

ZACHARY BENJAMIN I  
 Form 5  
 February 14, 2011

**FORM 5**

**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).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
 ZACHARY BENJAMIN I

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)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)

518 WEST C STREET

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

NEWTON, NC 28658

(City) (State) (Zip)

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Amount Price			
Common Stock	02/09/2010	Â	L	75.9 A \$ 5.2783	16,604.8094	D	Â
Common Stock	02/12/2010	Â	L	177.1 A \$ 5.2735	16,781.9094	D	Â
Common Stock	03/02/2010	Â	L	24.235 A \$ 5.4267	16,806.1444	D	Â
Common Stock	03/19/2010	Â	L	45.3136 A \$ 5.74	16,851.458	D	Â
	04/27/2010	Â	L	10.824 A	16,862.282	D	Â

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Common Stock						\$	7.2662			
Common Stock	06/15/2010	Â	L	43.1421	A	\$ 6.05	16,905.4241	D	Â	
Common Stock	08/04/2010	Â	L	15.54	A	\$ 5.0139	16,920.9641	D	Â	
Common Stock	09/15/2010	Â	L	50.4382	A	\$ 5.1919	16,971.4023	D	Â	
Common Stock	11/12/2010	Â	L	14.21	A	\$ 5.1099	16,985.6123	D	Â	
Common Stock	12/02/2010	Â	L	0.134	A	\$ 5.1341	16,985.7463	D	Â	
Common Stock	12/15/2010	Â	L	55.5772	A	\$ 4.73	17,041.3235	D	Â	
Common Stock	12/13/2010	Â	G <sup>(1)</sup>	192	A	\$ 0	17,233.3235	D	Â	
Common Stock	Â	Â	Â	Â	Â	Â	64,038	I	Â	Alexander Railroad Company

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**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. of D Se B O E I F I
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						(A)	(D)		

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

ZACHARY BENJAMIN I  
518 WEST C STREET  
NEWTON, NC 28658

^ X ^ ^ ^

## Signatures

Benjamin I.  
Zachary

02/14/2011

\*\*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) shares received for 15 Year Service Award

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