

PEOPLES BANCORP OF NORTH CAROLINA INC
 Form 4
 June 19, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
ABERNETHY JAMES S

2. Issuer Name and Ticker or Trading Symbol
PEOPLES BANCORP OF NORTH CAROLINA INC [PEBK]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 518 WEST C STREET
 (Street)
 NEWTON, NC 28658
 (City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
 06/16/2006
 4. If Amendment, Date Original Filed(Month/Day/Year)

Director 10% Owner
 Officer (give title below) Other (specify below)
 6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	06/16/2006		J ⁽¹⁾	3,102 A \$ 0 ⁽²⁾	34,129	D	
Common Stock	06/16/2006		J ⁽¹⁾	1,476 A \$ 0 ⁽²⁾	16,243 ⁽³⁾	D	
Common Stock	06/16/2006		J ⁽¹⁾	822 A \$ 0 ⁽²⁾	9,056	I	Daughter, Elizabeth
Common Stock	06/16/2006		J ⁽¹⁾	712 A \$ 0 ⁽²⁾	7,846	I	Daughter, Ashton
Common Stock	06/16/2006		J ⁽¹⁾	822 A \$ 0 ⁽²⁾	9,056	I	Custodian of Son

Common Stock	06/16/2006	J ⁽¹⁾	3,881	A	\$ 0 (2)	42,692 (3)	I	Alexander RR Company
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Benef Owne Follo Repor Trans (Instr
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
				Code	V	(A)	(D)		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ABERNETHY JAMES S 518 WEST C STREET NEWTON, NC 28658		X		

Signatures

James S. Abernethy	06/19/2006
<u> </u> Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 10% Stock Dividend and Cash Dividend paid simultaneously
- (2) 10% Stock Dividend at no cost to shareholder

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(3) Shares held in street name

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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