

PEOPLES BANCORP OF NORTH CAROLINA INC
Form DEF 14A
March 27, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- | | |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 | |

Peoples Bancorp of North Carolina, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

PEOPLES BANCORP
OF NORTH CAROLINA, INC.

Notice of 2009 Annual Meeting,
Proxy Statement and
Annual Report

PEOPLES BANCORP OF NORTH CAROLINA, INC.

PROXY STATEMENT

Table of Contents

NOTICE OF 2009 ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

Security Ownership Of Certain Beneficial Owners and Management

Section 16(a) Beneficial Ownership Reporting Compliance

Proposal 1 - Election of Directors

Our Board of Directors and Its Committees

Executive Committee

Governance Committee

Audit Committee

Report of Audit Committee

Implications of Participation in the Troubled Asset Purchase Relief Capital Purchase Program on Executive Compensation
Effect of the American Recovery and Reinvestment Act of 2009

Compensation Committee Interlocks and Insider Participation

Compensation Committee Certification

Executive Compensation and Benefits

Director Compensation

Executive Officers

Management Compensation

Employment Agreements

Equity Compensation Plan Information

Omnibus Stock Ownership and Long Term Incentive Plan

.....
Incentive Compensation Plans

.....
Deferred Compensation Plan

.....
Supplemental Retirement Plan

.....
Discretionary Bonuses and Service Awards

.....
Profit Sharing Plan and 401(k) Plan

.....
Indebtedness of and Transactions with Management and Directors

Performance Graph

.....
Proposal 2 - Approval of the Company's 2009 Omnibus Stock Option and Long Term Incentive Plan

Federal Income Tax Consequences

.....
Proposal 3 - Advisory (Non-Binding) Proposal to Approve the Compensation of the Company's Named Executive Officers

Proposal 4 - Ratification of Selection of Independent Auditor

.....
Audit Fees

.....
Audit Related Fees

.....
Tax Fees

.....
All Other Fees

.....
Date for Receipt of Shareholder Proposals

.....
Other Matters

.....
Miscellaneous

.....
Appendix A – Annual Report to Shareholders

Appendix B – Peoples Bancorp of North Carolina, Inc. 2009 Omnibus Stock Option and Long Term Incentive Plan

PEOPLES BANCORP OF NORTH CAROLINA, INC.
Post Office Box 467
518 West C Street
Newton, North Carolina 28658-0467
(828) 464-5620

NOTICE OF 2009 ANNUAL MEETING OF
SHAREHOLDERS
To Be Held on May 7, 2009

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting of Shareholders of Peoples Bancorp of North Carolina, Inc. (the "Company") will be held as follows:

Place: Catawba Country Club
1154 Country Club Road
Newton, North Carolina

Date: May 7, 2009

Time: 11:00 a.m., Eastern Time

The purposes of the Annual Meeting are to consider and vote upon the following matters:

- To elect four persons who will serve as members of the Board of Directors until the 2011 Annual Meeting of Shareholders or until their successors are duly elected and qualified;
- To approve a new Peoples Bancorp of North Carolina 2009 Omnibus Stock Ownership and Long Term Incentive Plan;
- To participate in an advisory (non-binding) vote to approve the compensation of the Company's executive officers, as disclosed in the Proxy Statement;
- To ratify the appointment of Porter Keadle Moore, LLP ("PKM") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009; and
- To consider and act on any other matters that may properly come before the Annual Meeting or any adjournment.

The Board of Directors has established March 10, 2009 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. If an insufficient number of shares is present in person or by proxy to constitute a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

A form of proxy is enclosed to enable you to vote your shares at the Annual Meeting. You are urged, regardless of the number of shares you hold, to complete, sign, date and return the proxy promptly. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

By Order of the Board of Directors,

/s/ Tony W. Wolfe

Tony W. Wolfe
President and Chief Executive Officer

Newton, North Carolina
March 27, 2009

ii

PEOPLES BANCORP OF NORTH CAROLINA, INC.

PROXY STATEMENT

Annual Meeting of Shareholders
To Be Held On May 7, 2009

This Proxy Statement is being mailed to our shareholders on or about March 27, 2009 for solicitation of proxies by the Board of Directors of Peoples Bancorp of North Carolina, Inc. Our principal executive offices are located at 518 West C Street, Newton, North Carolina 28658. Our telephone number is (828) 464-5620.

In this Proxy Statement, the terms “we,” “us,” “our” and the “Company” refer to Peoples Bancorp of North Carolina, Inc. The term “Bank” means Peoples Bank, our wholly-owned, North Carolina-chartered bank subsidiary. The terms “you” and “your” refer to the shareholders of the Company.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 7, 2009. The Notice, Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2008 are also available at

[www.sn1.com/IRWebLinkX/GenPage.aspx?IID=4050385\\$GKP=202713](http://www.sn1.com/IRWebLinkX/GenPage.aspx?IID=4050385$GKP=202713).

You may also access the above off-site website by going to www.peoplesbanknc.com and click on the link.

INFORMATION ABOUT THE ANNUAL MEETING

Your vote is very important. For this reason, our Board is requesting that you allow your common stock to be represented at the 2009 Annual Meeting of Shareholders by the proxies named on the enclosed proxy card.

When is the Annual Meeting? May 7, 2009 at 11 a.m., Eastern Time

Where will the Annual Meeting be held? At the Catawba Country Club, 1154 Country Club Road, Newton, North Carolina

What items will be voted on at the

Annual Meeting?

1. ELECTION OF DIRECTORS. To elect four directors to serve until the 2011 Annual Meeting of Shareholders;
2. APPROVAL OF THE 2009 OMNIBUS PLAN. To approve the new Peoples Bancorp of North Carolina, Inc. 2009 Omnibus Stock Ownership and Long Term Incentive Plan (the "2009 Omnibus Plan");
3. PARTICIPATION IN ADVISORY VOTE. To participate in an advisory (non-binding) vote to approve the compensation of the Company's executive officers, as disclosed in the Proxy Statement.
- 4.

RATIFICATION OF REGISTERED PUBLIC ACCOUNTING FIRM. To ratify the appointment of PKM as the Company's independent registered public accounting firm for fiscal year 2009; and

5. OTHER BUSINESS. To consider any other business as may properly come before the Annual Meeting or any adjournment.

Who can vote?

Only holders of record of our common stock at the close of business on March 10, 2009 (the "Record Date") will be entitled to notice of and to vote at the Annual Meeting and any adjournment of the Annual Meeting. On the Record Date, there were 5,539,056 shares of our common stock outstanding and entitled to vote and 707 shareholders of record.

How do I vote by proxy?

You may vote your shares by marking, signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope. If you return your signed proxy card before the Annual Meeting, the proxies will vote your shares as you direct. The Board of Directors has a