Comparative Per Share Market Price Information (Pages 56 and 57)

Shares of First Community common stock currently trade on the Nasdaq Global Select Market under the symbol FCBC. Shares of Coddle Creek common stock are quoted on the Pink Sheets under the symbol CDLX.PK. The following table sets forth the closing sale prices of First Community common stock as reported on the Nasdaq Global Select Market and the bid prices of Coddle Creek common stock as quoted on the Pink Sheets on July 31, 2008, the last trading-day before we announced the merger, and on September 22, 2008, the last practicable trading-day before the distribution of this proxy statement/prospectus.

The following table also includes the equivalent market value per share of Coddle Creek common stock on July 31, 2008 and September 22, 2008, which reflects the sum of (a) the product of the exchange ratio of 0.9046 multiplied by the last quoted bid price of First Community common stock on the dates indicated, plus (b) the per share cash consideration of \$19.60.

	First Community Common Stock	Coddle Creek Common Stock	Equivalent Market Value per Share of Coddle Creek
At July 31, 2008	\$ 35.83	\$ 21.90	\$ 52.01
At September 22, 2008	\$ 36.00	\$ 45.00	\$ 52.17

The stock portion of the merger consideration to be received for each share of Coddle Creek common stock will be based on the most recent closing price of First Community's common stock prior to the consummation of the merger. Because the stock portion of the merger consideration to be paid to stockholders of Coddle Creek is based on a fixed number of shares of First Community common stock and because the market value of the shares of First Community common stock to be received by Coddle Creek stockholders will change, stockholders of Coddle Creek are not assured of receiving a specific market value of First Community common stock, and thus a specific market value for their shares of Coddle Creek common stock, at the effective time of the merger. First Community cannot assure you that its common stock will continue to trade at or above the prices shown above. You should obtain current stock price quotations for the First Community common stock from a newspaper, via the Internet or by calling your broker. See *The Merger Merger Consideration* beginning on page 34.

Dividend Information (Pages 56 and 57)

First Community currently pays a quarterly cash dividend to its stockholders. During the quarter ending June 30, 2008, First Community paid a cash dividend of \$0.28 per share of First Community common stock. First Community intends to continue to pay a quarterly cash dividend to its stockholders. However, the payment of dividends by First Community on its common stock in the future, either before or after the merger is completed, is subject to the determination of its board of directors and depends on its cash requirements, financial condition and earnings, legal and regulatory considerations and other factors.

During the quarter ending June 30, 2008, Coddle Creek paid a cash dividend of \$0.50 per share of Coddle Creek common stock. In July 2008, Coddle Creek declared a cash dividend of \$0.25 per share of Coddle Creek common stock, which was paid to its stockholders on August 19, 2008. Pursuant to the merger agreement, Coddle Creek cannot

pay future cash dividends without the prior approval of First Community.

Federal Income Tax Consequences of the Merger (Page 50)

At the effective time of the merger, First Community and Coddle Creek will receive an opinion of counsel to the effect that, based on certain facts, representations and assumptions, the merger will be treated as a tax-free reorganization for federal income tax purposes. Coddle Creek stockholders generally will not recognize any gain or a loss on the conversion of shares of Coddle Creek common stock into shares of First Community common stock. However, Coddle Creek stockholders will be taxed on the cash portion of the merger consideration received for their shares of Coddle Creek common stock. The parties' obligation to complete the merger is conditioned on their receipt of the opinion regarding the federal income tax treatment of the merger.

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Tax matters are complicated, and the tax consequences of the merger to you will depend upon the facts of your particular situation. In addition, you may be subject to state, local or foreign tax laws that are not discussed herein. Accordingly, we strongly urge you to consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

Coddle Creek's Financial Advisor Believes that the Merger Consideration is Fair to Coddle Creek Stockholders (Page 24)

Among other factors considered in deciding to approve the merger, the Coddle Creek board of directors received the opinion of its financial advisor, Howe Barnes Hoefer & Arnett, Inc., which we refer to in this proxy statement/prospectus as Howe Barnes, that, as of July 22, 2008 (the date on which the Coddle Creek board of directors approved the merger agreement), the merger consideration was fair to the holders of Coddle Creek common stock from a financial point of view. The opinion dated as of July 22, 2008 is attached to this proxy statement/prospectus as Appendix B. You should read this opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by Howe Barnes in providing its opinion. Howe Barnes' opinion is directed to the Coddle Creek board of directors and does not constitute a recommendation to any stockholder as to any matters relating to the merger. Coddle Creek has agreed to pay Howe Barnes a percentage of the total consideration received by Coddle Creek and its stockholders for Howe Barnes' financial advisory services rendered in connection with the merger. Howe Barnes has received \$100,000 as of the date of this proxy statement/prospectus, with the remainder of its fee payable at closing of the merger as a success fee. Coddle Creek'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, Coddle Creek has agreed to reimburse Howe Barnes for its reasonable expenses incurred by it on Coddle Creek's behalf, 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 Coddle Creek or First Community where compensation was received or that it contemplates will be received after closing of the transaction.

Our Board of Directors Recommends Approval of the Merger (Page 20)

Based on Coddle Creek's reasons for the merger described herein, including the fairness opinion of Howe Barnes, the Coddle Creek board of directors believes that the merger is fair to you and in your best interests and unanimously recommends that you vote FOR approval of the merger agreement.

Date, Time and Location of the Special Meeting (Page 18)

The special meeting will be held at 11:00 a.m., Eastern Daylight Saving Time, on Thursday, October 30, 2008, at Coddle Creek's corporate headquarters located at 347 North Main Street, Mooresville, North Carolina 28115. At the special meeting, Coddle Creek stockholders will be asked to approve the merger agreement and to approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Record Date and Voting Rights for the Special Meeting (Page 18)

You are entitled to vote at the special meeting if you owned shares of Coddle Creek common stock as of the close of business on September 24, 2008. You will have one vote at the special meeting for each share of Coddle Creek common stock that you owned on that date.

Stockholders of record may vote by mail, telephone, via the Internet or by attending the special meeting and voting in person. Each proxy returned to Coddle Creek (and not revoked) by a holder of Coddle Creek common stock will be

voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted FOR approval of the merger agreement and FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

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Approval of the Merger Agreement Requires a Majority Vote by Coddle Creek Stockholders (Page 19)

The affirmative vote of the holders of a majority of the outstanding shares of Coddle Creek common stock is necessary to approve the merger agreement on behalf of Coddle Creek.

Management of Coddle Creek Owns Shares Which May Be Voted at the Special Meeting (Pages 19 and 53)

Each of the directors and executive officers of Coddle Creek, who collectively own approximately 22.5% of the outstanding shares of Coddle Creek common stock as of the record date for the special meeting, has entered into a shareholder agreement with First Community pursuant to which each of them has agreed to vote all of their shares in favor of the merger agreement.

First Community and Coddle Creek Must Meet Several Conditions to Complete the Merger (Page 35)

Completion of the merger depends on meeting a number of conditions, including the following:

stockholders of Coddle Creek must approve the merger agreement;

First Community and Coddle Creek must receive all required regulatory approvals for the merger and the subsidiary merger, and any waiting periods required by law must have passed;

there must be no law, injunction or order enacted or issued preventing completion of the merger;

the First Community common stock to be issued in the merger must have been approved for trading on the Nasdaq Global Select Market (or on any securities exchange on which the First Community common stock may then be listed);

First Community and Coddle Creek must receive a legal opinion confirming the tax-free nature of the merger;

the representations and warranties of each of First Community and Coddle Creek in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect on First Community or Coddle Creek, respectively;

First Community and Coddle Creek must have complied in all material respects with their respective obligations in the merger agreement;

Mooresville Savings Bank must have entered into a new employment agreement with Dale W. Brawley;

First Community and Mooresville Savings Bank must have entered into settlement agreements with certain executive officers of Coddle Creek;

First Community and certain executive officers and non-employee directors of Coddle Creek must have entered into consulting agreements; and

dissenting shares shall not represent 10% or more of the outstanding Coddle Creek common stock.

Unless prohibited by law, either First Community or Coddle Creek could elect to waive a condition that has not been satisfied and complete the merger anyway. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

First Community and Coddle Creek Must Obtain Regulatory Approvals to Complete the Merger (Page 37)

To complete the merger, the parties need the prior approval of or waiver from the Federal Reserve Board, which is referred to in this proxy statement/prospectus as the FRB, the Office of the Comptroller of the Currency, which is referred to as the OCC, the North Carolina Commissioner of Banks, which is referred to as the NC Commissioner, and the Bureau of Financial Institutions of the Virginia State Corporation Commission, which is referred to as the VA Bureau of Financial Institutions. The U.S. Department of Justice is able to provide input into the approval process of federal banking agencies and will have between 15 and 30 days following any approval of a federal banking agency to challenge the approval on antitrust grounds. First Community, First Community Bank, Coddle Creek and Mooresville Savings Bank have filed all necessary applications with the applicable regulatory agencies. First Community and Coddle Creek cannot predict,

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however, whether the required regulatory approvals will be obtained or whether any such approvals will have conditions which would be detrimental to First Community following completion of the merger.

First Community and Coddle Creek may Terminate the Merger Agreement (Page 44)

First Community and Coddle Creek can mutually agree at any time to terminate the merger agreement before completing the merger, even if stockholders of Coddle Creek have already voted to approve it.

Either company also can terminate the merger agreement:

if any required regulatory approvals for consummation of the merger are not obtained;

if the merger is not completed by February 27, 2009;

if the stockholders of Coddle Creek do not approve the merger agreement; or

if the other company breaches any of its representations, warranties or obligations under the merger agreement in a manner which would be reasonably expected to have a material adverse effect on it and the breach cannot be or has not been cured within 30 days of notice of the breach.

In addition, First Community may terminate the merger agreement at any time prior to the special meeting if the board of directors of Coddle Creek withdraws or modifies its recommendation to the Coddle Creek stockholders that the merger agreement be approved in any way which is adverse to First Community, or breaches its covenants requiring the calling and holding of a meeting of stockholders to consider the merger agreement and prohibiting the solicitation of other offers. First Community also may terminate the merger agreement if a third party commences a tender offer or exchange offer for 15% or more of the outstanding Coddle Creek common stock and the board of directors of Coddle Creek recommends that Coddle Creek stockholders tender their shares in the offer or otherwise fails to recommend that they reject the offer within a specified period.

Coddle Creek may terminate the merger agreement at any time during the two-day period following the fifth calendar day immediately prior to the effective time of the merger if the average closing price of First Community's common stock is less than \$22.75; provided, however, First Community may elect to increase the exchange ratio to a number equal to a quotient, the numerator of which is the product of the \$22.75 and the exchange ratio then in effect and the denominator of which is First Community's average closing price, in which case the merger agreement will not be terminated. First Community is not required, however, to increase the exchange ratio, and it is possible under these circumstances that the Coddle Creek board of directors could conclude that proceeding with the merger at the lower price, rather than exercising Coddle Creek's right to terminate the merger agreement, would still be in the best interests of Coddle Creek and its stockholders. First Community's average closing price will be the average of the closing sales price per share of First Community common stock on the Nasdaq Global Select Market for the 20 consecutive trading days immediately preceding the fifth day immediately prior to the effective time of the merger.

First Community and Coddle Creek may Amend and Extend the Merger Agreement (Page 44)

The parties may amend the merger agreement at any time before the merger actually takes place, and may agree to extend the time within which any action required by the merger agreement is to take place. The merger agreement may not, however, be amended after the special meeting without the approval of the stockholders of Coddle Creek if such amendment would require the approval of the Coddle Creek stockholders under applicable law.

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Coddle Creek's Directors and Executive Officers Have Some Interests in the Merger that Are in Addition to or Different Than Your Interests (Page 46)

Coddle Creek's directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as stockholders of Coddle Creek. These interests include, among other things:

each of George W. Brawley, Jr., Dale W. Brawley, and Billy R. Williams currently is a party to an employment agreement with Mooresville Savings Bank. Each of these employment agreements provides that upon a change of control of Mooresville Savings Bank, the officer's base salary will be increased to include the average of the two previous years' discretionary bonuses, if any, and such adjusted base salary shall be increased annually thereafter by not less than 6% for the remainder of the term, which is automatically extended for three years. In lieu of receiving any benefits under their respective employment agreements, each of Messrs. G. Brawley, D. Brawley and Williams entered into a settlement agreement with First Community and Mooresville Savings Bank which provides that the current employment agreement between the officer and Mooresville Savings Bank will be terminated at the effective time of the merger and the officer will be entitled to receive a lump-sum payment in settlement of any benefits due to the executive as a result of the merger under his currently existing employment agreement. Pursuant to the terms of their respective settlement agreements, George Brawley will be entitled to receive \$834,352, Dale Brawley will be entitled to receive \$469,223, and Billy Williams will be entitled to receive \$332,387;

as contemplated by the terms of the merger agreement, Mooresville Savings Bank intends to enter into a new employment agreement with Dale W. Brawley pursuant to which Mr. Brawley will continue as an employee of Mooresville Savings Bank (or First Community Bank following the merger) and will be entitled to receive an annual salary of \$75,000 and the use of an automobile during the term of the agreement. In addition, at the closing of the merger, Mr. Brawley will receive a payment of \$100,000 in consideration for the two-year non-compete and non-solicitation restrictions set forth in his new employment agreement;

as contemplated by the terms of the merger agreement, First Community Bank intends to enter into consulting agreements with George W. Brawley, Jr., Billy R. Williams and each non-employee director of Coddle Creek and Mooresville Savings Bank. Pursuant to the terms of Mr. Brawley's consulting agreement, he will be entitled to receive a one-time payment of \$50,000 plus \$6,000 for the relocation of the Mooresville Insurance Agency and the use of an automobile during the term of the consulting agreement. Pursuant to the terms of Mr. Williams' consulting agreement, he will be entitled to receive monthly payments equal to approximately \$90,000 in the aggregate over the two-year term of his consulting agreement. In addition, First Community Bank will pay for the medical insurance premiums for Mr. Williams and his spouse for a period of three years and provide the use of an automobile during the term of the agreement. The non-employee directors will be entitled to receive \$500 per month (or \$6,000 in the aggregate) during the one-year term of their consulting agreements;

under certain deferred compensation plans maintained by Coddle Creek, if a Coddle Creek executive officer or director who participates in the deferred compensation plan is terminated within 24 months following the merger, the starting date for payments due to the executive officer or director under the plan will be accelerated to begin on the date of termination rather than the date of retirement, which currently is age 65. The amounts payable to the executive officers and directors under the plans will not change;

the cash payment to the Coddle Creek executive officers and directors holding outstanding, vested and unexercised stock options to acquire shares of Coddle Creek common stock; and

First Community's agreement to honor indemnification obligations of Coddle Creek for a period of six years and to maintain Coddle Creek's existing directors' and officers' liability insurance for a period of five years following the merger, subject to the terms of the merger agreement.

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The board of directors of Coddle Creek was aware of the foregoing interests and considered them, among other matters, in approving the merger agreement and the merger.

Coddle Creek is Prohibited from Soliciting Other Offers (Page 42)

Coddle Creek has agreed that, while the merger is pending, it will not initiate or, subject to some limited exceptions, engage in discussions with any third party other than First Community regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or capital stock.

Accounting Treatment of the Merger (Page 52)

The merger will be accounted for under the purchase method of accounting under generally accepted accounting principles, or GAAP.

Stockholders of First Community and Coddle Creek Have Different Rights (Page 60)

The rights of Coddle Creek's and First Community's stockholders under their respective business corporation laws are different. Upon consummation of the merger, in addition to cash, the stockholders of Coddle Creek will receive shares of First Community common stock in exchange for their shares of Coddle Creek common stock. As a result, the Coddle Creek stockholders will become stockholders of First Community and their rights as stockholders of First Community will be governed by First Community's articles of incorporation, as amended, and bylaws and the Nevada Revised Statutes, which is referred to in this proxy statement/prospectus as the NRS. The rights of stockholders of First Community differ in certain respects from the rights of stockholders of Coddle Creek.

Termination Fee (Page 45)

Coddle Creek must pay First Community a termination fee of \$1.0 million if the merger agreement is terminated under specified circumstances.

Coddle Creek's Stockholders Have Dissenters' Rights (Page 54)

Under North Carolina law, holders of Coddle Creek common stock have the right to dissent from the merger and, if the merger is consummated and all requirements of North Carolina law are satisfied by holders seeking to exercise dissenters' rights, to receive payment equal to the fair value of their shares of Coddle Creek common stock, determined in the manner set forth under North Carolina law. The procedures which must be followed in connection with the exercise of dissenters' rights by dissenting stockholders are described under **The Merger Dissenters' Rights** and in Article 13 of the North Carolina Business Corporation Act, which we refer to in this proxy statement/prospectus as the NCBCA. A copy of Article 13 of the NCBCA is attached as Appendix C to this proxy statement/prospectus. A stockholder seeking to exercise dissenters' rights must (i) deliver to Coddle Creek, before the stockholder vote on the merger agreement at the special meeting, a written notice of the stockholder's intent to demand payment for the stockholder's shares of Coddle Creek common stock if the merger is effectuated; and (ii) the stockholder must not vote in favor of the merger agreement. A vote against the merger proposal or an abstention will satisfy the requirement of not voting for the merger proposal. The return of a signed proxy which does not specify whether you vote in favor or against approval of the merger proposal or abstain from voting will be considered a vote in favor of the merger proposal. A shareholder vote against the merger proposal or an abstention alone, however, will not satisfy the notice requirement of Article 13 of the NCBCA. **Any failure to follow the specific procedures set forth in Article 13 of the NCBCA may result in a stockholder losing the right to claim fair value as described above.**

The Shares of First Community Common Stock to be Issued in the Merger will be listed on Nasdaq (Page 53)

Pursuant to the merger agreement, the shares of First Community common stock issued in connection with the merger will be listed on the Nasdaq Global Select Market or on any securities exchange on which the First Community common stock may then be listed.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA****Selected Consolidated Historical Financial Data of First Community**

Set forth below are highlights from First Community's audited consolidated financial data at and for the years ended December 31, 2003 through 2007 and from First Community's unaudited consolidated financial data at and for the six months ended June 30, 2008 and 2007. The results of operations for the six months ended June 30, 2008 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of First Community's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with First Community's consolidated financial statements and related notes included in First Community's Annual Report on Form 10-K for the year ended December 31, 2007 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, which are incorporated in this proxy statement/prospectus by reference and from which this information is derived. See "Where You Can Find More Information" beginning on page 68.

	At or for the Six Months Ended June 30,		At or for the Years Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
(Dollars in thousands, except per share data)							
Balance Sheet							
Summary (at end of period):							
Securities ⁽¹⁾	\$ 608,949	\$ 672,078	\$ 676,195	\$ 528,389	\$ 428,554	\$ 410,218	\$ 473,177
Loans held for sale	1,522	1,818	811	781	1,274	1,194	424
Loans, net of unearned income	1,181,107	1,243,076	1,225,502	1,284,863	1,331,039	1,238,756	1,026,191
Allowance for loan losses	13,433	13,934	12,833	14,549	14,736	16,339	14,624
Assets related to discontinued operations							22,372
Total assets	2,053,687	2,168,595	2,149,838	2,033,698	1,952,483	1,830,822	1,672,727
Deposits	1,339,407	1,421,960	1,393,443	1,394,771	1,403,220	1,356,719	1,223,376
Borrowings	498,972	509,374	517,843	406,556	335,885	274,212	242,267
Liabilities related to discontinued operations							17,992
Total liabilities	1,857,074	1,952,334	1,932,740	1,820,968	1,757,982	1,647,589	1,497,692
Stockholders' equity	196,613	216,261	217,098	212,730	194,501	183,233	175,035
Summary of Earnings:							
Total interest income	\$ 56,980	\$ 62,665	\$ 127,591	\$ 120,026	\$ 109,508	\$ 96,136	\$ 90,641
Total interest expense	23,995	28,636	59,276	48,381	35,880	26,953	26,397
Provision for loan losses	1,260		717	2,706	3,706	2,671	3,419

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Non-interest income	16,865	10,762	24,831	21,323	22,305	17,329	14,542
Non-interest expense	31,042	24,233	50,463	49,837	55,591	48,035	37,590
Income from continuing operations before income taxes	17,548	20,558	41,966	40,425	36,636	35,806	37,777
Income tax expense	4,998	5,995	12,334	11,477	10,191	9,786	11,058
Income from continuing operations	12,550	14,563	29,632	28,948	26,445	26,020	26,719
(Loss) income from discontinued operations before income taxes					(233)	(5,746)	(2,174)
Income tax (benefit) expense					(91)	(2,090)	(693)
(Loss) income from discontinued operations					(142)	(3,656)	(1,481)
Net income	12,550	14,563	29,632	28,948	26,303	22,364	25,238

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	At or for the Six Months		At or for the Years Ended December 31,					2003
	Ended June 30, 2008	2007	2007	2006	2005	2004		
	(Dollars in thousands, except per share data)							
Per Share Data:								
Basic earnings per share	\$ 1.14	\$ 1.29	\$ 2.64	\$ 2.58	\$ 2.33	\$ 1.99	\$ 2.27	
Basic earnings per common share- continuing operations	1.14	1.29	2.64	2.58	2.35	2.32	2.41	
Basic (loss) earnings per common share- discontinued operations					(0.02)	(0.33)	(0.14)	
Diluted earnings per common share	1.13	1.28	2.62	2.57	2.32	1.97	2.25	
Diluted earnings per common share- continuing operations	1.13	1.28	2.62	2.57	2.33	2.29	2.39	
Diluted (loss) earnings per common share- discontinued operations					(0.01)	(0.32)	(0.14)	
Cash dividends	0.56	0.54	1.08	1.04	1.02	1.00	0.98	
Book value at year-end	17.95	19.25	19.61	18.92	17.29	16.29	15.57	
Selected Ratios:								
Return on average assets	1.22%	1.41%	1.39%	1.46%	1.37%	1.24%	1.56%	
Return on average assets-continuing operations	1.22	1.41	1.39	1.46	1.38	1.45	1.70	
Return on average equity	11.87	13.45	13.54	14.32	13.79	12.53	15.13	
Return on average equity-continuing operations	11.87	13.45	13.54	14.32	13.87	14.58	16.02	
Average equity to average assets	10.28	10.47	10.30	10.21	9.91	9.88	10.32	
Average equity to average assets-continuing operations	10.28	10.47	10.30	10.21	9.91	9.96	10.64	
Dividend payout	49.12	41.86	40.91	40.31	43.78	50.25	43.17	
Risk based capital to risk adjusted assets	12.96	12.81	12.34	12.69	11.65	12.09	14.55	
Leverage ratio	8.53	8.36	8.09	8.50	7.77	7.62	8.83	

(1) Reflects the reclassification during 2003-2004 periods of Federal Reserve Bank and Federal Home Loan Bank stock from Securities Available for Sale to Other Assets, consistent with the 2005-2008 presentation.

Table of Contents**Selected Consolidated Historical Financial Data of Coddle Creek**

Set forth below are highlights from Coddle Creek's audited consolidated financial data at and for the years ended December 31, 2003 through 2007 and from Coddle Creek's unaudited consolidated financial data at and for the six months ended June 30, 2008 and 2007. The results of operations for the six months ended June 30, 2008 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of Coddle Creek's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

	At or for the Six Months Ended June 30,		At or for the Years Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Dollars in thousands, except per share data)						
Financial Condition Data:							
Total assets	\$ 158,598	\$ 153,192	\$ 155,664	\$ 153,602	\$ 141,132	\$ 135,801	\$ 137,662
Investments securities ⁽¹⁾	19,073	15,466	16,187	18,087	17,174	15,721	24,627
Loans receivable, net ⁽²⁾	133,124	132,083	133,634	130,195	118,124	114,644	106,740
Deposits	136,588	130,356	133,538	125,392	116,853	111,766	112,307
Short-term borrowings				5,000			
Stockholders' equity	19,092	19,767	19,607	20,412	21,445	20,696	21,917
Book value per share	33.01	33.78	33.98	34.83	35.93	34.92	31.67
Operating Data:							
Interest and fee income	4,618	4,781	9,566	9,098	8,091	7,456	7,962
Interest expense	2,438	2,522	5,095	4,475	3,176	2,461	2,898
Net interest income	2,180	2,259	4,471	4,623	4,915	4,995	5,064
Provision for loan losses			164		57	36	36
Noninterest income	202	241	233	252	298	337	364
Noninterest expense	2,168	2,182	3,738	4,203	4,139	3,762	3,695
Income before income taxes	214	318	802	672	1,017	1,534	1,697
Income tax expense	103	130	253	222	326	540	597
Net income	111	188	549	450	691	994	1,100
Other comprehensive (loss) income, net of tax:							
Unrealized (losses) gains on securities, net of tax	161	925	(395)	(5)	889	50	138
Comprehensive income (loss)	\$ 272	\$ 1,113	\$ 154	\$ 445	\$ 1,580	\$ 1,044	\$ 1,238
Basic earnings (loss) per share ⁽³⁾	\$ 0.19	\$ 0.32	\$ 0.95	\$ 0.77	\$ 1.16	\$ 1.65	\$ 1.76

Diluted earnings (loss) per share ⁽³⁾	0.19	0.32	0.95	0.77	1.15	1.63	1.76
Dividends per share ⁽³⁾	0.75	0.85	1.35	1.75	1.75	1.75	1.75
Dividend payout ratio ⁽⁴⁾	394.73%	265.60%	142.11%	227.27%	150.86%	106.06%	99.43%
Selected Other Data:							
Number of outstanding loans	1,876	2,442	2,008	2,094	1,967	2,183	1,959
Number of deposit accounts	6,173	6,319	6,067	6,891	6,359	6,411	6,607
Number of full-service offices	3	3	3	3	3	3	3
Return on average assets	0.14%	0.25%	0.36%	0.31%	0.50%	0.73%	0.78%
Return on average equity	1.16	1.90	2.74	2.15	3.27	4.66	5.14
Average equity to average assets	12.19	13.21	12.94	14.20	15.22	15.58	15.24
Interest rate spread	2.86	3.06	3.69	2.19	3.20	3.53	3.44
Ratio of noninterest expense to average total assets	2.76	2.91	2.42	2.85	2.97	2.75	2.62
Nonperforming assets to total assets ⁽⁵⁾	0.92	1.20	0.90	1.56	2.40	2.52	2.52
Nonperforming loans to total loans ⁽⁵⁾	0.11	0.14	0.99	1.83	2.49	2.97	3.11
Allowance for loan losses to nonperforming loans ⁽⁵⁾	40.28	38.57	59.43	34.31	30.57	26.43	25.29
Allowance for loan losses to total loans receivable	0.44%	0.54%	0.59%	0.63%	0.77%	0.79%	0.82%
Provision for loan losses to total loans receivable, net			0.12		0.05	0.03	0.03
Net charge-offs to average loans outstanding	0.15	0.81	0.15	0.07	0.05	0.01	0.02
Stockholders' equity to total assets	12.03	12.90	12.60	13.29	15.19	15.24	15.92

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- (1) Includes interest-earning deposits, federal funds sold, certificates of deposit, Federal Home Loan Bank stock and investment securities.
- (2) Represents gross loans less net deferred loan fees, undisbursed loan funds and allowance for loan losses.
- (3) Earnings per share has been calculated in accordance with Statement of Financial Accounting Standards, which is referred to in this proxy statement/prospectus as SFAS, No. 128, *Earnings Per Share*. Under SFAS No. 128, basic earnings per share is based on net income for the year, divided by the weighted average number of shares outstanding for the year. Diluted earnings per share includes the effect of dilutive common stock equivalents in the weighted average number of shares outstanding. In accordance with the AICPA's SOP 93-6, shares that are unallocated under the Employee Stock Ownership Plan & Trust of Mooresville Savings Bank, Inc., SSB, which is referred to in this proxy statement/prospectus as the ESOP, were deducted from outstanding shares and used in the computation of earnings per share.
- (4) The dividend payout ratio represents dividends per share, including the return of capital dividend, as a percent of basic earnings (loss) per share.
- (5) Nonperforming assets include mortgage loans and consumer loans 90 days or more delinquent and real estate acquired in settlement of loans. Nonperforming loans include nonaccrual loans and accruing loans past due 90 days or more.

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RISK FACTORS

*Upon completion of the merger, you will receive cash and shares of First Community common stock in exchange for your shares of Coddle Creek common stock. Prior to deciding whether or not to approve the transaction, you should be aware of and consider the following risks and uncertainties that are applicable to the merger and First Community, in addition to the other information contained in or incorporated into this proxy statement/prospectus by reference, including the matters addressed under the caption *Cautionary Statement Concerning Forward-Looking Statements* beginning on page 17. First Community has included in its Annual Report on Form 10-K for the year ending December 31, 2007 additional risk factors that address its business.*

Because the exchange ratio is fixed and the market price of First Community's common stock will fluctuate, you cannot be sure of the market value of the First Community common stock that you will receive in the merger.

Upon completion of the merger, each issued and outstanding share of Coddle Creek common stock will automatically be cancelled and converted into the right to receive \$19.60 in cash and 0.9046 of a share of First Community common stock. The value of the shares of First Community common stock that you will receive will vary based on the trading price of First Community's common stock. As of September 22, 2008, the last practicable trading day for which information was available prior to the date of this prospectus/proxy statement, the closing sale price reported on the Nasdaq Global Select Market for First Community's common stock was \$36.00.

Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the values and perceptions of financial services stocks generally, changes in First Community's business, operations and prospects, and regulatory considerations. Many of these factors are beyond First Community's control. Accordingly, at the time of the special meeting, you will not necessarily know or be able to calculate the exact value of the shares of First Community's common stock you will receive upon completion of the merger. The value of the transaction and each share of Coddle Creek common stock on consummation of the merger may be higher or lower depending on the value of First Community's common stock on that date. Additionally, the value of the shares of First Community's common stock received by a Coddle Creek stockholder may decline immediately after, including, as a result of, the completion of the merger.

The merger agreement limits Coddle Creek's ability to pursue alternatives to the merger with First Community, may discourage other acquirers from offering a higher valued transaction to Coddle Creek and may, therefore, result in less value for the Coddle Creek stockholders.

The merger agreement contains a provision that, subject to certain limited exceptions, prohibits Coddle Creek from soliciting, negotiating, or providing confidential information to any third party relating to any competing proposal to acquire Coddle Creek or any of its subsidiaries. In addition, if Coddle Creek executes a definitive agreement in respect of, or closes, an acquisition transaction with a third party, the merger agreement provides that Coddle Creek must pay a \$1.0 million termination fee to First Community. These provisions of the merger agreement could discourage a potential competing acquirer that might have an interest in acquiring Coddle Creek, even if it were prepared to pay a higher per share price than proposed in the merger agreement.

The fairness opinion obtained by Coddle Creek from its financial advisor will not reflect changes in circumstances prior to the merger.

Howe Barnes, the financial advisor to Coddle Creek, delivered an oral fairness opinion to the Board of Directors of Coddle Creek on July 22, 2008, which was subsequently confirmed in writing dated as of the same date. The fairness

opinion states that, as of the date of the opinion, the merger consideration set forth in the merger agreement was fair, from a financial point of view, to the holders of shares of Coddle Creek common stock. However, the fairness opinion does not reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of First Community or Coddle Creek, changes in general market and economic conditions, or other changes. Any such changes may alter the relative value of First Community and Coddle Creek.

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Directors and officers of Coddle Creek have interests in the merger that are in addition to or different than the interests of stockholders.

When considering the recommendation of Coddle Creek's board of directors, you should be aware that some executive officers and directors of Coddle Creek have interests in the merger that are different from your interests. These arrangements may create potential conflicts of interest. For example, some of Coddle Creek's executive officers will receive a cash payment upon closing of the merger under the terms of their settlement agreements. These and certain other additional interests of Coddle Creek's directors and executive officers may cause some of these persons to view the proposed transaction differently than you view it, as a stockholder. See "The Merger - Interests of Certain Persons in the Merger" beginning on page 46.

First Community may fail to realize the anticipated benefits of the merger.

The success of the merger will depend on, among other things, First Community's ability to realize anticipated cost savings and to combine the businesses of First Community and Coddle Creek in a manner that does not materially disrupt the existing customer relationships of Coddle Creek or result in decreased revenues resulting from any loss of customers and that permits growth opportunities to occur. If First Community is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

The market price of shares of First Community common stock may be affected by factors which are different from those affecting shares of Coddle Creek common stock.

You will receive shares of First Community common stock in connection with the merger. Some of First Community's current businesses and markets differ from those of Coddle Creek and, accordingly, the results of operations of First Community after the merger may be affected by factors different from those currently affecting the results of operations of Coddle Creek. For a discussion of the businesses of First Community and Coddle Creek and of certain factors to consider in connection with those businesses, see "Information About Coddle Creek," beginning on page 58, "Information About First Community," beginning on page 57 and the documents incorporated into this proxy statement/prospectus by reference concerning First Community and referred to under "Where You Can Find More Information" beginning on page 68.

Coddle Creek stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Following completion of the merger, Coddle Creek stockholders will own approximately 4.6% of First Community's outstanding shares of common stock after taking into account the sale of certain shares of First Community's common stock by the ESOP that the ESOP is expected to receive in connection with the merger to settle a loan owed to Coddle Creek by the ESOP. Consequently, Coddle Creek stockholders should expect to exercise less influence over the management and policies of First Community than they currently exercise over the management and policies of Coddle Creek.

The merger is subject to the receipt of waivers and approvals from government entities that may not be received, may take longer than expected or impose conditions that are not presently anticipated.

Before the merger may be completed, various waivers and approvals must be obtained from the FRB, the OCC, the VA Bureau of Financial Institutions, and the NC Commissioner. There can be no assurance as to whether these regulatory waivers and approvals will be received or the timing of the waivers and approvals. In addition, these governmental entities may impose conditions on the completion of the merger or require changes to the terms of the

merger. Neither First Community nor Coddle Creek is obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any condition which First Community reasonably determines in good faith would materially reduce the benefits of the merger to such a degree that First Community would not have entered into the merger agreement had such condition been known as of the date of the merger agreement.

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If the merger is not completed, Coddle Creek will have incurred substantial expenses without realizing the expected benefits.

Coddle Creek has incurred substantial expenses in connection with the merger. The completion of the merger depends on the satisfaction of certain conditions including the approval of Coddle Creek's stockholders and the approval of state and federal regulatory authorities. We cannot guarantee that these conditions will be met. If the merger is not completed, these expenses could have a material adverse impact on the financial condition of Coddle Creek because they would not have realized the expected benefits.

Changes in the accounting method for business combinations may have an adverse impact on the transaction if the transaction is not closed by December 31, 2008.

Currently and for the years ended December 31, 2008 and prior, in accordance with SFAS No. 141 Business Combinations, all acquisition-related costs such as investment banker fees, attorney's fees and accountant's fees, as well as contingent consideration to the seller, are capitalized as part of the purchase price and become part of goodwill or allocated to the fair value of other tangible or intangible assets and liabilities.

In December 2007, the Financial Accounting Standards Board issued SFAS No. 141 (revised 2007), Business Combinations, which is referred to in this proxy statement/prospectus as SFAS 141R, which requires an acquirer to do the following: expense acquisition related costs as incurred and record contingent consideration at fair value at the acquisition date with certain subsequent changes in fair value to be recognized in the income statement. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after beginning of the first annual reporting period beginning on or after December 15, 2008. Earlier application is prohibited. If the acquisition is not completed by December 31, 2008, SFAS 141R may have a material impact on our accounting for this transaction.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated herein by reference contain forward-looking statements by First Community and Coddle Creek within the meaning of the federal securities laws. These forward-looking statements include information about the consummation and anticipated timing of the merger and the financial condition, results of operations and businesses of First Community and Coddle Creek. In addition, any of the words believes, expects, anticipates, estimates, plans, projects, predicts and similar expressions indicate forward-looking statements. These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

estimated cost savings from the merger may not be fully realized within the expected time frame;

deposit attrition, customer loss or revenue loss following the merger may be greater than expected;

competitive pressure among depository and other financial institutions may increase significantly;

costs or difficulties related to the integration of the businesses of First Community and Coddle Creek may be greater than expected;

changes in the interest rate environment may reduce interest margins;

general economic or business conditions, either nationally or in the states or regions in which First Community does business, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit;

legislation or changes in regulatory requirements, including changes in accounting standards, may adversely affect the businesses in which First Community is engaged;

adverse changes may occur in the securities markets; and

competitors of First Community may have greater financial resources and develop products and technology that enable those competitors to compete more successfully than First Community.

Management of First Community and Coddle Creek each believes that the forward-looking statements about their respective company are reasonable; however, you should not place undue reliance on them. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and stockholder values of First Community following completion of the merger may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond First Community's and Coddle Creek's ability to control or predict.

All subsequent written and oral forward-looking statements attributable to First Community or Coddle Creek or any person acting or their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither First Community nor Coddle Creek undertakes any obligation to update publicly any forward-looking statements to reflect events, circumstances or new information after the date of this document or to reflect the occurrence of unanticipated events.

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GENERAL INFORMATION

This document constitutes a proxy statement and is being furnished to all holders of Coddle Creek common stock in connection with the solicitation of proxies by the board of directors of Coddle Creek to be used at a special meeting of stockholders of Coddle Creek to be held on Thursday, October 30, 2008 and any adjournment of the special meeting. The purposes of the special meeting are to consider and vote upon a proposal to approve the merger agreement between First Community and Coddle Creek, which provides, among other things, for the merger of Coddle Creek with and into First Community, and a proposal to adjourn the special meeting to the extent necessary to solicit additional votes on the merger agreement.

This document also constitutes a prospectus of First Community relating to the First Community common stock to be issued to holders of Coddle Creek common stock upon completion of the merger. Based on the number of shares of Coddle Creek common stock outstanding on the record date for the special meeting and an exchange ratio of 0.9046, approximately 552,300 shares of First Community common stock will be issuable upon completion of the merger.

First Community has supplied all of the information contained or incorporated herein by reference relating to First Community, and Coddle Creek has supplied all of the information relating to Coddle Creek.

THE SPECIAL MEETING

Time, Date and Place

A special meeting of stockholders of Coddle Creek will be held at 11:00 a.m., Eastern Daylight Saving Time, on Thursday, October 30, 2008 at Coddle Creek's corporate headquarters located at 347 North Main Street, Mooresville, North Carolina 28115.

Matters to be Considered

The purposes of the special meeting are to consider and approve the merger agreement and to consider and approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Shares Outstanding and Entitled to Vote; Record Date

The close of business on September 24, 2008 has been fixed by Coddle Creek as the record date for the determination of Coddle Creek stockholders entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, there were 610,545 shares of Coddle Creek common stock outstanding and entitled to vote. Each share of Coddle Creek common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

How to Vote Your Shares

Stockholders of record may vote by mail, telephone, via the Internet or by attending the special meeting and voting in person. If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote at the special meeting, you must bring a legal proxy from the broker, bank or other nominee confirming that you are the beneficial owner of the shares.

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Any stockholder executing a proxy may revoke it at any time before it is voted by:

delivering to Coddle Creek prior to the special meeting a written notice of revocation addressed to Billy R. Williams, Corporate Secretary, Coddle Creek Financial Corp., P.O. Box 117, 347 North Main Street, Mooresville, North Carolina 28115;

delivering to Coddle Creek prior to the special meeting a properly executed proxy with a later date; or

attending the special meeting and voting in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

Each properly executed proxy returned to Coddle Creek (and not revoked) by a holder of Coddle Creek common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted **FOR** approval of the merger agreement and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Participants in the ESOP

Participants in the ESOP have the right to direct the ESOP trustees how to vote shares allocated to the participant's account. ESOP participants will receive with this document an ESOP Participant Voting Instructions form for use in directing the ESOP trustees with regard to the voting of the shares of Coddle Creek common stock allocated to his or her plan account. Shares of common stock held by the ESOP for which no voting instructions are received will not be voted by the trustees which will have the same impact as a vote against the merger. If signed voting instructions are returned with no instructions indicated, those shares allocated to the ESOP participant will be voted **FOR** the proposals at the special meeting. Participants' voting instructions with respect to shares of common stock held under the ESOP will be held in strict confidence.

Votes Required

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Coddle Creek common stock, must be present in person or by proxy before any action may be taken at the special meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum but will not be counted in the voting on a proposal and this will have the same effect of a vote against the merger proposal.

The affirmative vote of the holders of a majority of the outstanding shares of Coddle Creek common stock is necessary to approve the merger agreement on behalf of Coddle Creek. The affirmative vote of a majority of the votes cast by stockholders at the meeting is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Any broker non-votes submitted by brokers or nominees in connection with the special meeting will not be counted for purposes of determining the number of votes cast on a proposal but will be treated as present for quorum purposes.

Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under the applicable New York Stock Exchange rules. Under these rules, the proposals to approve the merger agreement and to adjourn the special meeting are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the special meeting. Because the proposal to approve the merger agreement is required to be approved by the holders of a majority of the outstanding shares of Coddle Creek common stock, abstentions and broker non-votes will have the

same effect as a vote against the proposal to approve the merger agreement at the special meeting. And for the same reason, the failure of a Coddle Creek stockholder to vote by proxy or in person at the special meeting will have the effect of a vote against this proposal. Because of the vote required for the proposal to adjourn the special meeting, abstentions and broker non-votes will have no effect on this proposal.

The directors and executive officers of Coddle Creek, who collectively own approximately 22.5% of the outstanding shares of Coddle Creek common stock as of the record date for the special meeting, have entered into shareholder agreements with First Community pursuant to which they have agreed to vote all of their shares in favor of the merger agreement. See The Merger Shareholder Agreements on page 53.

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As of the close of business on the record date for the special meeting, First Community did not beneficially own any shares of Coddle Creek common stock.

Solicitation of Proxies

Coddle Creek will pay for the costs of mailing this document to its stockholders, as well as all other costs incurred by it in connection with the solicitation of proxies from its stockholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and employees of Coddle Creek and its subsidiaries may solicit proxies from stockholders of Coddle Creek in person or by telephone, telegram, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses.

Arrangements also will be made with custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Coddle Creek will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Recommendation of the Coddle Creek Board of Directors

The Coddle Creek board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Based on Coddle Creek's reasons for the merger described in this proxy statement/prospectus, including Howe Barnes' fairness opinion, the board of directors of Coddle Creek believes that the merger is in the best interests of Coddle Creek's stockholders and unanimously recommends that you vote FOR approval of the merger agreement. See The Merger Coddle Creek's Reasons for the Merger beginning on page 23.

THE MERGER

(PROPOSAL ONE)

The following information describes the material aspects of the merger agreement and the merger. This description does not purport to be complete and is qualified in its entirety by reference to the appendices to this proxy statement/prospectus, including the merger agreement. You are urged to carefully read the appendices in their entirety.

General

Under the terms and conditions set forth in the merger agreement, Coddle Creek will be merged with and into First Community. At the effective time of the merger, each share of common stock of Coddle Creek, no par value per share, outstanding immediately before the effective time of the merger (except as provided below) will, by virtue of the merger and without any action on the part of a Coddle Creek stockholder, be converted into the right to receive:

\$19.60 in cash, which is referred to as the per share cash consideration ; and

0.9046 of a share of common stock of First Community, which is referred to as the exchange ratio, plus cash in lieu of any fractional share interest.

As of September 22, 2008, there were 610,545 shares of Coddle Creek common stock outstanding.

Shares of Coddle Creek common stock held by Coddle Creek stockholders who have elected dissenters' rights will not be converted into the right to receive the merger consideration upon consummation of the merger. Stockholders who wish to assert their dissenters' rights and comply with the procedural requirements of Article 13 of the NCBCA, will

be entitled to receive payment of the fair value of their shares in cash in accordance with North Carolina law. For more information regarding the exercise of these rights, see Dissenters Rights.

After completion of the merger, it is expected that current First Community stockholders will own approximately 95.2% of the combined company and former Coddle Creek stockholders will own

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approximately 4.6% of the combined company after taking into account the sale of certain shares of First Community's common stock by the ESOP that the ESOP is expected to receive in connection with the merger to settle a loan owed to Coddle Creek by the ESOP.

Background of the Merger

Coddle Creek's board of directors has from time to time engaged with senior management in strategic reviews and has considered ways to enhance Coddle Creek's performance and prospects in light of competitive and other relevant developments. These strategic reviews have focused on, among other things, the business environment facing financial institutions generally, as well as conditions and ongoing consolidation in the financial services industry. These reviews have also included periodic discussions with respect to potential transactions that would further Coddle Creek's strategic objectives, and the potential benefits and risks of those transactions, and from time to time have focused on the possibility of a merger with another banking organization. In addition, Coddle Creek's senior management has had from time to time informal discussions with representatives of other financial institutions regarding the potential benefits and risks of business combination transactions.

In March 2008, Coddle Creek's board of directors, with members of Coddle Creek's senior management present, met with representatives from Howe Barnes to discuss strategic alternatives available to Coddle Creek. On April 8, 2008, the Coddle Creek board of directors formally engaged Howe Barnes to conduct a limited auction of Coddle Creek and its subsidiary, Mooresville Savings Bank. After being formally engaged, Howe Barnes prepared a Confidential Information Memorandum describing Coddle Creek and Mooresville Savings Bank. While preparing the Confidential Information Memorandum, Howe Barnes began to identify potential merger partners for Coddle Creek, primarily those with a presence or interest in Charlotte, North Carolina and surrounding areas.

In mid-April 2008, with the consent of Coddle Creek, Howe Barnes contacted 11 prospective merger partners, including First Community. Nine of the prospective merger partners, including First Community, signed confidentiality agreements and received information on Coddle Creek. Of the nine prospective merger partners who received information on Coddle Creek, five parties submitted initial indications of interest to acquire Coddle Creek, including First Community.

On or about May 21, 2008, Coddle Creek's management team met separately with the chief executive officers of two prospective merger partners, one of which was the chief executive officer of First Community. First Community's chief executive officer and Coddle Creek's management team generally discussed the strategic visions for Coddle Creek and First Community, the cultures and traditions of their companies and other matters. Shortly thereafter, the Coddle Creek board of directors evaluated the initial indications of interest received through Howe Barnes' efforts. It determined that the valuation of Coddle Creek, the relative proportions of cash and stock in the merger consideration indicated by First Community, and the general terms contained in First Community's initial indication of interest were superior to those received from the other companies who submitted initial indications of interest. Accordingly, the Coddle Creek board of directors authorized management to continue to engage in discussions and negotiations with First Community regarding a potential transaction and to commence due diligence.

Over the first several days of June 2008, First Community conducted an on-site due diligence review of Coddle Creek. Included in this review were interviews of the senior management team of Coddle Creek by First Community's senior executives and its advisors. Following the on-site review and during the first two weeks of June 2008, a series of communications occurred in which the senior management teams of Coddle Creek and First Community and their respective advisors participated. On June 16, 2008, Coddle Creek received a revised indication of interest from First Community setting forth the material terms of a potential merger, including the financial terms and the transaction structure. In the revised indication of interest, First Community proposed to purchase each share of Coddle Creek common stock for approximately \$49.00 per share as of that date with the merger consideration to be paid in a

combination of cash and shares of First Community common stock.

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On June 17, 2008, the boards of directors of Coddle Creek and Mooresville Savings Bank held a special joint meeting at which senior management was present. The purpose of the special joint meeting was to discuss various acquisition proposals received by Howe Barnes in its capacity as the investment advisor to Coddle Creek. Howe Barnes provided an overview of its activities undertaken to date, and the five parties who submitted initial indications of interest, including First Community. Howe Barnes then summarized the course of discussions with First Community, the material terms of First Community's indication of interest and several aspects of First Community's proposal that remained to be resolved. Howe Barnes presented to the board of directors detailed financial information with respect to First Community and pro forma data with respect to the potential transaction. After the foregoing presentations and an extended discussion among the participants in the meeting, Howe Barnes orally advised the boards of directors of Coddle Creek and Mooresville Savings Bank that in its opinion the merger consideration and general terms of the merger were fair to the holders of Coddle Creek common stock from a financial point of view. Also at this meeting, Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P., Coddle Creek's legal counsel, which is referred to in this proxy statement/prospectus as Brooks Pierce, informed the board of directors of Coddle Creek of the legal standards applicable to a decision by the Coddle Creek board of directors to approve a merger of Coddle Creek. After further questions by and discussions among the members of the Coddle Creek board of directors, and consideration of the factors described under Coddle Creek's Reasons for the Merger, the Coddle Creek board of directors voted unanimously to direct Coddle Creek's management to move forward with discussions with First Community, with a resolution of the various issues identified by the board of directors of Coddle Creek being a requirement to entering into the letter of intent.

After the special joint meeting of the boards of directors of Coddle Creek and Mooresville Savings Bank, Coddle Creek's and First Community's senior management and advisors engaged in additional discussions regarding the various issues to be resolved. After resolving the most important of these issues, Coddle Creek agreed to pursue a proposed transaction exclusively with First Community for the next 45 days under the framework of a revised indication of interest submitted by First Community to Coddle Creek on June 23, 2008. During the remainder of June and through July 2008, Coddle Creek, First Community and their advisors negotiated the definitive documentation associated with and conditions precedent to consummation of a possible merger of Coddle Creek and First Community and their respective banking subsidiaries.

On June 26, 2008, representatives of Howe Barnes and Brooks Pierce conducted an on-site due diligence review of First Community. Included with this review were discussions with the senior management team of First Community.

On July 22, 2008, the boards of directors of Coddle Creek and Mooresville Savings Bank held a regularly scheduled joint meeting at which senior management, together with Coddle Creek's legal and financial advisors, reviewed the discussions and negotiations with First Community regarding the proposed merger and the results of Coddle Creek's due diligence investigation of First Community. Brooks Pierce presented a draft of the merger agreement to the board of directors of Coddle Creek and discussed its terms as well as several remaining issues relevant to the merger agreement that remained unresolved. After responding to questions from members of the board of directors of Coddle Creek on the merger agreement, Brooks Pierce discussed the terms of the shareholder agreement, the affiliate letter, the bank merger agreement and the various agreements to be entered into by Coddle Creek's senior management and noted a number of unresolved issues in these ancillary agreements. Howe Barnes presented detailed financial information with respect to the potential transaction and answered questions of the board of directors of Coddle Creek, and rendered an oral opinion that, as of July 22, 2008, the consideration provided in the merger agreement was fair to the holders of Coddle Creek common stock from a financial point of view. This opinion was subsequently confirmed in writing as of the same date. Also at this meeting, Brooks Pierce discussed again with the Coddle Creek board of directors the legal standards applicable to its decision to approve the merger agreement and the transactions contemplated thereby. Senior management of Coddle Creek and the board of directors of Coddle Creek reviewed the terms of the proposed merger agreement, and the Coddle Creek board of directors concluded that the proposed transaction with First Community was in the best interests of Coddle Creek and its stockholders. After further

questions by and discussion among the members of the Coddle Creek board of directors and consideration of the factors described under Coddle Creek s Reasons for the Merger, the Coddle Creek

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board of directors voted unanimously to approve the merger agreement and the transactions contemplated thereby as being in the best interests of the stockholders of Coddle Creek, subject to resolution of the several specified remaining issues.

On July 22, 2008, First Community's board of directors held a regular meeting at which its management reviewed in detail with the board of directors the terms of the merger agreement. Based upon First Community's board of directors review and discussion of the merger agreement and the relevant factors, described below in First Community's Reasons for the Merger, First Community's board of directors unanimously authorized and approved the execution of the merger agreement with Coddle Creek.

Following the completion of the meetings of the boards of directors of Coddle Creek and Mooresville Savings Bank and the First Community board of directors on July 22, 2008, Coddle Creek's and First Community's senior management and their respective advisors continued discussions to resolve the remaining issues with respect to the definitive merger agreement. After reaching a resolution on those items, the merger agreement was entered into by Coddle Creek and First Community on July 31, 2008. After the stock market closed on July 31, 2008, First Community and Coddle Creek issued a joint press release publicly announcing the proposed merger.

Coddle Creek's Reasons for the Merger

Coddle Creek's board of directors, at its meeting held on July 22, 2008, considered the merger agreement and determined it to be in the best interests of Coddle Creek and its stockholders. In reaching its determination, the Coddle Creek board of directors consulted with Coddle Creek management, as well as its financial and legal advisors, regarding the financial fairness of the merger and the terms of the merger agreement, and considered a number of factors. Listed below are the material factors that Coddle Creek's board of directors considered in its decision. The Coddle Creek's board of directors did not assign any specific or relative weight to the factors listed below and considered all of the factors as a whole in reaching its conclusion to approve the merger agreement.

The Coddle Creek board of directors' understanding of the business, operations, financial condition, earnings and future prospects of Coddle Creek and Mooresville Savings Bank;

The current and prospective economic, regulatory and competitive environment facing Coddle Creek and the community banking industry in general, including the decline in net interest margins and unfavorable yield curve, evolving trends in technology and the cost of such technology, and the increasing importance of operational scale and financial resources in maintaining efficiency and remaining competitive over the long term;

First Community's ability to pay the merger consideration and obtain regulatory approvals for the merger;

The merger consideration to be paid to Coddle Creek stockholders for their shares in relation to, among other things, the market value, book value, earnings per share and projected earnings per share for Coddle Creek common stock;

The portion of the merger consideration composed of cash and not subject to variations in the market value of First Community's common stock;

The marketing and bidding process conducted by Coddle Creek and Howe Barnes and the Coddle Creek board of directors' belief that a transaction with First Community was the best overall transaction available to Coddle Creek and its stockholders;

The greater market liquidity of First Community's common stock relative to Coddle Creek's common stock;

The review by the Coddle Creek board of directors with its financial and legal advisors of the structure of the transaction and the financial and other terms of the merger agreement, including the consideration offered by First Community;

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The current senior executives of Coddle Creek and the need for future management succession if Coddle Creek were to remain independent;

The nature of the respective markets, customers, asset/liability mix and operations of Coddle Creek and First Community;

The reports of Coddle Creek's management and the financial presentation by Howe Barnes to the board of directors concerning the operations, earnings and financial condition of First Community on a historical and prospective basis and of the combined companies on a pro forma basis;

The historical and current market prices of Coddle Creek's and First Community's common stock and the potential for increased earnings for Coddle Creek's stockholders as stockholders of the combined company;

The fact that First Community's offer represented a significant premium over the market price of Coddle Creek's common stock;

The impact of the acquisition on the depositors, employees, customers and communities served by Mooresville Savings Bank; and

The opinion delivered to the Coddle Creek board of directors by Howe Barnes that, as of the date of the opinion and based upon and subject to the considerations set forth in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Coddle Creek common stock.

The Coddle Creek board of directors also considered the following matters associated with the merger in connection with its deliberations of the proposed transaction, including:

The risks to Coddle Creek's business if the merger is not completed;

The interests of Coddle Creek's executive officers and directors with respect to the acquisition apart from their interests as holders of Coddle Creek common stock, and the risk that these interests might influence their decision with respect to the merger. See **Interests of Certain Persons in the Merger;** and

The risk that the terms of the merger agreement, including provisions prohibiting Coddle Creek from soliciting additional competing proposals and requiring the payment of a termination fee under specified circumstances, could have the effect of discouraging other parties that might be interested in a transaction with Coddle Creek from proposing such a transaction.

The Coddle Creek board of directors evaluated the factors described above, including asking questions and receiving information from management and its legal and financial advisors, and determined that the merger agreement and the transactions contemplated by it were in the best interests of Coddle Creek and its stockholders. **Accordingly, the Coddle Creek board of directors unanimously approved the merger agreement and recommends that Coddle Creek stockholders vote FOR approval of the merger agreement.**

First Community's Reasons for the Merger

First Community entered into the merger agreement with Coddle Creek because, among other things, First Community believes the merger is consistent with its expansion strategy in North Carolina. The acquisition will expand First Community Bank's banking operations and complement its existing banking network. The Coddle Creek

franchise is a natural expansion of First Community's current North Carolina operations into the Lake Norman region of North Carolina.

Opinion of Coddle Creek's Financial Advisor

On July 22, 2008, at a meeting of the Coddle Creek board of directors, Howe Barnes delivered to the Coddle Creek 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

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shareholder consideration was fair, from a financial point of view, to the stockholders of Coddle Creek. No limitations were imposed by Coddle Creek on Howe Barnes with respect to the investigations made or the procedures followed in rendering its opinion.

Coddle Creek retained Howe Barnes to act as its financial advisor in connection with its proposed merger with First Community based upon Howe Barnes' qualifications, expertise, and reputation advising financial institutions and other companies. As part of its investment banking business, Howe Barnes is regularly engaged in the valuation of banks and bank holding companies, thrifts and thrift holding companies, and various other financial services companies, in connection with merger and acquisitions, initial and secondary offerings of securities, and valuations for other purposes.

The full text of Howe Barnes' written opinion to Coddle Creek's board of directors, dated July 22, 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. The fairness opinion should be read 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 Coddle Creek's board of directors and does not constitute a recommendation to any stockholder of Coddle Creek as to how a stockholder should vote with regard to the merger at the special meeting of stockholders 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 Coddle Creek's common stock. The opinion does not address the relative merits of the merger or any alternatives to the merger, the underlying decision of Coddle Creek's board of directors 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 or the rules and regulations of the Securities and Exchange Commission, which is referred to in this proxy statement/prospectus as the 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 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 draft merger agreement dated July 18, 2008;
- 2) Reviewed First Community's recent filings with the Commission including its proxy statement filed on March 27, 2008, Annual Reports on Form 10-K for the three years ended December 31, 2007, 2006 and 2005, and a Quarterly Report on Form 10-Q for the quarter ended March 31, 2008;
- 3) Reviewed First Community's earnings press release for the quarter ended June 30, 2008;
- 4) Reviewed Current Reports of First Community as filed on Form 8-K with the Commission from January 1, 2005 to the date hereof;
- 5) Reviewed Coddle Creek's Annual Reports for the three years ended December 31, 2007, 2006 and 2005;
- 6) Reviewed Coddle Creek's proxy statement dated March 18, 2008;
- 7)

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 Coddle Creek and First Community;

- 8) Held discussions with members of executive and senior management of Coddle Creek and First Community, including without limitation, their respective legal advisors and others concerning the past and current results of operations of Coddle Creek and First Community, their respective current financial condition and managements opinion of their respective future prospects;

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- 9) Reviewed the historical record of reported trading prices, trading activity and dividend payments for both Coddle Creek and First Community;
- 10) Compared the reported financial terms of selected recent business combinations in the banking industry; and
- 11) Performed such other studies and analyses as Howe Barnes considered appropriate under the circumstances.

The written opinion provided by Howe Barnes to Coddle Creek, dated as of July 22, 2008, was necessarily based upon economic, monetary, financial market, and other relevant conditions as of the date the opinion was rendered. Accordingly, it is important to 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 Coddle Creek's board of directors, Howe Barnes assumed and relied upon the accuracy and completeness of the financial information and other pertinent information provided by Coddle Creek and First Community 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 Coddle Creek, as well as estimates of cost savings, Howe Barnes assumed that this information reflected the best available estimates and good faith judgments of management as to Coddle Creek's future performance and that the projections provided a reasonable basis upon which Howe Barnes could formulate its opinion. 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 Coddle Creek faces. Accordingly, actual results could vary significantly from those used 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 Coddle Creek's allowances and First Community'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 Coddle Creek's or First Community'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 Coddle Creek, or any class of such persons relative to the merger consideration to be received by the holders of the common stock of Coddle Creek 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, the Securities Exchange Act of 1934, as amended, which is referred to in this proxy statement/prospectus as the Exchange Act, and all other applicable federal and state statutes, rules, and regulations.

In connection with rendering its opinion to Coddle Creek's board of directors, 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 Coddle Creek'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

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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 thrift merger transactions announced in the 24 months ended July 16, 2008, which is referred to in this Opinion of Coddle Creek's Financial Advisor section of this proxy statement/prospectus as the Comparable Thrift Merger Transactions:

Thrift acquisitions nationwide;

Thrift acquisitions in the Southeast;

Thrift acquisitions in the United States involving acquired thrifts with assets of \$100 million to \$350 million;

Thrift acquisitions in the United States with total deal values of \$20 million to \$50 million;

Thrift acquisitions in the United States involving acquired thrifts with returns on average assets of .25% to .75%;

Thrift acquisitions in the United States involving acquired thrifts with returns on average equity of 3% to 5%; and

Thrift acquisitions in the United States involving acquired thrifts with tangible capital of 10% to 20%.

Pricing ratios for the merger were compared to the Comparable Thrift Merger Transactions median (1) price to book value, (2) price to tangible book value, (3) price to last twelve months which is referred to as the LTM, reported earnings, (4) tangible book value premium to core deposits, and (5) premium paid to market price, which are referred to collectively as the Pricing Ratios, as shown below:

Groups⁽¹⁾	Number of Deals	Price/ Book Value	Price/ Tangible Book Value	Price/ LTM Reported Earnings	Tangible Book Premium/ Core Deposits	Premium/ Market Price
Nationwide	86					