

PEOPLES BANCORP OF NORTH CAROLINA INC
Form 10-K/A
December 16, 2010

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

FORM 10-K/A
(Amendment No. 1)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2009

Peoples Bancorp of North Carolina, Inc.
(Exact Name of Registrant as Specified in Its Charter)

North Carolina
(State or Other Jurisdiction of Incorporation)

000-27205
(Commission File No.)

56-2132396
(IRS Employer Identification No.)

518 West C Street, Newton, North Carolina
(Address of Principal Executive Offices)

28658
(Zip Code)

(828) 464-5620
(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, no par value
(title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act
Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large Accelerate Accelerated Non-Accelerated Smaller Reporting
Filer Filer Filer Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$27,086,476 based on the closing price of such common stock on June 30, 2009, which was \$6.15 per share.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

5,539,056 shares of common stock, outstanding at February 28, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report of Peoples Bancorp of North Carolina, Inc. for the year ended December 31, 2009 (the “Annual Report”), which will be included as Appendix A to the Proxy Statement for the 2010 Annual Meeting of Shareholders, are incorporated by reference into Part I and Part II and included as Exhibit 13 to the Form 10-K.

Portions of the Proxy Statement for the 2010 Annual Meeting of Shareholders of Peoples Bancorp of North Carolina, Inc. to be held on May 6, 2010 (the “Proxy Statement”), are incorporated by reference into Part III.

This report contains certain forward-looking statements with respect to the financial condition, results of operations and business of Peoples Bancorp of North Carolina, Inc. (the “Company”). These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like “expect,” “anticipate,” “estimate” and “believe,” variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, (1) competition in the markets served by Peoples Bank (the “Bank”), (2) changes in the interest rate environment, (3) general national, regional or local economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and the possible impairment of collectibility of loans, (4) legislative or regulatory changes, including changes in accounting standards, (5) significant changes in the federal and state legal and regulatory environment and tax laws, (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations and (7) other risks and factors

identified in the Company's other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements.

EXPLANATORY NOTE

This amendment to the Registrant's Annual Report for the Year Ended December 31, 2010 on Form 10-K (the "Form 10-K") is being filed solely to provide a cross-reference in Part III Item 12 (which was mislabeled Item 11 in the Form 10-K) to the Registrant's Proxy Statement for the 2010 Annual Meeting. The cross-reference, which was inadvertently omitted, was to have incorporated by reference the information concerning the Security Ownership of Certain Beneficial Owners contained in the Proxy Statement. Except as described above, there are no other changes to the Form 10-K and this amendment does not amend, update or change the financial statements or other disclosures in the Form 10-K. This amendment does not reflect events occurring after the filing of the Form 10-K.

**ITEM SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND
12. RELATED STOCKHOLDER MATTERS**

For the information required by the Item see the section captioned "Security Ownership of Certain Beneficial owners and Management" contained in the Proxy Statement, which section is incorporated herein by reference.

The following table presents the number of shares of Company common stock to be issued upon the exercise of outstanding options, warrants and rights; the weighted-average price of the outstanding options, warrants and rights and the number of options, warrants and rights remaining that may be issued under the Company's Omnibus Plan described under the section captioned "Omnibus Stock Option and Long Term Incentive Plan" contained in the Proxy Statement .

Plan Category	Number of securities to be issued upon exercise of outstanding option, warrants and rights (1), (2) (a)	Weighted-average exercise price of outstanding options, warrants and rights (3) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (4) (c)
Equity compensation plans approved by security holders	176,212	\$8.04	360,000
Equity compensation plans not approved by security holders	-	-	-
Total	176,212	\$8.04	360,000

(1) Includes 176,212 stock options issued under the 1999 Omnibus Plan, which are fully vested as of December 31, 2009. Of the outstanding stock options, options to purchase a total of 19,391 options were granted on September 25, 2000; 63,544 options were granted on October 30, 2001; 7,510 options were granted on December 18, 2001; 72,966 options were granted on December 17, 2002; 3,630 options were granted on May 6, 2004; and 2,421 options were granted on December 16, 2004.

(2) Includes 3,000 shares of restricted stock granted on September 20, 2007, 1,750 shares granted on March 20, 2008 and 2,000 shares granted on November 20, 2008 under the 1999 Omnibus Plan. These restricted stock grants cliff vest three years after issuance.

(3) The exercise prices for the grants of stock options under the 1999 Omnibus Plan on September 25, 2000; October 30, 2001; December 18, 2001; December 17, 2002; May 6, 2004 and December 16, 2004 are: \$6.99; \$8.78; \$8.10; \$7.77; \$10.31; and \$10.57, respectively. All prices and shares have been adjusted for the 10% stock dividends paid March 16, 2005 and June 16, 2006 and the three-for-two stock split paid June 15, 2007. The exercise price used for the grants of restricted stock is \$4.95, the closing price for the Company's stock on December 31, 2009.

(4) Reflects shares authorized under the February 19, 2009 Omnibus Stock Ownership and Long Term Incentive Plan. No shares have been issued under this plan as of December 31, 2009.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(3) The following exhibits are included in this amendment.

- | | |
|--------------------|---|
| Exhibit
(31)(a) | Certification of principal executive officer pursuant to section 302 of the Sarbanes-
Oxley Act of 2002 |
| Exhibit
(31)(b) | Certification of principal financial officer pursuant to section 302 of the Sarbanes-
Oxley Act of 2002 |
| Exhibit (32) | Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section
906 of the Sarbanes-Oxley Act of 2002 |
-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEOPLES BANCORP OF NORTH CAROLINA,
INC.
(Registrant)

By: */s/ Tony W. Wolfe*
Tony W. Wolfe
President and Chief Executive Officer

Date: December 16, 2010
