

FIRST COMMUNITY CORP /SC/  
Form S-4/A  
April 19, 2006

As filed with the Securities and Exchange Commission on April 19, 2006

Registration No. 333-132689

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

**PRE-EFFECTIVE AMENDMENT NO. 1  
TO THE  
FORM S-4  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933**

FIRST COMMUNITY CORPORATION  
(Exact name of registrant as specified in its charter)

South Carolina  
(State or other jurisdiction  
of  
incorporation or  
organization)

6021  
(Primary Standard  
Industrial  
Classification Code  
Number)

57-1010751  
(I.R.S. Employer  
Identification No.)

5455 Sunset Blvd.  
Lexington, South Carolina 29072  
(803) 951-2265

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Michael C. Crapps  
President and Chief Executive Officer  
First Community Corporation  
5455 Sunset Blvd  
Lexington, South Carolina 29072  
(803) 951-2265

(Name, address, including zip code, and telephone number, including area code of agent for service)

Copies to:

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Approximate date of commencement of the proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the merger described in the proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 464(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(d) 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.

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed maximum offering price	Proposed maximum aggregate offering price <sup>(3)</sup>	Amount of registration fee
Common Stock	441,612	<sup>(2)</sup>	\$5,672,379	\$607

(1) Based upon the maximum number of shares of common stock of First Community Corporation that may be issued in exchange for shares of common stock of DeKalb Bankshares, Inc. pursuant to the merger described in proxy statement/prospectus which is a part of this registration statement. Pursuant to Rule 416, this registration statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends, or similar transactions.

(2) Not Applicable.

(3) Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

P.O. Box 1198 • 631 West DeKalb Street  
Camden S.C. 29020  
Telephone: (803) 432-7575

April 25, 2006

Dear DeKalb Bankshares, Inc. shareholder:

You are cordially invited to attend a special meeting of shareholders of DeKalb to be held on May 23, 2006, at 4:00 p.m., local time, at the offices of The Bank of Camden, 631 West DeKalb Street, Camden, South Carolina. At this special meeting, you will be asked to approve the acquisition of DeKalb by First Community Corporation and to approve the proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes at the special meeting to approve the acquisition.

As a result of the acquisition, each share of DeKalb common stock will be converted into the right to receive \$3.875 in cash and 0.60705 shares of First Community common stock. The acquisition will be effected through the merger of DeKalb with and into First Community. The aggregate amount of cash and shares of First Community common stock received by DeKalb's shareholders will be a function of the number of shares of DeKalb common stock issued and outstanding at the effective time of the merger. DeKalb had 610,139 shares of common stock issued and outstanding as of April 17, 2006. Assuming no DeKalb shareholders exercise dissenters' rights, and assuming the total number of outstanding shares of DeKalb common stock immediately prior to the effective time is 610,139, First Community will issue an aggregate of 370,384 shares of stock and \$2,364,289 in cash. First Community common stock is listed under the symbol "FCCO" on the NASDAQ Capital Market. The common stock of DeKalb is not publicly traded.

In addition, each outstanding DeKalb stock option will be converted into an option to purchase 0.8094 shares of First Community common stock. The per share exercise price under each option will be adjusted by dividing the per share exercise price by 0.8094. All outstanding options will be exercisable for the same period and will otherwise have the same terms and conditions applicable to the DeKalb options that they replace.

**YOUR VOTE IS VERY IMPORTANT.** We cannot complete the merger unless, among other things, holders of at least two-thirds of the outstanding shares of DeKalb approve the merger agreement. **Your board of directors has approved the merger agreement, including the transactions contemplated in that agreement, and recommends that you vote "FOR" the merger and "FOR" the proposal to authorize adjournment.**

**Please carefully review and consider this proxy statement/prospectus which explains the merger proposal in detail, including the discussion under the heading "Risk Factors" beginning on page 19.** It is important that your shares are represented at the meeting, whether or not you plan to attend. An abstention or a failure to vote will have the same effect as a vote against the merger. Accordingly, please complete, date, sign, and return promptly your proxy card in the enclosed envelope. You may attend the meeting and vote your shares in person if you wish, even if you have previously returned your proxy.

Sincerely,

William C. Bochette, III  
President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this proxy statement/prospectus or determined if this proxy**

**statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The shares of First Community Corporation common stock are not savings or deposit accounts or other obligations of any bank, savings association, or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund, the Bank Insurance Fund, or any other governmental agency.**

*This document is dated April 21, 2006 and is first being mailed to DeKalb shareholders on or about April 25, 2006.*

**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about First Community from documents that are not delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from First Community at the following addresses:

First Community Corporation  
5455 Sunset Blvd.  
Lexington, South Carolina 29072  
Attention: Michael C. Crapps, President and Chief Executive Officer  
Telephone: (803) 951-2265

**If you would like to request documents, please do so by May 18, 2006 in order to receive them before the special meeting.**

See “Where You Can Find More Information” on page 171 for further information.

**DEKALB BANKSHARES, INC.**

**631 West DeKalb Street  
Camden, South Carolina 29020  
(803) 432-7575**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held On May 23, 2006**

To the Shareholders of DeKalb Bankshares, Inc.:

We will hold an special meeting of shareholders of DeKalb on May 23, 2006, at 4:00 p.m., local time, at the offices of The Bank of Camden, 631 West DeKalb Street, Camden, South Carolina for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of January 19, 2006, by and between First Community Corporation and DeKalb, and the transactions contemplated by that Agreement and Plan of Merger, pursuant to which DeKalb will merge with and into First Community, as more particularly described in the enclosed proxy statement/prospectus;
2. To consider and vote on a proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting, in person or by proxy, to approve the merger; and
3. To transact any other business as may properly be brought before the DeKalb special meeting or any adjournments or postponements of the DeKalb special meeting.

Only shareholders of record at the close of business on April 17, 2006 will be entitled to vote to notice of, and to vote at, the meeting and any adjournments or postponements of the meeting.

Whether or not you plan to attend the special meeting in person, please complete, date, sign, and return the enclosed proxy card in the accompanying pre-addressed postage-page envelope as promptly as possible. Any DeKalb shareholder may revoke his or her proxy by following the instructions in the proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please do not send any stock certificates to us at this time.

We encourage you to vote on this very important matter. **The Board of Directors of DeKalb unanimously recommends that DeKalb shareholders vote "FOR" the proposals above.**

**DeKalb shareholders are or may be entitled to assert dissenters' rights under Chapter 13 of the South Carolina Business Corporation Act of 1988. Your right to dissent is conditioned upon your compliance with the South Carolina statutes regarding dissenters' rights. The full text of these statutes is attached as Appendix B to the accompanying proxy statement/prospectus and a summary of the provisions can be found under the caption "The Merger—Rights of Dissenting DeKalb Shareholders."**

By Order of the Board of Directors,

William C. Bochette, III  
President and Chief Executive Officer

Camden, South Carolina  
April 25, 2006

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## QUESTIONS AND ANSWERS ABOUT THE MERGER

**Q: Why is DeKalb merging with and into First Community?**

**A:** DeKalb is merging with and into First Community because the boards of directors of both companies believe that the merger will provide shareholders of both companies with substantial benefits and will enable the combined company to better serve its customers. The products and markets of First Community and DeKalb are generally complementary, and the merger should place the combined company in a better position to take advantage of those markets.

**Q: What am I being asked to vote on and how does the board recommend that I vote?**

**A:** You are being asked to vote FOR the approval of the Agreement and Plan of Merger dated as of January 19, 2006, providing for the merger of DeKalb with and into First Community. The board of directors of DeKalb determined that the proposed merger is in the best interests of DeKalb's shareholders, approved the merger agreement, and recommends that you vote "FOR" the approval of the merger. In addition, you are being asked to grant authority to the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special meeting, in person or by proxy, to approve the merger.

**Q: What will I receive in the merger?**

**A:** In the merger, each share of DeKalb common stock will be converted into the right to receive \$3.875 in cash and 0.60705 shares of First Community common stock. In addition, each outstanding DeKalb stock option will be converted into an option to purchase 0.8094 shares of First Community common stock. The per share exercise price under each option will be adjusted by dividing the per share exercise price by 0.8094. All outstanding options will be exercisable for the same period and will otherwise have the same terms and conditions applicable to the DeKalb options that they replace.

**Q: Can I elect the type of consideration that I will receive in the merger?**

**A:** No. Each DeKalb shareholder will receive cash and shares of First Community common stock as described above.

**Q: Will DeKalb shareholders be taxed on the cash and First Community common stock that they receive in exchange for their DeKalb shares?**

**A:** We expect the merger to qualify as a reorganization for United States Federal income tax purposes. If the merger qualifies as a reorganization for United States Federal income tax purposes, DeKalb shareholders will not recognize any gain or loss to the extent DeKalb shareholders receive First Community common stock in exchange for their DeKalb shares. However, DeKalb shareholders will recognize capital gain, but not loss, to the extent of the amount of cash received. We recommend that DeKalb shareholders carefully read the complete explanation of the material United States federal income tax consequences of the merger beginning on page 33, and that DeKalb shareholders consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

**Q: What should I do now?**

**A:** After you have carefully read this document, please indicate on your proxy card how you want to vote, and then date, sign, and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the meeting. If you date, sign, and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of the merger proposal.

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**Q: Why is my vote important?**

**A:** The merger proposal must be approved by holders of at least two-thirds of the outstanding shares of DeKalb entitled to vote at the special meeting. Accordingly, if a DeKalb shareholder fails to vote on the merger, it will have the same effect as a vote against the merger proposal.

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

**A:** Your broker will vote your shares on the merger proposal only if you provide instructions on how to vote. You should instruct your broker how to vote your shares following the directions your broker provides. Failure to instruct your broker how to vote your shares will be the equivalent of voting against the merger proposal.

**Q: Can I change my vote after I have submitted my proxy?**

**A:** Yes. There are three ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later-dated proxy with new voting instructions. The latest vote actually received by DeKalb prior to the special meeting will be your vote. Any earlier votes will be revoked. Third, you may attend the special meeting and vote in person. Any earlier votes will be revoked. Simply attending the special meeting without voting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

**Q: Do I have the right to dissent and obtain the fair value for my shares?**

**A:** Yes. If the merger is completed, you will have the right to dissent and receive the “fair value” of your shares in cash, but you must follow carefully the requirements of the South Carolina statutes which are attached as Appendix B to this proxy statement/prospectus, and should consult with your own legal counsel. For a description of these requirements, see “The Merger—Rights of Dissenting DeKalb Shareholders.”

**Q: Should I send in my stock certificates now?**

**A:** No. You should not send in your stock certificates at this time. Promptly after the effective time of the merger, you will receive transmittal materials with instructions for surrendering your DeKalb shares. *You should follow the instructions in the post-closing letter of transmittal regarding how and when to surrender your stock certificates.*

**Q: When do you expect to complete the merger?**

**A:** We presently expect to complete the merger in the late second or early third quarter of 2006. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of DeKalb shareholders at the special meeting and the necessary regulatory approvals.

**Q: Whom should I call with questions about the merger?**

**A:** DeKalb shareholders may contact William C. Bochette, III, president and chief executive officer of DeKalb, at (803) 432-7575. You can also find more information about DeKalb and First Community from various sources described under “Additional Information” and “Where You Can Find More Information” of this proxy statement/prospectus.

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## SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. To better understand the merger and its potential impact on you, we urge you to read this entire document carefully, including the exhibits and enclosures. Each item in this summary includes a page reference directing you to a more complete discussion of the item.*

### **The Companies (pages 55 and 102)**

First Community Corporation  
5455 Sunset Blvd.  
Lexington, South Carolina 29072  
Attention: Michael C. Crapps, President and Chief Executive Officer  
Telephone: (803) 951-2265

First Community is a South Carolina corporation and is registered as a bank holding company with the Federal Reserve Board. First Community engages in a general banking business through its subsidiary, First Community Bank, N.A., a national banking association which commenced operations in August 1995. First Community's executive office is in Lexington, South Carolina. First Community Bank operates 11 full-service offices located in Lexington (two), Forest Acres, Irmo, Cayce-West Columbia, Gilbert, Chapin, Northeast Columbia, Prosperity, and Newberry (two).

DeKalb Bankshares, Inc.  
631 West DeKalb Street  
Camden, South Carolina 29020  
Telephone: (803) 432-7575

DeKalb is a South Carolina corporation and is registered as a bank holding company with the Federal Reserve Board. DeKalb engages in a general banking business through its subsidiary, Bank of Camden, a South Carolina chartered commercial bank which commenced operations in February 2001. DeKalb's executive office is in Camden, South Carolina. Bank of Camden operates one banking office located in Camden, South Carolina.

### **The Merger (page 25)**

The merger agreement is attached as Appendix A to this document. You should read the merger agreement because it is the legal document that governs the merger. The merger agreement provides for the merger of DeKalb with and into First Community. In addition, DeKalb's wholly owned subsidiary, the Bank of Camden, will be merged with and into First Community's wholly owned subsidiary, First Community Bank, N.A. Upon the closing of the merger, each share of DeKalb common stock will be converted into the right to receive \$3.875 in cash and 0.60705 shares of First Community common stock. In addition, each outstanding DeKalb stock option will be converted into an option to purchase 0.8094 shares of First Community common stock. The per share exercise price under each option will be adjusted by dividing the per share exercise price by 0.8094. All outstanding options will be exercisable for the same period and will otherwise have the same terms and conditions applicable to the DeKalb options that they replace.

### **Reasons for the Merger (page 26)**

In reaching its decision to adopt and approve the merger agreement and recommend the merger to its shareholders, the DeKalb board of directors consulted with DeKalb management, as well as its legal and financial advisors, and considered a number of factors, including:



- A review of DeKalb's current business, operations, earnings, and financial condition and reasonable expectations of future performance and operations;
- The terms of the First Community's offer, including both the amount and nature of the consideration proposed to be paid in comparison to other similar transactions occurring in the recent past within South Carolina;

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- The recent market performance of First Community common stock, as well as the recent earnings performance and dividend payment history of First Community;
- The belief of the DeKalb board of directors that the terms of the agreement and plan of merger are attractive in that the agreement and plan of merger allow DeKalb's shareholders to become shareholders in First Community and receive a substantial cash payment;
- The difficulty of remaining independent in close proximity to the Columbia market and risks of de novo branching into the Columbia market versus the benefits of combining with an institution with a significant Columbia market presence;
  - The alternatives to the merger, including remaining an independent institution;
  - The competitive and regulatory environment for financial institutions generally;
  - The wide range of banking products and services First Community offers to its customers;
  - The impact of the proposed merger on DeKalb's employees and the Camden community;
- The belief of DeKalb's board of directors, based upon analysis of the anticipated financial effects of the merger, that upon consummation of the merger, First Community and its banking subsidiaries would remain well-capitalized institutions, the financial positions of which would be in excess of all applicable regulatory capital requirements;
- The Orr Group, LLC's opinion that the consideration DeKalb shareholders will receive as a result of the merger is fair from a financial point of view;
- The belief of DeKalb's board of directors that, in light of the reasons discussed above, First Community was an attractive choice as a long-term affiliation partner of DeKalb; and
- The expectation that the merger will generally be a tax-free transaction to DeKalb shareholders with respect to the First Community common stock received by virtue of the merger. See "Federal Income Tax Consequences."

In addition, DeKalb's board knew and considered the financial interests of certain DeKalb directors and executives when it approved the merger agreement. These financial interests are addressed in greater detail under the heading "The Merger - Interests of Directors and Officers of DeKalb that Differ from Your Interests."

### **Regulatory Approvals (page 37)**

We cannot complete our merger unless we obtain the approval of the Board of Governors of the Federal Reserve System and the South Carolina State Board of Financial Institutions. As of the date of this document, we have not yet received the required regulatory approvals. Although we expect to obtain the necessary approvals in a timely manner, we cannot be certain when, or if, they will be received.

### **DeKalb Shareholders' Meeting (page 22)**

DeKalb will hold its shareholders' special meeting on May 23, 2006, at 4:00 p.m., local time, at the offices of The Bank of Camden, 631 West DeKalb Street, Camden, South Carolina. At the special meeting, DeKalb shareholders will be asked to vote to approve the merger proposal and the proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes at the special

meeting, in person or by proxy, to approve the merger proposal.

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### **DeKalb Shareholders' Meeting Record Date and Voting (page 22)**

If you owned shares of DeKalb at the close of business on April 17, 2006, the record date, you are entitled to vote on the merger proposal, as well as any other matters considered at the meeting. On the record date, there were 610,139 shares of DeKalb stock outstanding. You will have one vote at the meeting for each share of DeKalb stock you owned on the record date. The affirmative vote of the holders of at least two-thirds of DeKalb outstanding shares of common stock is required to approve the merger proposal. As of April 17, 2006, DeKalb's current directors and executive officers had or shared the right to vote approximately 27.26% of the outstanding shares of DeKalb common stock. Each of DeKalb's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of DeKalb common stock in favor of the merger proposal.

### **The Board of Directors of DeKalb Recommends Shareholder Approval (page 23)**

The board of directors of DeKalb has approved the merger proposal, believes that the merger proposal is in the best interest of DeKalb and its shareholders, and recommends that the shareholders vote **"FOR"** approval of the merger proposal.

### **The Financial Advisor for DeKalb Believes the Merger Proposal Consideration is Fair to DeKalb Shareholders (page 27)**

The Orr Group, LLC has served as financial advisor to DeKalb in connection with the merger proposal and has given an opinion to the DeKalb board of directors that, as of January 17, 2006, the date the DeKalb board of directors voted on the merger proposal, the consideration First Community will pay for the DeKalb common stock is fair to DeKalb shareholders from a financial point of view. A copy of the opinion delivered by The Orr Group, LLC is attached to this proxy statement/prospectus as Appendix C. DeKalb shareholders should read the opinion completely to understand the assumptions made, matters considered, and limitations of the review undertaken by The Orr Group, LLC in providing its opinion.

### **Interests of Directors and Officers of DeKalb that Differ from Your Interests (page 35)**

When considering the recommendations of the DeKalb board of directors, you should be aware that some directors and officers have interests in the merger proposal that differ from the interests of other shareholders, including the following:

- Following the merger, one current DeKalb director, who has not yet been selected, will be appointed to the board of directors of First Community;
  - Following the merger, seven current DeKalb directors will be appointed to an advisory board of First Community Bank and First Community Bank will pay advisory fees to these individuals for these services;
- Following the merger, William C. Bochette, III will serve as a senior vice president of First Community Bank. In addition to an annual salary of \$150,000 and benefits, he will also receive a lump sum payment of \$400,000 in connection with the termination of his existing employment agreement with DeKalb;
- Following the merger, First Community will generally indemnify and provide liability insurance for up to three years following the merger to the present directors and officers of DeKalb, subject to certain exceptions.

Each board member was aware of these and other interests and considered them before approving and adopting the merger proposal.

**Federal Income Tax Consequences (page 33)**

We have structured the merger so that it will be considered a reorganization for United States federal income tax purposes. If the merger is a reorganization for United States federal income tax purposes, DeKalb

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shareholders generally will not recognize any gain or loss on the exchange of shares of DeKalb common stock for shares of First Community common stock. However, DeKalb shareholders will recognize gain, but not loss, for federal income tax purposes, to the extent of the cash they receive in the exchange. Such gain will be a capital gain, provided that such shares were held as capital assets of the DeKalb shareholder at the effective time of the merger. Determining the actual tax consequences of the merger to a DeKalb shareholder may be complex. These tax consequences will depend on each shareholder's specific situation and on factors not within our control. DeKalb shareholders should consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

#### **Comparative Rights of Shareholders (page 48)**

The rights of DeKalb shareholders are currently governed by South Carolina corporate law and DeKalb's articles of incorporation and bylaws. The rights of First Community shareholders are currently governed by South Carolina corporate law and First Community's articles of incorporation and bylaws. Upon consummation of the merger, the shareholders of DeKalb will become shareholders of First Community and the articles of incorporation and bylaws of First Community will govern their rights. First Community's articles of incorporation and bylaws differ somewhat from those of DeKalb.

#### **Termination of the Merger Agreement (page 38)**

Notwithstanding the approval of the merger proposal by DeKalb shareholders, DeKalb and First Community can mutually agree in writing at any time to terminate the merger agreement before completing the merger.

Either DeKalb or First Community can also terminate the merger agreement:

- If the other party materially violates any of its representations or warranties under the merger agreement and fails to cure the violation;
- If required regulatory approval is denied by final nonappealable action of such regulatory authority or if any action taken by such authority is not appealed within the time limit for appeal;
- If any law or order permanently restraining, enjoining, or otherwise prohibiting the consummation of the merger shall have become final and nonappealable;

· If DeKalb shareholder approval is not obtained at the special meeting; or

· If we do not complete the merger by October 31, 2006.

First Community can also terminate the merger agreement, provided that it is not in material breach of any representation, warranty, or covenant, or other agreement in the merger agreement, and the DeKalb shareholders have not approved the merger:

- If the DeKalb board of directors fails to reaffirm its approval upon First Community's request for such reaffirmation of the merger or if the DeKalb board of directors resolves not to reaffirm the merger;
- If the DeKalb board of directors withdraws, qualifies, modifies, or proposes publicly to withdraw, qualify, or modify, in a manner adverse to First Community, its recommendation that the shareholders approve the merger;
- If the DeKalb board of directors affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within five business days after commencement of any tender or exchange offer for any shares of

its common stock, the DeKalb board of directors makes any recommendation other than against such tender or exchange offer; or

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· If the DeKalb board of directors negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger.

First Community may also terminate the merger agreement if at any time during the three business day period commencing on the Determination Date (as defined in the merger agreement) the final FCCO Stock Price (as defined in the merger agreement) is greater than \$22.98. Within three business days of receiving First Community's notice of termination, DeKalb will have the option of decreasing the per share purchase price to be received by DeKalb shareholders so that it would equal \$22.98.

DeKalb can terminate the merger agreement, provided that it is not in material breach of any representation, warranty, or covenant, or other agreement in the merger agreement, if, prior to the adoption of the merger agreement by the shareholders at the special meeting, the DeKalb board of directors has (x) withdrawn or modified or changed its recommendation or approval of the merger agreement in a manner adverse to First Community in order to approve and permit DeKalb to accept a superior proposal and (y) determined, after consultation with and the receipt of advice from outside legal counsel to DeKalb, that the failure to take such action would be likely to result in a breach of the board of directors' fiduciary duties under applicable law.

DeKalb may also terminate the Agreement if at any time during the three business day period commencing on the Determination Date (as defined in the merger agreement) the final FCCO Stock Price (as defined in the merger agreement) is less than \$15.32. Within three business days of receiving DeKalb's notice of termination, First Community will have the option of increasing the per share purchase price to be received by DeKalb shareholders so that it would equal \$15.32.

#### **DeKalb Must Pay First Community a Termination Fee Under Certain Circumstances (page 41)**

The merger agreement provides for the reimbursement of First Community's out-of-pocket expenses, not to exceed \$150,000, if First Community terminates the merger agreement because:

- the DeKalb board of directors fails to reaffirm its approval upon First Community's request for such reaffirmation of the merger or the DeKalb board of directors resolves not to reaffirm the merger;
- the DeKalb board of directors withdraws, qualifies, modifies, or proposes publicly to withdraw, qualify, or modify, in a manner adverse to First Community, the recommendation that the shareholders approve the merger;
- the DeKalb board of directors affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within five business days after commencement of any tender or exchange offer for any shares of its common stock, the DeKalb board of directors makes any recommendation other than against acceptance of such tender or exchange offer; or
- the DeKalb board of directors negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger.

If within 12 months after such termination DeKalb consummates another acquisition transaction (as defined in the merger agreement), DeKalb must pay an additional \$500,000 termination fee (less the amount paid for First Community's out-of-pocket expenses).



If the board of directors of DeKalb determines, after consultation with legal counsel, that in light of a superior proposal (as defined in the merger agreement), it is necessary to terminate the agreement to comply with its fiduciary duties, and within 12 months of such termination an acquisition transaction has been announced or an acquisition agreement has been entered into by DeKalb, DeKalb must pay First Community's out-of-pocket expenses as described above. If within 12 months after such termination, DeKalb consummates the acquisition transaction, DeKalb must pay the additional termination fee as described above.

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Finally, if the merger agreement is terminated following the commencement of any tender or exchange offer for more than 50% of the shares of DeKalb and within 12 months of such termination an acquisition transaction has occurred involving the tender offeror or its affiliates and DeKalb, then DeKalb must reimburse First Community's out-of-pocket expenses and pay the additional termination as described above.

### **Dissenters' Rights (page 42)**

South Carolina law permits DeKalb shareholders to dissent from the approval of the merger proposal and to have the fair value of their DeKalb shares paid to them in cash. To do this, DeKalb shareholders must follow specific procedures, including filing a written notice with DeKalb **prior to the shareholder vote on the merger proposal**. If you follow the required procedures, your only right will be to receive the fair value of your common stock in cash. Copies of the applicable South Carolina statutes are attached to this document as Appendix B.

### **The Merger is Expected to Occur in the Late Second or Early Third Quarter of 2006 (page 25)**

The merger will occur shortly after all of the conditions to its completion have been satisfied or waived. Currently, we anticipate that the merger will occur in the late second or early third quarter of 2006. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of the DeKalb shareholders at the special meeting and all the necessary regulatory approvals.

### **Accounting Treatment (page 42)**

The merger will be accounted for using the purchase method of accounting, with First Community being treated as the acquiring entity for accounting purposes. Under the purchase method of accounting, the assets and liabilities of DeKalb as of the effective time of the merger will be recorded at their respective fair values and added to those of First Community.

### **Completion of the Merger is Subject to Certain Conditions (page 36)**

Completion of the merger is subject to a number of conditions, including the approval of the merger proposal by DeKalb shareholders and the receipt of all the regulatory consents and approvals that are necessary to permit the completion of the merger. Certain conditions to the merger may be waived by First Community or DeKalb, as applicable.

### **Comparative Market Value of Securities**

The following table sets forth the closing price per share of First Community common stock and the closing price per share of DeKalb on December 8, 2005 (the last business day preceding the public announcement of the proposed merger) and April 18, 2006 (the most recent practicable trading date prior to the mailing the proxy statement/prospectus). The table also presents the equivalent market value per share of DeKalb common stock assuming that the consideration for the transaction is 0.60705 of a share of First Community common stock and \$3.875 in cash for each share outstanding of DeKalb common stock.

	First Community <u>Common Stock</u>	DeKalb <u>Common Stock</u>	Equivalent Price Per Share of <u>DeKalb Common Stock</u> <sup>(2)</sup>
December 8, 2005	\$19.25	\$12.00 <sup>(1)</sup>	\$15.56
April 18, 2006	\$18.00	\$11.50 <sup>(3)</sup>	\$14.80

- (1) The price of the last known sale preceding December 8, 2005.
- (2) The equivalent prices per share of DeKalb common stock have been calculated by multiplying the closing price per share of First Community common stock on each of the two dates by the exchange ratio of 0.60705 and adding \$3.875.
- (3) The price of the last known sale preceding April 18, 2006.

**Because the exchange ratio is fixed and because the market price of First Community common stock is subject to fluctuation, the market value of the shares of First Community common stock that you may**

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receive in the merger may increase or decrease prior to and following the merger. You are urged to obtain current market quotations for First Community common stock.

### Comparative Per Share Data

The following table shows income per common share, dividends per share, book value per share, and similar information as if the merger had occurred on the dates indicated (which are referred to as "pro forma" information). In presenting the comparative pro forma information for certain time periods, it was assumed that First Community and DeKalb had been merged throughout those periods and made certain other assumptions. The ability of First Community to pay dividends will be completely dependent upon the amount of dividends its subsidiary, First Community Bank, is permitted to pay to First Community. The ability of the bank to pay dividends is restricted under applicable law and regulations. For a description of those restrictions, see the section entitled "Description of First Community Capital Stock - Common Stock - Dividends Rights."

The information listed as "DeKalb Pro Forma Equivalent" was obtained by multiplying the pro forma amounts by an exchange ratio of 0.60705. First Community and DeKalb also anticipate that the combined company will derive financial benefits from the merger that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the new company under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

#### For the Twelve Months Ended December 31, 2005

	DeKalb Historical	First Community Historical	Pro Forma Combined	DeKalb Pro Forma Equivalent
Net Income per share, basic	\$ 0.17	\$ 1.09	\$ 1.00	\$ 0.61
Net Income per share, diluted	\$ 0.17	\$ 1.04	\$ 0.95	\$ 0.58
Dividends declared per share	\$ 0.00	\$		