

FIRST BANCORP /NC/
Form S-3D
June 29, 2010

As filed with the Securities and Exchange Commission on June 29, 2010

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

FORM S-3

REGISTRATION STATEMENT UNDER THE
SECURITIES ACT OF 1933

FIRST BANCORP
(Exact Name of
Registrant as
Specified in its
Charter)

North Carolina
(State or Other
Jurisdiction of
Incorporation or
Organization)

56-1421916
(I.R.S. Employer
Identification
Number)

341 North Main
Street, P.O. Box 508,
Troy, North
Carolina 27371-0508
(Address of Principal
Executive Offices,
Including Zip Code)

(910) 576-6171
(Telephone Number
of Principal Executive

Offices, Including
Area Code)

Jerry L. Ocheltree
President and Chief
Executive Officer
First Bancorp
341 North Main Street
P.O. Box 508
Troy, North
Carolina 27371-0508
(910) 576-6171
(Name, Address and
Telephone Number of
Agent for Service)

Copy to:
Henry H. Ralston
Robinson, Bradshaw & Hinson, P.A.
101 North Tryon Street, Suite 1900
Charlotte, North Carolina 28246
(704) 377-2536

Approximate date of commencement of proposed sale to public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. x

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. "

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer x

Non-accelerated filer " Smaller reporting company "

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered (1), (2)	Proposed Maximum Offering Price Per Unit (3)	Proposed Maximum Aggregate Offering Price (3)	Amount of Registration Fee (2), (3)
Common Stock, no par value per share	130,000 shares	\$15.08	\$1,960,400	\$139.78

(1)

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Pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this Registration Statement also relates to an indeterminate number of additional shares of common stock issuable with respect to the shares registered hereunder in the event of a stock split, stock dividend or other similar transaction.

(2) Does not include shares of common stock previously registered on Registration Statement No. 333-71431 on Form S-3, as amended, Registration Statement No. 333-117575 on Form S-3, and Registration Statement No. 333-150099 on Form S-3. Pursuant to Rule 429 under the Securities Act of 1933, as amended, the prospectus that forms a part of this Registration Statement shall also relate to 181,000 shares

of common stock, which became 271,500 shares pursuant to a subsequent stock split, previously registered for issuance and sale pursuant to Registration Statement No. 333-71431, as amended, 120,000 shares of common stock, which became 180,000 shares pursuant to a subsequent stock split, previously registered for issuance and sale pursuant to Registration Statement No. 333-117575, and 175,000 shares of common stock previously registered for issuance and sale pursuant to Registration Statement No. 333-150099. Registration fees in the amount of \$1,149.47, \$455.36, and \$141.00, respectively, were previously paid to the Securities and Exchange Commission in connection with these previously registered shares.

(3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) based on the average of the high and low reported sales price of First Bancorp common stock on the Nasdaq Global Select Market on June 28, 2010.

INTRODUCTORY STATEMENT NOT FORMING
PART OF THE PROSPECTUS

Pursuant to Rule 429 under the Securities Act of 1933, as amended, this Registration Statement contains a combined prospectus that also relates to the Registration Statements on Form S-3 (Registration Nos. 333-150099, 333-117575, and 333-71431) previously filed by the Registrant with the Securities and Exchange Commission.

PROSPECTUS
First Bancorp

756,500 Shares of Common Stock

DIVIDEND REINVESTMENT AND COMMON STOCK PURCHASE PLAN
(As Amended and Restated)

As a service to registered shareholders of our common stock, we are pleased to offer the First Bancorp Dividend Reinvestment and Common Stock Purchase Plan (as amended and restated, the "Plan"). The Plan is designed to promote long-term ownership in us by providing a convenient and inexpensive way:

- to reinvest all or a portion of your cash dividends in additional shares of our common stock; and
- to purchase our common stock through optional cash payments.

The shares issued pursuant to the Plan may be newly issued shares purchased from us or previously issued shares purchased in the open market or through privately negotiated transactions or from other participants in the Plan. The price to be paid for newly issued shares or shares purchased from other participants will be an amount equal to the fair market value on the date such shares are purchased. The price for any open market or privately negotiated purchases will be the weighted average price of such shares paid by the administrator of the Plan based on your allocable portion of the shares purchased over a particular period, plus a proportionate share of brokerage commission incurred thereon. Brokerage commissions have not typically been paid in past open market transactions, except for nominal transaction fees that have not exceeded \$100 per year in the aggregate for all shares acquired.

This prospectus is being offered to prospective participants in the Plan, who should retain this prospectus for future reference. You may enroll in the Plan by completing an authorization form and returning it to Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016, Attention: First Bancorp Dividend Reinvestment Plan Administrator. If you participate in the Plan, you may terminate participation at any time. If you do not wish to participate in the Plan, you do not need to take any action, and you will continue to receive cash dividends, if, as and when declared.

IF YOU PARTICIPATE IN THE PLAN, YOU WILL BE PURCHASING SHARES OF OUR COMMON STOCK AND SHOULD CONSIDER CAREFULLY THE RISK FACTORS IDENTIFIED ON PAGE 3.

This prospectus covers 756,500 shares of our common stock available for purchase under the Plan. Investments in our common stock are not guaranteed or insured by anyone, including the Federal Deposit Insurance Corporation or any other federal or state governmental

Our common stock is listed on the Nasdaq Global Select Market under the symbol _____ agency. Unlike checking and savings accounts, an investment in our common stock

“FBNC.” On June 28, 2010, the last reported sales price was \$15.10 per share. involves investment risks, including the potential loss of your entire investment.

Our headquarters are located at 341 North Main Street, Troy, North Carolina 27371, and our telephone number is (910) 576-6171. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

June 29, 2010

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ABOUT THIS PROSPECTUS

This prospectus is part of a Registration Statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC. This prospectus does not contain all of the information set forth in the Registration Statement, portions of which we have omitted as permitted by the rules and regulations of the SEC. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete. If the SEC’s rules and regulations require that a contract or document be filed as an exhibit to the Registration Statement, we refer you to the copy of the contract or document filed as an exhibit to the Registration Statement for a complete description. You should rely only on the information in our prospectus and the documents that are incorporated by reference. We have not authorized anyone else to provide you with different information. We are not offering these securities in any state where the offer is prohibited by law. You should not assume that the information in our prospectus or any incorporated document is accurate as of any date other than the date of the document. References to “we,” “us” or “our” refer to First Bancorp and its directly or indirectly owned subsidiaries, unless the context otherwise requires.

SUMMARY

The Company

First Bancorp, or the Company, is a bank holding company. The principal activity of the Company is the ownership and operation of First Bank, a state-chartered bank with its main office in Troy, North Carolina. The Company also owns and operates a nonbank subsidiary, Montgomery Data Services, Inc., a data processing company. These subsidiaries are fully consolidated for financial reporting purposes. The Company is also the parent to a series of statutory business trusts organized under the laws of the State of Delaware that were created for the purpose of issuing trust preferred debt securities. The Company’s outstanding debt associated with these trusts was \$67.0 million at December 31, 2009 and 2008, respectively.

The Company was incorporated in North Carolina on December 8, 1983, as Montgomery Bancorp, for the purpose of acquiring 100% of the outstanding common stock of First Bank through a stock-for-stock exchange. On December 31, 1986, the Company changed its name to First Bancorp to conform its name to the name of First Bank, which had changed its name from Bank of Montgomery to First Bank in 1985. First Bank was organized in North Carolina in 1934 and began banking operations in 1935 as the Bank of Montgomery, named for the county in which it operated. As of December 31, 2009, First Bank operated in a 36-county area centered in Troy, North Carolina. Troy, population 3,500, is located in the center of Montgomery County, approximately 60 miles east of Charlotte, 50 miles

south of Greensboro, and 80 miles southwest of Raleigh. First Bank conducts business from 91 branches covering a geographical area from Little River, South Carolina to the southeast, to Wilmington, North Carolina to the east, to Kill Devil Hills, North Carolina to the northeast, to Radford, Virginia to the north, to Wytheville, Virginia to the northwest, and to Harmony, North Carolina to the west. First Bank also has a loan production office in Blacksburg, which is located in southwestern Virginia and represents First Bank's furthest location to the north of Troy. Of First Bank's 91 branches, 77 are in North Carolina, with nine branches in South Carolina and five branches in Virginia (where First Bank operates under the name "First Bank of Virginia"). Ranked by assets, First Bank was the sixth largest bank headquartered in North Carolina as of December 31, 2009.

On June 19, 2009, First Bank acquired substantially all of the assets and liabilities of Cooperative Bank, which had been closed earlier that day by regulatory authorities. Cooperative Bank operated through 24 branches located primarily in the coastal region of North Carolina. In connection with the acquisition, First Bank assumed assets with a book value of \$959 million, including \$829 million in loans and \$706 million in deposits. The loans and foreclosed real estate purchased are covered by loss share agreements between the Federal Deposit Insurance Corporation (FDIC) and First Bank, which afford First Bank significant loss protection. The Company recorded a gain of \$67.9 million as a result of this acquisition.

First Bank has two wholly owned subsidiaries, First Bank Insurance Services, Inc. (“First Bank Insurance”) and First Troy SPE, LLC. First Bank Insurance was acquired as an active insurance agency in 1994 in connection with the Company’s acquisition of a bank that had an insurance subsidiary. On December 29, 1995, the insurance agency operations of First Bank Insurance were divested. From December 1995 until October 1999, First Bank Insurance was inactive. In October 1999, First Bank Insurance began operations again as a provider of non-FDIC insured investments and insurance products. Currently, First Bank Insurance’s primary business activity is the placement of property and casualty insurance coverage. First Troy SPE, LLC, which was organized in December 2009, is a holding entity for certain foreclosed properties.

The Company’s principal executive offices are located at 341 North Main Street, Troy, North Carolina 27371-0508, and its telephone number is (910) 576-6171.

The Plan

The Plan offers our shareholders a simple and convenient method of reinvesting cash dividends to purchase additional shares of our common stock, as well as of purchasing shares through optional cash payments. Registrar and Transfer Company, a New Jersey corporation, has been appointed the administrator of the Plan to act as plan administrator for shareholders electing to participate in the Plan.

The dividends and optional cash payments invested pursuant to the Plan will be used to purchase newly issued shares of common stock from us or to purchase shares of common stock in the open market or privately negotiated transactions or from other participants in the Plan. The price of newly issued shares of common stock purchased from us or shares purchased from other participants shall be an amount equal to the fair market value (as determined pursuant to the Plan) of such shares on the date on which such shares are purchased. The price at which the plan administrator shall be deemed to have purchased shares for a participant’s account in the open market or privately negotiated transactions will be the weighted average price of such shares paid by the plan administrator for the participant’s allocable portion of shares purchased over a particular period that common stock was purchased, plus the participant’s proportionate share of any brokerage commissions incurred thereon. Each participant’s share of brokerage commissions may be less than he might incur individually because the plan administrator will buy shares in volume. Brokerage commissions have not typically been paid in past open market transactions, except for nominal transaction fees that have not exceeded \$100 per year in the aggregate for all shares acquired. Dividends will be reinvested on a quarterly basis, and optional cash payments will be invested on a monthly basis.

You may enroll in the Plan by completing an authorization form and returning it to Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016, Attention: First Bancorp Dividend Reinvestment Plan Administrator. You may obtain an authorization form from Registrar and Transfer Company at the preceding address, or from the Company by writing to First Bancorp, P.O. Box 508, Troy, North Carolina 27371, Attention: Anna G. Hollers. You may terminate participation in the Plan at any time. If you do not wish to participate in the Plan, you will continue to receive cash dividends, if and when paid, by check.

RISK FACTORS

Before choosing to invest in our common stock, we urge you to carefully consider the risk factors contained under the heading “Risk Factors” in our most recent Annual Report on Form 10-K, which risk factors are incorporated by reference into this prospectus, as well as the following factors, each of which could affect our financial results and the performance of our common stock, as well as the information contained in the rest of this prospectus:

- competitive pressure in the banking industry may increase significantly;

- changes in the interest rate environment may reduce margins;
- general economic conditions, either national or regional, may be less favorable than expected, resulting in, among other things, deterioration of asset quality;
 - changes may occur in the regulatory environment;
 - changes may occur in business conditions and inflation; and
 - changes may occur in the securities markets.

FORWARD-LOOKING STATEMENTS

Certain statements contained in or incorporated by reference into this prospectus could be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by the use of qualifying words (and their derivatives) such as "expect," "believe," "estimate," "plan," "project," or other statements concerning opinions or judgment of the Company and its management about future events. Factors that could influence the accuracy of such forward-looking statements include, but are not limited to, the financial success or changing strategies of our customers, our level of success in integrating acquisitions, actions of government regulators, the level of market interest rates, and general economic conditions, and also include the matters discussed above under "Risk Factors" as well as risk factors incorporated by reference into this prospectus.

USE OF PROCEEDS

We do not know the number of shares of our common stock that will ultimately be purchased pursuant to the Plan, or the prices at which such shares will be purchased. The proceeds from original issuances by us of our common stock to participants under the Plan will be used for general corporate purposes. We will not receive any proceeds when shares of our common stock are purchased in the open market or privately negotiated transactions or from other Plan participants.

DESCRIPTION OF THE PLAN

The following description of the Plan does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Plan. We will provide copies of the Plan upon request to Anna G. Hollers, First Bancorp, Post Office Box 508, Troy, North Carolina 27371-0508, telephone (910) 576-6171. The Plan initially became effective in 1993, and was amended and restated effective January 26, 1999. Capitalized terms used in this description have the same meaning given to them in the Plan, unless the context requires otherwise.

1. All holders of record of our common stock are eligible to participate in the Plan. Beneficial owners of common stock whose shares are held for them in registered names other than their own, such as in the names of brokers, bank nominees or trustees, should, if they wish to participate in the Plan, either arrange for the holder of record to join the Plan or have the shares they wish to enroll in the plan transferred to their own names.
2. Any holders of record of our common stock may elect to become a participant in the Plan by returning to the plan administrator a properly completed authorization form, which appoints the plan administrator as agent for the

participant and:

- (a) authorizes us to pay to the plan administrator for the participant's account all cash dividends payable on the common stock that the participant has enrolled in the Plan;
- (b) authorizes the plan administrator to retain for credit to the participant's account any cash dividends and any shares of common stock distributed as a non-cash dividend or otherwise on the shares of common stock purchased pursuant to the Plan ("Plan Shares") and credited to the participant's account and to distribute to the participant any other non-cash dividend paid on the Plan Shares; and

(c) authorizes the plan administrator to apply such cash dividends and/or any optional cash payments made by the participant pursuant to Paragraph 5 below to the purchase of shares of common stock in accordance with the terms and conditions of the Plan.

3. After receipt of the properly completed authorization form, the plan administrator will open an account under the Plan as plan administrator for the participant and will credit to such account:

(a) all cash dividends received by the plan administrator from us on shares of common stock registered in the participant's name and enrolled in the Plan by the participant, commencing with the first dividends paid after receipt of the authorization form by the plan administrator, provided that the authorization form is received at least five (5) business days prior to a dividend record date;

(b) all optional cash payments received from the participant pursuant to Paragraph 5 below;

(c) all full or fractional Plan Shares purchased for the participant's account after making appropriate deduction for the purchase price of such shares;

(d) all cash dividends received by the plan administrator on any full or fractional Plan Shares credited to the participant's account;

(e) any shares of common stock distributed by us as a dividend or otherwise on Plan Shares credited to the participant's account; and

(f) any shares of common stock transferred by the participant pursuant to Paragraph 10 below.

4. Cash dividends and optional cash payments held for a participant's Plan account will be commingled with the cash dividends and optional cash payments held for all other accounts under the Plan and will be applied to the purchase of common stock. The plan administrator will make arrangements to use reinvested dividends to purchase common stock on a quarterly basis, on or about the applicable dividend payment date. The plan administrator will make arrangements to use optional cash payments to purchase common stock at least once monthly, on or about the 25th day of each calendar month. In the discretion of the plan administrator, purchases of common stock made with reinvested cash dividends may be made together with purchases of common stock made with optional cash payments in those months that cash dividends are paid. In any case, purchases may be made over a number of days to meet the requirements of the Plan. No interest will be paid on any dividends or optional cash payments.

Shares needed to meet the requirements of the Plan may be acquired on any securities exchange on which the common stock is traded or in the over-the-counter market (together, the "open market"), in negotiated transactions or by purchasing shares being sold under the Plan by other participants. In addition, in our discretion and subject to requirements of the SEC, shares may be purchased directly from us to be issued from authorized but unissued shares. If the plan administrator makes purchases in the open market or privately negotiated transactions, a participant's price per share will be the weighted average price of shares purchased over the relevant period to satisfy Plan requirements, plus the participant's proportionate share of the brokerage commission incurred by the plan administrator in connection with purchases of Plan Shares during such period. If the plan administrator purchases shares directly from us or from other participants, a participant's price per share will be the fair market value of the common stock on the day the shares are purchased. "Fair market value" with respect to any day means the average of the high and low asked prices for shares of common stock, or in the absence of such information, as determined by the plan administrator on the basis of such market quotations or other market information as it deems appropriate.

A participant's account will be credited with a number of shares of common stock equal to the amount of cash dividends and/or optional cash payments invested on behalf of the participant, divided by the applicable price per share of common stock, with fractional shares computed to at least four decimal places. Certificates for shares of common stock purchased under the Plan will not customarily be issued to the participants. Instead, the plan administrator will hold all shares in the name of one of its nominees, and the shares of common stock that a participant buys under the Plan will be credited to and maintained in the participant's Plan account. This feature protects against loss, theft or destruction of stock certificates. The participant will receive a periodic statement from the plan administrator detailing the status of the participant's holdings.

In certain circumstances, the lack of shares available for purchase, compliance with banking and securities laws, the observance of rules and regulations of governmental regulatory bodies or other conditions may result in delays or temporary curtailment or suspension of purchases of common stock under the Plan. Typically, purchases will resume when shares are again available or when purchases are again permitted.

If, for any reason, the plan administrator does not acquire shares of the common stock within thirty-five (35) days of receipt of optional cash payments or thirty (30) days after the dividend date for dividend reinvestments, the plan administrator shall remit such cash amounts to the participant promptly after such thirty-fifth (35th) or thirtieth (30th) day.

Because the plan administrator will arrange for the purchase of shares on behalf of the Plan, neither we nor any participant in the Plan has the authority or power to control either the timing or pricing of shares purchased or the selection of the broker making the purchase. Therefore, participants will not be able to time precisely their purchases through the Plan and will bear the market risk associated with fluctuations in the price of our common stock. It is possible that the market price of the common stock could go up or down before the broker purchases stock with the participant's funds.

5. The participant may at any time deposit with the plan administrator for credit to his account optional cash payments in amounts not less than twenty-five (\$25.00) and not greater than two thousand five hundred dollars (\$2,500.00) during any dividend quarter. Each optional cash payment must be accompanied by the stock purchase form furnished by the plan administrator. The plan administrator will commingle the funds credited to a participant's account with optional cash payments credited to all accounts under the Plan and will apply such funds to the purchase of shares of common stock as described in Paragraph 4 above. Payments received less than five (5) business days prior to the 25th of a month will not be invested until the following month on or about the 25th of that month.
6. The plan administrator will mail to each participant a statement summarizing transactions in his account for each period in which there is activity.
7. The plan administrator may hold the Plan Shares of all participants together in its name or in the name of its nominee. No certificates will be delivered to a participant for Plan Shares except upon written request or upon termination of the account. A participant may request certificates for any full shares credited to his account at any time. No certificates will be delivered for fractional shares. Accounts under the Plan will be maintained in the name in which the participant's certificates are registered when the participant enrolls in the Plan, and certificates for full shares will be similarly registered when issued to the participant. Certificates will be registered and issued in names other than the account name, subject to compliance with any applicable laws and payment by the participant of any applicable fees and taxes, provided that the participant makes a written request therefor in accordance with our usual requirements for the registration of a transfer of our common stock.
8. The automatic reinvestment of dividends does not relieve the participant of any income tax that may be payable on such dividends. The plan administrator will comply with all applicable Internal Revenue Service requirements concerning the filing of information returns for dividends credited to each account under the Plan, and such information will be provided to the participant by a duplicate of that form or in a final statement of account for each calendar year. With respect to participants whose dividends are subject to United States domestic or foreign income tax withholding, the plan administrator will comply with all applicable Internal Revenue Service requirements concerning the amount of tax to be withheld, which will be deducted from the dividends prior to investment.

9. The plan administrator will forward, as soon as practicable, any proxy solicitation materials to the participant. The plan administrator will vote any full and/or fractional Plan Shares that it holds for the participant's account in accordance with the participant's directions. If a participant does not return a signed proxy to the plan administrator, the plan administrator will not vote such shares.

10. A participant may transfer any issued shares of common stock held of record in his name to the plan administrator or the plan administrator's nominee and such shares will be held by the plan administrator for his account as Plan Shares subject to the terms and conditions of this Agreement.
11. A participant may terminate his account at any time by giving a written notice of termination to the plan administrator. Any such notice of termination received by the plan administrator less than five (5) business days prior to a dividend record date will not become effective until dividends paid on the dividend payable date have been invested. The plan administrator may terminate a participant's account upon written notice to the participant if there is less than one whole share remaining in the participant's account and the participant is not a registered shareholder of any shares of common stock for which dividends have been designated for Plan reinvestment. Upon termination, the participant may elect in writing to receive certificates representing the full Plan Shares credited to his account and cash in lieu of fractional shares or he may elect in writing to receive cash for all the full and fractional Plan Shares credited to his account. If no written election is made at the time the plan administrator receives the written notice of termination from the participant or prior to expiration of the thirty (30) days notice period when the plan administrator terminates a participant's account, certificates will be issued for all full Plan Shares and the participant will receive cash for any fractional shares. When the participant terminates his account, certificates will be issued within thirty (30) days of the notice of termination being given by such participant.

In the event a participant elects to receive cash for the Plan Shares credited to his account, the plan administrator will, as soon as practicable after receipt of a written request, sell such Plan Shares and deliver to the participant the proceeds of the sale (with such sales proceeds being delivered not later than thirty (30) days after the plan administrator's receipt of such request), less any brokerage commissions and any other costs of sale. Any full shares and fractional interests in shares may be aggregated and sold with those of other terminating participants. The proceeds to each participant, in such case, will be the average sale price of all shares so aggregated and sold less the participant's pro rata share of any brokerage commissions and other costs of sale. Such sales may, but need not, be made by purchase for other participants' accounts under the Plan, in which case the sale price per share of our common stock will be as reported by the principal stock exchange, or other appropriate market as determined by the plan administrator, on which the stock is traded on the day of receipt by the plan administrator of the notice of termination or, if the stock is not traded on the date of receipt, the mean between the bid and asked price or such other market quotation as the plan administrator may deem appropriate on such date.

In all terminations, fractional interests held in the participant's account and not otherwise aggregated and sold will be purchased by the plan administrator for cash at a price deemed to be the closing sale price per share of our common stock as reported by the principal stock exchange, or other appropriate market as determined by the plan administrator, on which the stock is traded on the date of receipt by the plan administrator of the notice of termination or, if the stock is not traded on the date of such receipt, such closing sale price on the next prior date that it was so traded.

12. A participant may at any time, without terminating participation in the Plan, withdraw any or all full shares credited to his account by sending written instructions to the plan administrator. A withdrawal form is provided on the reverse side of the detachable bottom portion of the plan statement. The participant may request that certificates be issued for a specified number of full shares or that a specified number of full shares be sold and a check issued for the net proceeds.
13. If at any time a participant ceases to be a record holder of common stock other than due to transfer of shares to the plan administrator to be held for his account pursuant to Paragraph 10 above, the plan administrator, at our direction, may mail a written notice to such participant requesting instructions as to the disposition of stock in the participant's account under the Plan. If within thirty (30) days of mailing such notice the plan administrator does not receive instructions from the participant, the plan administrator, may, at our direction, terminate the

participant's account.

14. Participants must notify the plan administrator promptly in writing of any change of address. Notices or statements from the plan administrator to the participant may be given or made by letter addressed to the participant at his last address of record with the plan administrator and any such notice or statement shall be deemed given or made when received by the participant or five (5) days after mailing, whichever occurs earlier.

15. Participants shall not sell, pledge, hypothecate, assign, or transfer any Plan Shares held for their accounts by the plan administrator, nor shall any participant have any right to draw checks or drafts against his account. The plan administrator has no obligation to follow any instructions of a participant with respect to the Plan Shares or any cash held in his account except as expressly provided under the terms and conditions of the Plan.
16. We will either pay directly or reimburse the plan administrator for the costs of administering the Plan, including but not limited to the costs of printing and distributing Plan literature to record holders of common stock, forwarding proxy solicitation material to participants, and mailing confirmations of account transactions, account statements, and other notices to participants, and reasonable clerical expenses associated therewith. As discussed above in Paragraphs 4 and 11, each participant will share proportionately in brokerage commissions incurred by the plan administrator in transactions involving Plan Shares; there will be no brokerage commissions for newly issued shares purchased from us.
17. Neither we nor the plan administrator or its nominee(s) shall be liable hereunder for any action taken in good faith or for any good faith omission to act, including without limitation any claims of liability:
 - (a) arising out of failure to terminate the participant's account upon the participant's death, prior to receipt of written notice of such death accompanied by documentation satisfactory to the plan administrator;