FIRST COMMUNITY BANCORP /CA/
Form 424B3
March 20, 2006
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FILED PURSUANT TO RULE 424(B) (3)

REGISTRATION NO. 333-132018

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

The boards of directors of First Community Bancorp and Foothill Independent Bancorp have both unanimously approved a merger agreement between First Community and Foothill pursuant to which Foothill will be merged with and into First Community.

If the merger is completed, Foothill stockholders will receive First Community common stock for their shares of Foothill common stock based on an exchange ratio determined in accordance with the merger agreement. If the closing were to be held on the date of this document, that exchange ratio would be 0.4421 of a share of First Community common stock for each outstanding share of Foothill common stock. However, the exact exchange ratio will be determined on the basis of the average of the closing prices of First Community s common stock over a 15 trading day period ending two trading days prior to the closing of the merger. Since that average closing price is likely to be higher or lower than the average closing price used to determine the exchange ratio as of the date of this document, the exchange ratio that will determine the number of First Community shares that the Foothill stockholders will receive in the merger may be higher, but is not expected to be lower than 0.4421 (unless there is an increase in the number of outstanding shares of Foothill common stock as a result of the exercise of any outstanding stock options to purchase shares of Foothill common stock between the date of this document and the close of the merger). Further, the exchange ratio is subject to a collar, which means that there is a maximum and a minimum number of shares of First Community common stock that Foothill stockholders may receive for their shares of Foothill common stock in the merger. It is important that you read and understand how the exchange ratio will be calculated, since this determines the number of shares of First Community common stock that a stockholder of Foothill will receive for each Foothill share. Please see the section entitled The Merger Merger Consideration beginning on page 36 of this document.

We are asking First Community shareholders to approve the principal terms of the merger agreement and the issuance of the shares of First Community common stock to be issued in the merger to Foothill stockholders. We are asking the Foothill stockholders to adopt the merger agreement. ***Each company s board of directors unanimously recommends that the holders of its common stock vote FOR the applicable merger proposal.***

First Community common stock is listed on the Nasdaq National Market under the symbol FCBP. Foothill common stock is listed on the Nasdaq National Market under the symbol FOOT. On March 14, 2006, First Community common stock closed at $60.09 per share and Foothill common stock closed at $26.40 per share.

First Community and Foothill have scheduled meetings to vote on these matters. The date, time and place of the meetings are:

FOR FIRST COMMUNITY SHAREHOLDERS
April 19, 2006 10 a.m.
Rancho Valencia Resort
5921 Valencia Circle
Rancho Santa Fe, California 92067

FOR FOOTHILL STOCKHOLDERS
April 19, 2006 10 a.m.
Shilo Hilltop Suites
3101 W. Temple Avenue
Pomona, California 91765

The First Community meeting is its annual meeting of shareholders. Accordingly, First Community is also asking its shareholders, in connection with its annual meeting and in addition to voting in favor of the merger proposal:

to vote in favor of the election of First Community directors;

to approve an amendment to First Community s articles of incorporation which will increase the maximum amount of authorized shares of common stock from 30,000,000 to 50,000,000; and

to increase the shares available for issuance under First Community s 2003 Stock Incentive Plan.

Approval of the amendment of First Community s articles of incorporation and the other First Community annual meeting matters are not conditions to completion of the merger.

This document describes the meetings, the proposed merger and other related matters of First Community and Foothill. **Please read this entire document carefully, including the section discussing Risk Factors beginning on page 21.**

Your vote is important. Whether or not you plan to attend your company s meeting, please take the time to vote by completing and mailing the enclosed proxy card, or, if you are a Foothill stockholder, by voting via the Internet or telephone according to the instructions on the proxy card. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the merger proposal and any other proposals being considered at your meeting. **Whether or not you plan to attend your company s meeting, please vote as soon as possible to make sure that your shares are represented at the meeting. Voting by proxy will not prevent you from voting in person if you choose to attend your company s meeting. However, if you do not vote, it will have the same effect as a vote against the merger proposal.**

/s/ Matthew P. Wagner	/s/ George E. Langley
Matthew P. Wagner	**George E. Langley**
President and Chief Executive Officer	***President and Chief Executive Officer***
First Community Bancorp	***Foothill Independent Bancorp***

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares to be issued under this joint proxy statement-prospectus or passed upon the adequacy or accuracy of this joint proxy statement-prospectus. Any representation to the contrary is a criminal offense.

The securities offered through this document are not savings accounts, deposits or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

This joint proxy statement-prospectus is dated March 16, 2006

and was first mailed on or about March 20, 2006.

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6110 El Tordo

PO Box 2388

Rancho Santa Fe, California 92067

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 19, 2006

TO FIRST COMMUNITY SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that First Community Bancorp will hold an annual meeting of its shareholders on April 19, 2006 at 10 a.m., local time, at Rancho Valencia Resort, 5921 Valencia Circle, Rancho Santa Fe, California 92067, for the following purposes:

1. **Approval of Merger**. To consider and vote on a proposal to approve the principal terms of the Agreement and Plan of Merger by and between First Community Bancorp and Foothill Independent Bancorp, dated as of December 14, 2005, pursuant to which Foothill will merge with and into First Community, with First Community being the surviving corporation, and the issuance of shares of First Community common stock to be issued in connection with the merger to Foothill stockholders, as described in this joint proxy statement-prospectus.

2. **Election of Directors**. To elect 10 members of First Community s board of directors who shall hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified.

3. **Amendment to Articles of Incorporation**. To approve an amendment to First Community s articles of incorporation which will increase the maximum amount of authorized shares of common stock from 30,000,000 to 50,000,000.

4. **Amendment to the 2003 Stock Incentive Plan**. To approve an increase in the authorized number of shares available for issuance under First Community s equity incentive plan from 2,500,000 to 3,500,000.

5. **Adjournments**. To consider and act upon a proposal to approve, if necessary, an adjournment or postponement of the annual meeting to solicit additional proxies.

6. **Other Business**. To consider and act upon such other business and matters or proposals as may properly come before the annual meeting or any adjournments or postponements thereof.

We more fully describe the merger and other proposals in the attached joint proxy statement-prospectus, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as Appendix A to the accompanying joint proxy statement-prospectus.

The board of directors has fixed the close of business on March 10, 2006 as the record date for determining which shareholders have the right to receive notice of and to vote at the annual meeting or any adjournments or postponements thereof.

YOUR BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FIRST COMMUNITY AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE PRINCIPAL TERMS OF THE MERGER AGREEMENT AND FOR EACH OF FIRST COMMUNITY S OTHER PROPOSALS LISTED ABOVE, ALL OF WHICH ARE DESCRIBED IN DETAIL IN THE ACCOMPANYING JOINT PROXY STATEMENT-PROSPECTUS.

Whether or not you plan to attend the meeting, please mark, sign, date and return the enclosed proxy card in the enclosed envelope so that as many shares as possible may be represented at the meeting. Your vote is important and we appreciate your cooperation in returning promptly your executed proxy card. Your proxy is revocable and will not affect your right to vote in person at the annual meeting.

If you plan to attend, please note that admission to the annual meeting will be on a first-come, first-served basis. Each shareholder may be asked to present valid picture identification, such as a driver s license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage account statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ JARED M. WOLFF

Jared M. Wolff, ***Corporate Secretary***

Rancho Santa Fe, California

March 16, 2006

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510 South Grand Avenue

Glendora, California 91741

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 19, 2006

TO FOOTHILL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that Foothill Independent Bancorp will hold a special meeting of its stockholders on April 19, 2006 at 10 a.m., local time, at the Shilo Hilltop Suites, 3101 W. Temple Avenue, Pomona, California, for the following purposes:

1. **Approval of Merger**. To consider and vote on a proposal to adopt the Agreement and Plan of Merger by and between First Community Bancorp and Foothill Independent Bancorp, dated as of December 14, 2005, that values Foothill at $238,000,000 and pursuant to which:

   Foothill will merge with and into First Community, with First Community being the surviving corporation; and

   Foothill s stockholders receive in the merger, based on the relative per share market prices of Foothill s shares and First Community s shares, a number ranging from approximately 0.4421 to 0.5685 of a share of First Community common stock for each of their Foothill shares, with the exact number of First Community shares within that range to be determined on the basis of the average closing price of First Community s shares for the 15 trading days ending two trading days prior to the consummation of the merger.

   For a more detailed description of how the number of First Community shares to be issued in the merger will be calculated, see the section entitled The Merger Merger Consideration, beginning on page 36 of this joint proxy statement-prospectus.

2. **Adjournments**. To consider and act upon a proposal to approve, if necessary, one or more adjournments of the special meeting to solicit additional proxies.

3. **Other Business.** To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

We more fully describe the merger proposal in the attached joint proxy statement-prospectus, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as Appendix A to the accompanying joint proxy statement-prospectus.

The Board of Directors has fixed the close of business on March 10, 2006 as the record date for determining which stockholders have the right to receive notice of and to vote at the special meeting or any adjournments or postponements thereof.

YOUR BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FOOTHILL AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE PROPOSED MERGER AGREEMENT.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU SHOULD MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE OR VOTE BY TELEPHONE OR THE INTERNET. Returning the enclosed proxy or voting by telephone or over the Internet will assure that your vote will be counted and it will not prevent you from voting in person if you choose to attend the special meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ GEORGE E. LANGLEY

George E. Langley,

President and Chief Executive Officer

Glendora, California

March 16, 2006

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Sources of Additional Information

This document incorporates important business and financial information about First Community and Foothill from documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain documents related to First Community and Foothill that are incorporated by reference in this document, without charge, through the website of the Securities and Exchange Commission, or SEC, at *http://www.sec.gov* or by requesting them in writing or by telephone from the appropriate company.

First Community Bancorp
Attn: Investor Relations
275 N. Brea Blvd.
Brea, California 92821
www.firstcommunitybancorp.com
Phone: (714) 671-6800

Foothill Independent Bancorp
Attn: Investor Relations
510 South Grand Avenue
Glendora, California 91741
www.foothillbank.com
Phone: (626) 963-8551

(All website addresses given in this document are for information only and are not intended to be an active link or to incorporate any website information into this document.)

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this document.

In order to receive timely delivery of requested documents in advance of the meetings, you should make your request no later than April 12, 2006.

All information contained in this joint proxy statement-prospectus with respect to Foothill has been supplied by Foothill. All information contained in this joint proxy statement-prospectus with respect to First Community has been supplied by First Community.

You should rely only on the information provided or incorporated by reference in this joint proxy statement-prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this joint proxy statement-prospectus is accurate as of any date other than the date on the front of the document.

See Where You Can Find More Information beginning on page 99.

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QUESTIONS AND ANSWERS

Q: What am I being asked to vote on?

A: If you are a Foothill stockholder, you are being asked to vote on the adoption of the Agreement and Plan of Merger, dated as of December 14, between First Community and Foothill. In addition, you are being asked to vote on a proposal to approve, if necessary, one or more adjournments of the special meeting to solicit additional proxies in favor of the merger proposal.

If you are a First Community shareholder, you are being asked to vote to:

approve the principal terms of the merger agreement;

elect 10 members of First Community s board of directors who shall hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified;

approve an amendment to First Community s articles of incorporation to increase the maximum amount of authorized shares of common stock from 30,000,000 to 50,000,000; and

approve an increase in the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan from 2,500,000 to 3,500,000.

In addition, you are being asked to vote on a proposal to approve, if necessary, any adjournment or postponement of the annual meeting to solicit additional proxies in favor of the merger proposal.

Q: What do I need to do now?

A: In order to ensure that your shares are represented and voted at the First Community annual meeting or the Foothill special meeting:

Carefully read this joint proxy statement-prospectus;

If you are a First Community shareholder, just indicate on your proxy card how you want your shares to be voted, then sign, date and mail the proxy card in the enclosed prepaid return envelope marked Proxy, as soon as possible; or

If you are a Foothill stockholder, just indicate on your proxy card how you want your shares voted and then sign, date and mail the proxy card in the enclosed prepaid return envelope marked Proxy or vote your shares by telephone or via the Internet, in accordance with the instructions set forth on your proxy card, as soon as possible.

Q: What approvals are needed for the merger?

A:

The principal terms of the merger agreement and the issuance of First Community common stock to be issued to Foothill stockholders in the merger must be approved by the holders of a majority of the outstanding shares of First Community common stock entitled to vote at the First Community annual meeting. As of the record date, the directors of First Community beneficially owned, in the aggregate, approximately 10.6% of the outstanding shares of First Community common stock (which does not include shares issuable upon the exercise of stock options or shares held under First Community s Deferred Compensation Plan which the directors and officers were not entitled to vote as of the record date). They have agreed to vote these shares in favor of the merger proposal. In addition, the affirmative vote of the holders of a majority of the outstanding shares of Foothill common stock entitled to vote at the special meeting is required to adopt the merger agreement. As of the record date, the directors and officers of Foothill beneficially owned, in the aggregate, approximately 17.70% of the outstanding shares of Foothill common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the record date). They have agreed to vote these shares in favor of the Foothill merger proposal.

Q: What approvals are needed for the other First Community proposals?

A: The election of directors requires a plurality of the votes cast for the election of directors. Accordingly, the 10 directorships to be filled at the annual meeting will be filled by the nominees receiving the highest number of votes.

The affirmative vote of the holders of a majority of the outstanding shares of common stock

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entitled to vote is required for approval of the amendment of the articles of incorporation.

The affirmative vote of the holders of a majority of the shares of common stock represented and voting at the annual meeting (which shares also constitute at least a majority of the required quorum) is required to (1) approve the increase in the authorized number of shares available for issuance under the First Community 2003 Stock Incentive Plan and (2) approve other matters not included in this document that may properly be brought before the annual meeting.

Q: How many votes do I have? Can I cumulate my vote in the election of First Community directors?

A: Each holder is entitled to one vote for each share recorded in the holder s name on the books of First Community or Foothill, as applicable, as of the record date on any matter submitted for a vote, except that shareholders of First Community may vote their shares cumulatively for the election of directors if certain conditions are met at the annual meeting. Cumulative voting provides each shareholder with a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such shareholder, which such shareholder can then vote in favor of one or more nominees. For example, if you held 75 shares as of the record date, you would be entitled to 750 votes which you could then distribute among one or more nominees since there are 10 directors to be elected. Cumulative voting may only be exercised at the annual meeting if (1) the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting and (2) at least one shareholder has given notice at the annual meeting prior to the voting of such shareholder s intention to cumulate his/her votes.

Q: How will voting on any other business be conducted at First Community s annual meeting or Foothill s special meeting?

A: First Community does not know of any business to be considered at the annual meeting other than that described above. If any other business not included in this document is properly presented at the annual meeting, any of the persons named on the proxy card as your designated proxies may vote on such matter in their discretion. Any other such matter must receive the affirmative vote of a majority of the shares of common stock represented and voting at the annual meeting (which shares also constitute at least a majority of the required quorum). Foothill does not know of any business to be considered at the special meeting other than that described above. If any other business not included in this document is properly presented at the special meeting, the persons named on the proxy card as your designated proxies may vote on such matter in their discretion. Any other such matter must receive the affirmative vote of a majority of the shares of common stock represented and voting at the special meeting (which shares also constitute at least a majority of the required quorum).

Q: Why is my vote important?

A: If you do not return your proxy card at or prior to the appropriate meeting (or, if you are a Foothill stockholder, you also do not vote by telephone or via the Internet), it will be more difficult for First Community and Foothill to obtain the necessary quorum to hold their meetings. In addition, if you fail to vote, it will have the same effect as a vote against the merger proposal and, if you are a First Community shareholder, also the proposal to amend its articles of incorporation.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. If you have not voted through your broker, there are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to the corporate secretary of your company stating that you would like to revoke your proxy, which notice must be received prior to the meeting date. Second, you may complete and submit a new proxy card, but it must bear a later date than the original proxy or, if you are a Foothill stockholder, you may vote by telephone or via the Internet on a date subsequent to your prior vote. Third, you may vote in person at your company s meeting. If you have instructed a broker to vote your shares, you must follow the directions you receive from

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your broker to change your vote. Your last vote will be the vote that is counted.

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

A: Without instructions from you, your broker cannot vote your shares on the merger proposals or the proposal by First Community to increase the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan. If your shares are held in street name, you should instruct your broker as to how to vote your shares, following the instructions contained in the voting instructions card that your broker provides to you. Without instructions, your shares will not be voted, which will have the same effect as if you voted against the merger proposal.

Q: If I hold shares of either company pursuant to either the First Community 401(k) Plan or the Foothill 401(k) Plan, will I be able to vote?

A: Yes. You should instruct the 401(k) plan trustee how to vote the shares allocated to your plan account, following the instructions contained in the voting instructions card that the plan administrator provides to you.

Q: What if I don t vote?

A: If you fail to respond or if you respond and vote abstain , it will have the same effect as a vote against the merger proposals and, if you are a First Community shareholder, the proposal to amend the articles of incorporation. If you respond and do not indicate how you want to vote, your proxy will be counted as a vote in favor of each of the proposals.

Q: I own shares of both First Community and Foothill common stock. Should I only vote once?

A: No. If you own shares of both companies, you will receive separate proxy cards for each meeting. It is important that you vote at both meetings, so please complete, sign, date and return your First Community proxy card as instructed and complete, sign, date and return your Foothill proxy card as instructed, or vote by telephone or via the Internet.

Q: What risks should I consider before I vote on the merger proposal?

A: We encourage you to read carefully the detailed information about the merger contained in this joint proxy statement-prospectus, including the section entitled Risk Factors beginning on page 21.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, we will send Foothill stockholders written instructions for exchanging their stock certificates for First Community stock certificates. First Community shareholders will keep their existing stock certificates.

Q: Whom should I contact with questions about the meetings or the merger?

A: First Community shareholders may contact:

First Community Bancorp

120 Wilshire Blvd.

Santa Monica, CA 90401

Attn: Corporate Secretary

(310) 458-1521

Foothill stockholders may contact:

Foothill Independent Bancorp

510 South Grand Ave., 2nd Floor

Glendora, CA 91741

Attn: Susan Hickam, Vice President

Investor Relations

(626) 963-8551

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SUMMARY

This section briefly summarizes selected information in this joint proxy statement-prospectus and does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents to which this document refers you. See Where You Can Find More Information beginning on page 99. Unless we have stated otherwise, all references in this document to First Community are to First Community Bancorp; all references to Foothill are to Foothill Independent Bancorp; all references to the merger agreement or plan of merger are to the Agreement and Plan of Merger by and between First Community and Foothill, dated as of December 14, 2005, a copy of which is attached as Appendix A to this document; all references to the merger are to the merger between First Community and Foothill; and all references to the bank merger are to the merger between Pacific Western National Bank and Foothill Independent Bank. Each item in this summary contains a page reference directing you to a more complete description of that item. References to we, our and us in this summary mean First Community and Foothill together.

The Companies (Page 69, 72)

First Community Bancorp

6110 El Tordo

PO Box 2388

Rancho Santa Fe, California 92067

(858) 756-3023

First Community s principal business is to serve as a holding company for its banking subsidiaries, Pacific Western National Bank and First National Bank. Through its banks 48 full-service community banking branches (which includes the branches of Cedars Bank acquired January 4, 2006), First Community provides commercial banking services, including real estate, construction and commercial loans, to small and medium-sized businesses. Pacific Western National Bank is a federally chartered commercial bank that serves the commercial, industrial, professional, real estate and private banking markets though a network of 35 branches throughout Los Angeles, Orange, Riverside and San Bernardino Counties and San Francisco, California. First National Bank is a federally chartered commercial bank that serves the commercial, real estate, construction, small business, international and private banking markets through a network of 13 branches across San Diego County. First National Bank provides working capital financing to growing companies located throughout the Southwest, primarily in the states of Arizona, California and Texas through its subsidiary First Community Financial.

As of December 31, 2005, First Community had total consolidated assets of approximately $3.2 billion, total consolidated loans, net of deferred fees, of approximately $2.5 billion, total consolidated deposits of approximately $2.4 billion and total consolidated shareholders equity of approximately $501 million. First Community had 681 active full time equivalent employees on March 3, 2006.

Foothill Independent Bancorp

510 South Grand Avenue

Glendora, California 91741

(626) 914-5373

Foothill s principal business is to serve as a holding company for its banking subsidiary, Foothill Independent Bank. Foothill Independent Bank is a California state-chartered bank that serves the California counties of Los Angeles, San Bernardino and Riverside through 12 full-service community banking branches. Foothill provides commercial banking services, including credit lines and accounts receivable and inventory financing, real estate mortgage and construction loans and consumer installment loans. Foothill Independent Bank is also a member of the Federal Reserve System.

As of December 31, 2005, Foothill had total consolidated assets of approximately $798.7 million, total consolidated deposits of approximately $672.8 million and total consolidated stockholders equity of approximately $70.3 million. Foothill had 163 active full time equivalent employees on December 31, 2005.

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The Merger (Page 36)

We propose a merger in which Foothill will merge with and into First Community. Subsequently, Foothill Independent Bank, a wholly owned subsidiary of Foothill, will merge with and into Pacific Western National Bank, a wholly owned subsidiary of First Community. As a result of the merger, Foothill will cease to exist as a separate corporation and each Foothill stockholder will have the right to become a shareholder of First Community. When we complete the merger, you will receive a fraction of a share of First Community common stock in exchange for each share of Foothill common stock you own.

The merger agreement provides a mechanism for determining the exchange ratio, which represents the fraction of a share of First Community common stock that stockholders of Foothill will receive for each Foothill share in the merger. The exchange ratio is calculated by dividing the base amount by the First Community average closing price . In this description, base amount and First Community average closing price have th following meanings:

base amount: the result of dividing (1) $238 million (minus the cash consideration paid to Foothill optionholders in respect of their outstanding and unexercised options) by (2) the number of shares of Foothill common stock which are outstanding on the closing date.

First Community average closing price: the average closing price of First Community s common stock over a final 15 trading day measurement period ending two trading days prior to the closing of the merger.

The exchange ratio is subject to a collar, which means that there is a maximum and a minimum number of shares of First Community common stock that the Foothill stockholders will receive in the merger. If the First Community average closing price is $59.03 or more, the exchange ratio will be fixed at 0.4421 (which assumes that all outstanding Foothill options are cancelled for cash and that there are 8,716,957 shares of Foothill common stock outstanding on the closing date). If the First Community average closing price is $45.91 or less, the exchange ratio will be fixed at 0.5685 (based on the same assumptions).

If the closing were to be held the date of this document, the exchange ratio would have been 0.4421 of a share of First Community common stock for each Foothill share, based on the average closing price of First Community s common stock over a 15 trading day measurement period ended March 14, 2006, and 8,716,957 shares of Foothill common stock outstanding on March 14, 2006.

You should read and understand the section entitled The Merger Merger Consideration, beginning on page 36 of this document.

The closing date will occur on the second business day after the satisfaction or waiver of the conditions to the consummation of the merger summarized below on page 9. However, the closing date may be set on any other date on which First Community and Foothill may mutually agree.

The Special Meeting of Foothill Stockholders (Page 28)

Date, Time and Place. The special meeting of Foothill stockholders will be held on April 19, 2006 at 10 a.m., local time, at the Shilo Hilltop Suites, 3101 W. Temple Avenue, Pomona, California.

Purpose of the Special Meeting. At the special meeting, you will be asked to adopt the merger agreement between First Community and Foothill and to consider and act on other matters properly brought before the special meeting. In addition, you are being asked to vote on a proposal to approve, if necessary, any adjournment or postponement of the special meeting to solicit additional proxies in favor of the merger proposal.

Record Date; Shares Entitled to Vote. You can vote at the Foothill special meeting if you owned Foothill common stock at the close of business on March 10, 2006. On that date, there were 8,716,957 shares of common stock of Foothill outstanding and entitled to vote. Each Foothill stockholder can cast one vote for each share of common stock of Foothill he or she owned on that date.

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Vote Required. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Foothill common stock entitled to vote at the special meeting. Not voting, voting abstain or failing to instruct your broker how to vote shares held for you in the broker s name, will have the same effect as voting against the merger proposal. If you submit a signed proxy card without indicating a vote with respect to the merger, that proxy card will be deemed a vote in favor of the merger proposal.

At close of business on the record date, the directors and officers of Foothill beneficially owned, in the aggregate, approximately 1,542,181 shares of Foothill common stock, allowing them to exercise approximately 17.70% of the voting power of Foothill common stock entitled to vote at the Foothill special meeting (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the record date). These stockholders have agreed to vote these shares in favor of the merger proposal, as more fully described in The Merger Agreement Shareholder Agreements beginning on page 67.

The Foothill Board of Directors Unanimously Recommends that You Adopt the Plan of Merger (Page 44)

After careful consideration, the Foothill board of directors unanimously adopted the plan of merger.

Based on Foothill s reasons for the merger described in this document, including, among other things, the fairness opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc., the Foothill board of directors believes that the merger is in the best interests of Foothill s stockholders and unanimously recommends that they vote **FOR** the proposal to adopt the merger agreement.

Opinion of Foothill s Financial Advisor (Page 44)

Among other factors considered in deciding to approve the merger, the Foothill board of directors received the written opinion dated December 13, 2005 of Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, Foothill s financial advisor, that as of that date and subject to the assumptions, limitations and qualifications set forth in its opinion, the consideration to be received by stockholders of Foothill was fair to the stockholders of Foothill from a financial point of view. The opinion of Houlihan Lokey, dated as of December 13, 2005 is attached as Appendix B. You should read this opinion completely to understand the procedures followed, assumptions made, matters considered and qualifications and limitations of the review undertaken by Houlihan Lokey in rendering its opinion.

The Annual Meeting of First Community Shareholders (Page 33)

Date, Time and Place. The annual meeting of First Community shareholders will be held on April 19, 2006 at 10 a.m., local time, at Rancho Valencia Resort, 5921 Valencia Circle, Rancho Santa Fe, California.

Purpose of the Annual Meeting. At the annual meeting, you will be asked to consider and vote to:

Approve the principal terms of the merger agreement between First Community and Foothill and the issuance of shares of First Community common stock to be issued in connection with the merger;

Elect 10 members of First Community s board of directors who shall hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified;

Approve an amendment to First Community s articles of incorporation to increase the maximum amount of authorized shares of common stock from 30,000,000 to 50,000,000;

Approve an increase in the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan from 2,500,000 to 3,500,000; and

Consider and act on other matters properly brought before the annual meeting.

In addition, you are being asked to vote on a proposal to approve, if necessary, adjournment or postponement of the annual meeting to solicit additional proxies in favor of the merger proposal.

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Record Date; Shares Entitled to Vote. You can vote at the First Community annual meeting if you owned First Community common stock at the close of business on March 10, 2006. On that date, there were 20,179,786 shares of common stock of First Community outstanding and entitled to vote.

Vote Required. Approval of the principal terms of the merger agreement and the issuance of First Community common stock to be issued to Foothill stockholders in connection with the merger require the affirmative vote of the holders of a majority of the outstanding shares of First Community common stock entitled to vote at the annual meeting.

Directors are elected by a plurality of votes cast for election of directors. Accordingly, the 10 director seats to be filled at the annual meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Approval of the amendment to First Community s articles of incorporation requires the affirmative vote of the holders of a majority of the outstanding shares entitled to vote.

Approval of the increase in the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan requires the affirmative vote of the holders of a majority of the shares of common stock represented and voting at the annual meeting (which shares also constitute at least a majority of the required quorum).

Not voting, voting abstain or failing to instruct your broker how to vote shares held for you in the broker s name, will have the same effect as voting against the merger proposal or the proposal to amend First Community s articles of incorporation. If you submit a signed proxy card without indicating a vote with respect to any one of the proposals, that proxy card will be deemed a vote in favor of each such proposal, as applicable.

With respect to the other proposals being considered at the annual meeting, an abstention is not treated as a vote for or against the matter so it will not have any impact on the vote.

At close of business on the record date, the directors of First Community beneficially owned, in the aggregate, approximately 2,133,782 shares of First Community common stock, allowing them to exercise approximately 10.6% of the voting power of First Community common stock entitled to vote at the First Community annual meeting (which does not include shares issuable upon the exercise of stock options or shares held under First Community s Deferred Compensation Plan which the directors and officers were not entitled to vote as of the record date). These shareholders have agreed to vote these shares in favor of the merger proposal, as more fully described in The Merger Agreement Shareholder Agreements beginning on page 67.

The First Community Board of Directors Unanimously Recommends that You Approve the Merger Proposal and Each of the Other Proposals (Page 50)

After careful consideration, the First Community board of directors unanimously approved the merger agreement.

The First Community board of directors has determined that the merger is in the best interests of First Community and its shareholders and unanimously recommends that its shareholders vote **FOR** approval of the principal terms of the merger agreement and the issuance of shares of First Community common stock to be issued in connection with the merger and **FOR** each of the other proposals listed above and described herein.

Material United States Federal Income Tax Considerations (Page 51)

We expect that the Foothill stockholders that exchange their Foothill common stock solely for First Community common stock in the merger generally will not recognize any gain or loss for United States federal income tax purposes. The Foothill stockholder will, however, be required to recognize gain or loss in connection with cash received in lieu of fractional shares of First Community common stock. This tax treatment may not apply to all Foothill stockholders or to holders of Foothill stock options.

First Community shareholders will not recognize any gain or loss for United States federal income tax purposes as a result of the merger.

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The respective obligations of First Community and Foothill to complete the merger are conditioned on the receipt of legal opinions about the United States federal income tax treatment of the merger. These opinions will not bind the Internal Revenue Service, which could take a different view. To review the tax consequences to Foothill shareholders in greater detail, see pages 51-52. **You should consult your own tax advisor for a full understanding of the tax consequences to you of the merger**.

Recent Developments (Page 69)

On January 4, 2006, First Community acquired all of the outstanding common stock and options of Cedars Bank for $120 million in cash. Cedars Bank targeted small-to-medium sized businesses and professionals through 7 branches in Los Angeles and Orange Counties, and San Francisco, California. Upon completion of the acquisition, Cedars Bank merged into Pacific Western National Bank, resulting in First Community having 48 full-service community banking branches, including Pacific Western s 35 branches serving Los Angeles, Orange, Riverside and San Bernardino Counties and San Francisco, California.

On January 31, 2006, First Community sold 1,891,086 shares of its common stock at an aggregate offering price of approximately $109.5 million, or a price of $57.88 per share, to accredited investors, pursuant to its registration statement on Form S-3 on file with the SEC. First Community used the proceeds from the sales of its common stock to provide regulatory capital to support the acquisition of Cedars Bank.

For more information, see Information about First Community beginning on page 69.

Foothill s Executive Officers and Directors Have Interests in the Merger that May Differ From, or are in Addition to, the Interests of Foothill s Stockholders in the Merger (Page 53)

You should be aware that Foothill s three executive officers have interests in the merger that may be different from, or are in addition to, the interest of Foothill stockholders generally. These interests include, but are not limited to, severance compensation, that is payable pursuant to pre-existing change of control agreements, as a result of the consummation of the merger, the continuation of certain insurance benefits and offers of employment to one of those executive officers from First Community. First Community also has agreed to indemnify officers and directors of Foothill and to continue their directors and officers liability insurance. George E. Langley, Foothill s president and chief executive officer, and a Foothill director, also will be appointed to First Community s board of directors following the merger. Casey (Joe) Cecala III, Foothill s executive vice president and chief credit officer, has accepted employment with First Community effective upon consummation of the merger, as a regional president of Pacific Western National Bank.

Procedures for Exchange of Foothill Common Stock for the Merger Consideration (Page 58)

Holders of Foothill stock certificates will be required to surrender those stock certificates before they will be issued the merger consideration to which they are entitled in the merger. After the merger is consummated, each Foothill stock certificate will be deemed to represent solely the number of shares of First Community common stock and cash (for any fractional shares) that the holder of the stock certificate is entitled to receive in the merger.

Do not send your Foothill stock certificates in the envelope provided for returning your proxy card. The stock certificates should only be forwarded to the exchange agent with the letter of transmittal form which will be mailed to you shortly after the merger is consummated.

Dissenters Rights (Page 79)

Shareholders of First Community may exercise dissenters rights under California law. This means that shareholders who vote against the merger proposal may make a written demand to First Community for payment in cash of the fair market value of their shares. To be effective First Community must receive the demand no later than the date of the First Community shareholders meeting and in order for any shareholders to be able to perfect their dissenters rights, demands for

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payment must be made with respect to 5% or more of the outstanding shares of First Community common stock. The First Community board of directors has determined that the fair market value of one share of First Community common stock for this purpose is $53.31. That amount represents the average of the high and low sales prices for First Community common stock on December 14, 2005, the last business day before the public announcement of the merger. First Community shareholders may disagree with the First Community board of directors determination of the fair market value. The procedure for exercising dissenters rights is summarized under the heading Dissenting Shareholders Rights. The relevant provisions of California law on dissenters rights are attached to this document as Appendix C.

Under Delaware law, stockholders of Foothill are not entitled to appraisal rights in connection with the merger.

Conditions to Completion of the Merger (Page 64)

The completion of the merger depends on a number of conditions being met, including:

- approval of the merger proposal by Foothill stockholders and First Community shareholders;
- receipt of required regulatory approvals for the merger and the bank merger, including that of the Office of the Comptroller of the Currency, or OCC, without certain materially adverse or harmful restrictions or conditions;
- Foothill having an adjusted total stockholders equity and allowance for loan losses of not less than a combined $72.7 million as of the last business day of the last month before closing of the merger;
- absence of an injunction or regulatory prohibition to completion of the merger;
- the filing and effectiveness of a registration statement on a Form S-4 with the SEC in connection with the issuance of First Community common stock in the merger;
- the receipt of approval for quotation from Nasdaq for the First Community common stock to be issued in the merger;
- receipt by each party of an opinion from such party s tax counsel that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- receipt of consents from enumerated third parties under contracts entered into with Foothill;
- absence of a material adverse effect with respect to either party since June 30, 2005;
- accuracy of the respective representations and warranties of Foothill and First Community, subject to exceptions that would not have a material adverse effect on Foothill or First Community, respectively; and

compliance in all material respects by Foothill and First Community with their respective covenants, taken as a whole, in the merger agreement.

Where the law permits, a party to the merger agreement could elect to waive a condition to its obligation to complete the merger although that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

We May Decide Not to Complete the Merger (Page 66)

Foothill and First Community can agree at any time not to complete the merger, even if approved at the meetings. Also, either of us can decide, without the consent of the other, not to complete the merger in a number of other situations, including:

the final denial of a required regulatory approval;

the merger not being completed on or before September 15, 2006, unless the failure is due to the party seeking to terminate the merger;

failure of the Foothill stockholders to adopt the merger agreement;

failure of First Community shareholders to approve the principal terms of the merger

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agreement or the issuance of stock in connection with the merger;

breach by the other party of its representations, warranties, covenants or agreements contained in the merger agreement which renders any condition incapable of being satisfied;

an affiliated holder of common stock of First Community or Foothill materially breaching his or her respective shareholder agreement, if such breach would reasonably be expected to materially impede the consummation of the merger or bank merger;

by First Community, if the board of directors of Foothill has withdrawn or changed its recommendation of the merger or recommended or entered into an agreement with respect to an alternative acquisition proposal with another party; or

by Foothill, if Foothill receives a superior acquisition proposal.

We May Amend the Terms of the Merger and Waive Some Conditions (Page 66)

First Community and Foothill may jointly amend the terms of the merger agreement, and each of us may waive our right to require the other party to adhere to those terms, to the extent legally permissible. However, after adoption of the merger agreement by Foothill stockholders, there may not be, without further approval of such stockholders, any extension or waiver of the merger agreement or any portion thereof which, by law, requires further approval by such stockholders.

In Order to Complete the Merger, We Must First Obtain Regulatory Approval (Page 50)

In order to complete the merger, First Community and Foothill must first obtain the prior written approval of the OCC. The application for OCC approval is currently pending. In addition, we must receive an exemption from the California Department of Financial Institutions from the approval requirements in the California Financial Code. Further, the Federal Reserve Bank of San Francisco must confirm that prior approval of the Board of Governors of the Federal Reserve System is not required under the Bank Holding Company Act. A request for such exemption and confirmation will be filed in due course.

Termination Fee (Page 67)

Under certain conditions, Foothill may owe to First Community a termination fee of $7.05 million if the merger agreement is terminated. The merger agreement requires Foothill to pay the termination fee to First Community if:

First Community terminates the merger agreement because:

The Foothill board of directors withdraws its recommendation in favor of the merger, approves or recommends to the stockholders an acquisition proposal other than that contemplated in the merger agreement, enters into any agreement with

respect to an acquisition proposal or makes a recommendation in favor of an alternative transaction other than with First Community;

Foothill breaches its obligation under the merger agreement relating to acquisition proposals; or

A Foothill affiliated stockholder breaches his or her shareholder agreement which would be reasonably expected to materially impede the merger or the bank merger.

Foothill terminates the merger agreement in conjunction with entering into a superior proposal pursuant to the terms of the merger agreement.

Foothill or First Community terminates the merger agreement after an acquisition proposal for Foothill has become publicly known and is consummated within 12 months of the termination of the merger agreement under the following circumstances:

failure of First Community and Foothill to consummate the merger by September 15, 2006 as a result of Foothill s knowing action or inaction; or

failure of Foothill s stockholders to adopt the merger agreement.

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Comparison of Rights of Holders of First Community Common Stock and Foothill Common Stock (Page 83)

The conversion of the shares of Foothill common stock into the right to receive shares of First Community common stock will result in differences between the rights of Foothill stockholders, which are governed by the Delaware General Corporation Law and Foothill s certificate of incorporation and bylaws, and their rights as First Community shareholders, which will be governed by the California General Corporation Law and First Community s articles of incorporation and bylaws. For a description of the material differences, see Comparison of Rights of Holders of First Community Common Stock and Foothill Common Stock.

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Selected Consolidated Historical Financial Data of First Community

First Community is providing the following information to aid you in your analysis of the financial aspects of the merger. First Community derived the information as of and for the years ended December 31, 2001 through December 31, 2005 from its historical audited consolidated financial statements for these fiscal years. The audited consolidated financial information contained herein is the same historical financial information that First Community has presented in its prior filings with the SEC.

This information is only a summary, and you should read it in conjunction with First Community s consolidated financial statements and notes thereto contained in First Community s Annual Report on Form 10-K for the year ended December 31, 2005, which have been incorporated by reference into this document as well as the pro forma financial statements included in this document under Unaudited Pro Forma Condensed Consolidated Financial Statements. See the section entitled Sources of Additional Information immediately preceding the table of contents.

	At or for the Years Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in thousands, except per share data)				
Consolidated Statements of Earnings Data[3]:					
Interest income	$ 183,352	$ 140,147	$ 112,881	$ 83,903	$ 43,114
Interest expense	22,917	14,417	12,647	14,156	11,279
Net interest income	160,435	125,730	100,234	69,747	31,835
Provision for credit losses	1,420	465	300		639
Net interest income after provision for credit losses	159,015	125,265	99,934	69,747	31,196
Noninterest income	13,890	17,221	19,637	12,684	5,205
Noninterest expense	87,414	81,827	65,820	54,302	25,915
Earnings before income taxes	85,491	60,659	53,751	28,129	10,486
Income taxes	35,125	24,296	21,696	11,217	4,376
Net earnings	$ 50,366	$ 36,363	$ 32,055	$ 16,912	$ 6,110
Basic earnings per share	$ 3.05	$ 2.34	$ 2.08	$ 1.64	$ 1.30
Diluted earnings per share	2.98	2.27	2.02	1.58	1.23

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	At or for the Years Ended December 31,				
	2005	2004	2003	2002	2001
Consolidated Balance Sheet Data[3]:					
Total cash and cash equivalents	$ 105,262	$ 319,281	$ 104,568	$ 124,366	$ 104,703
Time deposits in financial institutions	90	702	311	1,041	190
Investments	239,354	269,507	432,318	325,858	128,593
Loans, net of deferred fees and costs	2,467,828	2,118,171	1,595,837	1,424,396	501,740
Total assets	3,226,411	3,049,453	2,429,981	2,120,004	770,506
Total deposits[2]	2,405,361	2,432,390	1,949,669	1,738,621	677,167
Total borrowings, including subordinated debentures	281,954	211,654	113,498	40,401	29,970
Total shareholders equity	500,778	373,876	337,563	316,292	55,297
Other Data[3]:					
Dividends declared per share	$ 0.97	$ 0.85	$ 0.68	$ 0.54	$ 0.36
Dividend payout ratio	32.55%	37.33%	33.42%	34.18%	29.27%
Book value per share[1]	$ 27.30	$ 22.98	$ 21.24	$ 20.68	$ 10.48
Shareholders equity to assets at period end	15.52%	12.26%	13.89%	14.92%	7.18%
Return on average assets	1.68%	1.35%	1.41%	1.14%	0.92%
Return on average equity	12.10%	10.36%	9.84%	9.66%	16.33%
Net interest margin	6.37%	5.58%	5.24%	5.41%	5.32%
Non-performing assets to total assets	0.26%	0.29%	0.31%	0.63%	1.01%
Allowance for credit losses to total loans	1.34%	1.39%	1.61%	1.71%	2.23%
Net charge-offs to average loans	0.05%	0.08%	0.10%	0.16%	1.60%
Non-performing loans to total loans	0.34%	0.42%	0.46%	0.72%	0.93%
Allowance for credit losses to non-performing loans	391.5%	331.1%	347.5%	237.8%	239.9%

(1) The share counts used in this computation include 405,831 shares, 585,416 shares and 460,000 shares of unvested restricted and performance stock outstanding at December 31, 2005, 2004 and 2003.

(2) 2004 includes a short term $365 million interest-bearing deposit received on December 31, 2004.

(3) Balances and operating results of acquired entities are included from the respective acquisition dates. For further information, see First Community s Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated herein by reference.

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Selected Consolidated Historical Financial Data of Foothill

Foothill is providing the following information to aid you in your analysis of the financial aspects of the merger. Foothill derived the information as of and for the years ended December 31, 2001 through December 31, 2005 from its historical audited consolidated financial statements for these fiscal years. The audited consolidated financial information contained herein is the same historical financial information that Foothill has presented in its prior filings with the SEC.

This information is only a summary and you should read it in conjunction with Foothill s consolidated financial statements and notes thereto contained in Foothill s Annual Report on Form 10-K for the year ended December 31, 2005, which have been incorporated by reference into this document as well as the pro forma financial statements included in this document under Unaudited Pro Forma Condensed Consolidated Financial Statements. See the section entitled Sources of Additional Information immediately preceding the table of contents.

	At or for the Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in thousands, except per share data)				
Income Statement Data					
Interest income	$ 43,114	$ 37,030	$ 35,680	$ 34,811	$ 36,736
Interest expense	(5,479)	(4,467)	(4,283)	(5,039)	(9,030)
Net interest income	37,635	32,563	31,397	29,772	27,706
Provision for possible loan losses			(348)	(460)	(498)
Net interest income after provision for loan losses	37,635	32,563	31,049	29,312	27,208
Other income	5,135	5,585	5,613	5,694	5,414
Other expense	(25,272)	(23,610)	(23,515)	(22,934)	(21,846)
Income before income taxes	17,498	14,538	13,147	12,072	10,776
Applicable income taxes	(6,212)	(5,183)	(4,726)	(4,378)	(3,926)
Net income	$ 11,286	$ 9,355	$ 8,421	$ 7,694	$ 6,850
Per Share Data					
Net income Basic[1]	$ 1.33	$ 1.11	$ 1.02	$ 0.94	$ 0.83
Net income Diluted[1]	1.25	1.05	0.94	0.88	0.79
Cash dividends[1]	0.53	0.58	0.50	0.29	0.26
Book value[1]	$ 8.25	$ 7.67	$ 7.26	$ 7.01	$ 6.33
Weighted average shares outstanding Basic[1]	8,479,126	8,401,810	8,265,860	8,202,912	8,213,105
Weighted average shares outstanding Diluted[1]	9,029,651	8,947,711	8,924,662	8,736,412	8,639,113

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	At December 31,				
	2005	2004	2003	2002	2001
	(In thousands)				
Balance Sheet Data:					
Investment securities	$ 179,428	$ 194,555	$ 145,550	$ 80,778	$ 79,743
Loans and leases (net)	547,425	500,607	455,101	437,441	404,200
Assets	798,706	786,955	686,158	604,818	550,141
Deposits	672,764	709,050	612,049	534,562	475,390
Other indebtedness	50,248	8,248	8,248	8,248	19,000
Stockholders equity	$ 70,270	$ 64,569	$ 60,788	$ 57,576	$ 51,852

	At or for the Year Ended December 31,				
	2005	2004	2003	2002	2001
Other Data:					
Dividends declared per share[1]	$ 0.53	$ 0.58	$ 0.50	$ 0.29	$ 0.26
Dividend payout ratio[1]	42.11%	51.89%	48.93%	30.81%	31.40%
Book value per share[1]	$ 8.25	$ 7.67	$ 7.26	$ 7.01	$ 6.33
Shareholders equity to assets at period end	8.41%	8.33%	8.99%	9.53%	9.55%
Return on average assets	1.42%	1.25%	1.29%	1.34%	1.32%
Return on average equity	16.84%	15.05%	14.35%	14.07%	13.81%
Net interest margin	5.14%	4.80%	5.30%	5.70%	5.90%
Non-performing assets-to-total assets	0.01%	0.01%	0.02%	0.49%	0.89%
Allowance for loan losses-to- total loans	0.91%	1.00%	1.08%	1.04%	1.03%
Net charge offs (recoveries)-to-average loans	(0.01)%	(0.02)%	0.00%	0.01%	(0.00)%
Non performing loans to total loans	0.02%	0.02%	0.10%	0.58%	0.70%
Allowance for loan losses to non performing loans	4,479.61%	3949.61%	813.65%	317.46%	154.80%

(1) Retroactively adjusted for stock dividends.

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Comparative Per Share Data

The following table presents certain historical per share data of First Community and Foothill and certain unaudited pro forma per share data that reflect the combination of First Community and Foothill as if it occurred on January 1, 2005, using the purchase method of accounting. This data should be read in conjunction with First Community s and Foothill s respective audited consolidated financial statements incorporated by reference in this joint proxy statement-prospectus. The unaudited pro forma data for First Community and Foothill combined and Foothill equivalent neither necessarily indicate the operating results that would have occurred had the combination of First Community and Foothill actually occurred on January 1, 2005, nor do they indicate future results of operations or financial condition.

The pro forma First Community and Foothill combined net earnings per common share has been computed based on the historical number of average outstanding common shares of First Community plus the number of outstanding common shares of Foothill adjusted by an assumed exchange ratio of 0.4421. The pro forma Foothill equivalent net earnings per share represents the pro forma First Community and Foothill combined net earnings per share multiplied by an assumed exchange ratio of 0.4421. The pro forma Foothill equivalent dividends declared per share represent the pro forma First Community and Foothill combined dividends declared per share multiplied by an assumed exchange ratio of 0.4421. The pro forma First Community and Foothill combined book value per common share amounts are based upon the pro forma total shareholders equity of First Community and Foothill at December 31, 2005, divided by the total pro forma number of First Community common shares outstanding assuming the conversion of Foothill common stock into First Community common stock at an assumed exchange ratio of 0.4421. The pro forma Foothill equivalent book value per common share represents the pro forma First Community and Foothill Combined book value per common share multiplied by an assumed exchange ratio of 0.4421.

	As of or for the year ended December 31, 2005			
			Pro Forma	
	First Community	Foothill	First Community and Foothill Pro Forma Combined	Foothill Equivalent
Net earnings per common share:				
Basic	$ 3.05	$ 1.33	$ 2.99	$ 1.32
Diluted	2.98	1.25	2.91	1.29
Dividends declared per share	0.97	0.53(1)	0.97	0.43
Book value per common share	27.30	8.25(1)	34.59	15.29

(1) Retroactively adjusted for stock dividends.

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Market Price Data and Dividend Information

Comparative Market Price Information

The following table presents trading information for First Community common stock and Foothill common stock on the Nasdaq National Market System on December 14, 2005 and March 14, 2006. December 14, 2005 was the last trading day prior to the announcement of the signing of the merger agreement. March 14, 2006 was the last practical trading day for which information was available prior to the date of the printing of this joint proxy statement-prospectus.

	Closing Sales Price		
	First Community	Foothill	Foothill Equivalent[1]
Price per share:			
December 14, 2005	$ 53.32	$ 24.63	$ 26.56
March 14, 2006	$ 60.09	$ 26.40	$ 26.57

(1) The equivalent price per share data for Foothill common stock has been determined by multiplying the last reported sale price of a share of First Community common stock on December 14, 2005 and March 14, 2006 by an assumed exchange ratio of 0.4982 and 0.4421, respectively.

You should obtain current market quotations for First Community common stock. The market price of First Community common stock will fluctuate between the date of this document and the date on which the merger is completed and after the merger. Because the market price of First Community common stock is subject to fluctuation and because the exchange ratio is subject to a collar which sets a minimum and a maximum number of shares of First Community common stock issuable in connection with the merger, the value of the merger consideration may increase or decrease prior to and after the merger.

Historical Market Prices and Dividend Information

First Community

First Community common stock is listed on the Nasdaq National Market System under the symbol FCBP. The following table sets forth, for the calendar quarters indicated, the high and low sales prices per share of First Community common stock as reported on the Nasdaq National Market System, and the dividends per share of First Community common stock.

Quarter	High	Low	Dividends Declared

2004:			
First quarter	$ 40.68	$ 36.00	$ 0.188
Second quarter	39.97	32.02	0.22
Third quarter	43.65	37.38	0.22
Fourth quarter	43.99	39.56	0.22
2005:			
First quarter	$ 46.20	$ 39.00	$ 0.22
Second quarter	48.95	41.18	0.25
Third quarter	51.62	45.50	0.25
Fourth quarter	57.30	45.07	0.25
2006:			
First quarter (through March 14, 2006)	$ 61.65	$ 53.95	$ 0.25

The timing and amount of future dividends will depend upon earnings, cash requirements, the financial condition of First Community and its subsidiaries, applicable government regulations and other factors deemed relevant by the First Community board of directors.

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Foothill

Foothill common stock is listed on the Nasdaq National Market System under the symbol FOOT. The following table sets forth, for the calendar quarters indicated, the high and low sales prices per share of Foothill common stock as reported on the Nasdaq National Market System, and the dividends per share of Foothill common stock.

Quarter	High[1]	Low[1]	Stock Dividends	Cash Dividends[1]
2004:				
First quarter	$ 18.75	$ 16.00	9%	$ 0.10
Second quarter	17.92	15.13		0.10
Third quarter	18.96	16.00		0.10
Fourth quarter	19.08	17.21		0.26
2005:				
First quarter	$ 20.80	$ 18.05		$ 0.10
Second quarter	21.88	19.16	25%	0.13
Third quarter	21.41	19.99		0.15
Fourth quarter	26.25	21.00		0.15
2006:				
First quarter (through March 14, 2006)	$ 27.07	$ 24.65		$ 0.15

(1) All trading prices have been retroactively adjusted for prior stock dividends.

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Summary Unaudited Pro Forma Combined Condensed Financial Data

The following summary unaudited pro forma combined condensed financial data has been derived from the unaudited pro forma combined condensed financial statements and notes appearing in this document under the heading Unaudited Pro Forma Combined Condensed Financial Statements. First Community completed the acquisitions of First American Bank, or First American, and Pacific Liberty Bank, or Pacific Liberty, during 2005 and completed the acquisition of Cedars Bank, or Cedars, in January 2006. The following data has been prepared and is presented as if the acquisitions of First American, Pacific Liberty, Cedars and Foothill all had been consummated on January 1, 2005, for purposes of the statement of earnings data, and, for purposes of the balance sheet data, as if the Cedars and Foothill acquisitions were consummated on December 31, 2005. The First American and Pacific Liberty acquisitions, which were consummated during 2005, are reflected in First Community s historical balance sheet as of December 31, 2005. The purchase method of accounting is used to record the acquisitions.

The unaudited pro forma combined condensed financial data includes adjustments to record the assets acquired and liabilities assumed at their fair values. Such adjustments are subject to change as additional information becomes available and as the acquisitions are consummated. The unaudited pro forma combined condensed financial data is presented for illustrative purposes only, and does not indicate either the operating results that would have occurred had all the acquisitions been consummated on January 1, 2005, or on December 31, 2005, as the case may be, or future results of operations or financial condition. The unaudited pro forma combined condensed financial statements are based upon assumptions and adjustments that First Community believes are reasonable. The unaudited pro forma combined condensed financial data should be read in conjunction with the unaudited pro forma combined condensed financial statements and notes appearing in this document under the heading Unaudited Pro Forma Combined Condensed Financial Statements as well as First Community s and Foothill s historical financial statements contained in their respective Annual Reports on Form 10-K for the year ended December 31, 2005, which have been incorporated by reference into this document. See the section Sources of Additional Information immediately preceding the table of contents.

	Year Ended December 31, 2005
	(In thousands, except per share data)
Unaudited Pro Forma Combined Condensed Statement of Earnings Data:	
Interest income	$ 270,592
Interest expense	37,616
Net interest income before provision for credit losses	232,976
Provision for credit losses	3,633
Net interest income after provision for credit losses	229,343
Noninterest income	24,249
Noninterest expense	136,861
Earnings before income taxes	116,731
Income taxes	46,593
Net earnings	$ 70,138
Net earnings per share:	
Basic	$ 2.99
Diluted	$ 2.91
Weighted average shares:	
Basic	23,463

Diluted	24,064

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	At December 31, 2005
	(In thousands)
Unaudited Pro Forma Combined Condensed Balance Sheet Data:	
Investments and interest bearing deposits	$ 424,471
Loans, net	3,344,969
Goodwill	535,366
Core deposit intangible	48,930
Deposits	3,445,744
Borrowings	202,300
Subordinated debentures	129,902
Shareholders equity	833,234

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RISK FACTORS

First Community shareholders and Foothill stockholders should carefully consider the following factors, in addition to those factors discussed in the documents that we have filed with the Securities and Exchange Commission, or SEC, which are incorporated by reference into this document and the other information in this joint proxy statement-prospectus, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements, before voting on the merger proposals.

Risks Related to the Merger

The value of the merger consideration to be paid in First Community common stock may fluctuate based on the price of First Community stock.

Upon completion of the merger, each share of Foothill common stock will be converted into merger consideration consisting of shares of First Community common stock pursuant to the terms of the merger agreement. Generally, the value of the merger consideration to be received by Foothill stockholders will remain the same as when we entered into the merger agreement even though the First Community stock price fluctuates. This is because the exchange ratio is determined in part on the basis of the price of First Community common stock over a 15 trading day measurement period ending two trading days prior to the closing of the merger, which we refer to as the First Community average closing price. Nonetheless, the exchange ratio is subject to a collar meaning that that there is a maximum and a minimum number of shares of First Community stock issuable in the merger. Even if the First Community average closing price falls below the low end of the collar, or $45.91, the First Community average closing price for purposes of calculating the exchange ratio will stay at $45.91. In this event, the number of shares of First Community common stock issued to Foothill stockholders will stay the same even as their value declines. In addition, even if the First Community average closing prices exceeds the high end of the collar, or $59.03, the First Community average closing price for purposes of calculating the exchange ratio will stay at $59.03. In this event, the number of shares of First Community common stock issued to Foothill stockholders will stay the same even as their value increases. Accordingly, any change in the price of First Community common stock prior to the closing date may affect the value of the merger consideration that Foothill stockholders will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in First Community s businesses, operations and prospects, regulatory considerations and completion of the merger. Many of these factors are beyond First Community s control. You should obtain current market quotations for First Community common stock.

The merger exchange ratio will not be determined until the time of the merger because the average closing price of First Community common stock and other matters used to calculate the merger exchange ratio will not be determined until immediately prior to the closing date.

The merger exchange ratio depends on the average closing price of First Community common stock over a fifteen trading-day period ending two trading days prior to the closing of the merger, referred to as the First Community average closing price, which will not be known until after the special meeting of Foothill stockholders. Further, the aggregate consideration paid to Foothill optionholders and the outstanding Foothill shares at closing, which are also used to calculate the exchange ratio, will not be known at the time of the special meeting of Foothill stockholders. As a result, Foothill stockholders will not know the number of shares of First Community common stock to be received in the merger at the time they vote on the proposal to adopt the merger agreement.

If First Community is unable to integrate the operations of Foothill and the operations of other banks it has acquired successfully, its business and earnings may be negatively affected.

First Community has recently completed the acquisitions of First American Bank, Pacific Liberty Bank and Cedars Bank in 2005 and 2006. These acquisitions and the merger with Foothill involve the integration of companies that have previously operated independently. Successful integration of operations of Foothill and

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these recently acquired banks will depend primarily on First Community s ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. No assurance can be given that First Community will be able to integrate their operations without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of its respective ongoing businesses or possible inconsistencies in standards, controls, procedures and policies. Estimated cost savings and revenue enhancements are projected to come from various areas that First Community s management has identified through the due diligence and integration planning process. The elimination and consolidation of duplicate tasks at these banks are projected to result in annual cost savings. If First Community has difficulties with any of these integrations, it might not achieve the economic benefits it expects to result from the merger, and this may hurt its business and earnings. In addition, First Community may experience greater than expected costs or difficulties relating to the integration of the business of Foothill and the other banks, and/or may not realize expected cost savings from the merger and the other acquisitions within the expected time frame.

Shares eligible for future sale could have a dilutive effect.

Shares of First Community common stock eligible for future sale, including those that may be issued in the acquisition of Foothill and any other offering of First Community common stock for cash, could have a dilutive effect on the market for First Community common stock and could adversely affect market prices.

As of the record date, there were 30,000,000 shares of First Community common stock authorized, of which approximately 20,179,786 shares were outstanding, excluding 672,664 shares of unvested restricted stock and 5,000,000 shares of preferred stock, of which none were outstanding. An estimated 3,853,766 additional shares will be issued to Foothill stockholders in the merger, based on an assumed exchange ratio of 0.4421 and the number of shares of Foothill common stock outstanding on March 14, 2006. In addition, Foothill option holders currently hold outstanding options to purchase 590,063 shares of Foothill common stock which, if exercised prior to the closing of the merger, would result in the issuance of additional shares of First Community common stock. Furthermore, currently up to 464,234 shares remain and may be issued pursuant to a registration statement filed with the SEC on Form S-3 for the purpose of raising cash to fund acquisitions of banks and other financial institutions, as well as for general corporate purposes.

At its annual meeting, First Community has proposed that its shareholders approve an amendment to its articles of incorporation to increase the maximum authorized shares of its common stock from 30,000,000 to 50,000,000.

Foothill s directors and executive officers have additional interests in the merger.

In deciding how to vote on the proposal to adopt the merger agreement, Foothill stockholders should be aware that Foothill s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Foothill stockholders generally. See The Merger Interests of Certain Persons in the Merger. Foothill s board of directors was aware of these interests and considered them when it approved the merger agreement.

Risks Related to First Community Following Completion of the Merger

Unless otherwise specified, references to we, our and us in this subsection mean First Community and its subsidiaries on a consolidated basis.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance.

Changes in the interest rate environment may reduce our profits. It is expected that we will continue to realize income from the differential or spread between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. Net interest

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spreads are affected by the difference between the maturities and repricing characteristics of interest-earning assets and interest-bearing liabilities. In addition, loan volume and yields are affected by market interest rates on loans, and rising interest rates generally are associated with a lower volume of loan originations. We cannot assure you that we can minimize our interest rate risk. In addition, while an increase in the general level of interest rates may increase our net interest margin and loan yield, it may adversely affect the ability of certain borrowers with variable rate loans to pay the interest on and principal of their obligations. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest spread, asset quality, loan origination volume and overall profitability.

We face strong competition from financial services companies and other companies that offer banking services which could negatively affect our business.

We conduct our banking operations primarily in Southern California. Increased competition in our market may result in reduced loans and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. Many competitors offer the same banking services that we offer in our service area. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including without limitation, savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In particular, our competitors include several major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and ATMs and conduct extensive promotional and advertising campaigns.

Additionally, banks and other financial institutions with larger capitalization and financial intermediaries not subject to bank regulatory restrictions have larger lending limits and are thereby able to serve the credit needs of larger customers. Areas of competition include interest rates for loans and deposits, efforts to obtain deposits, and range and quality of products and services provided, including new technology-driven products and services. Technological innovation continues to contribute to greater competition in domestic and international financial services markets as technological advances enable more companies to provide financial services. We also face competition from out-of-state financial intermediaries that have opened low-end production offices or that solicit deposits in our market areas. If we are unable to attract and retain banking customers, we may be unable to continue to grow our loan and deposit portfolios and our results of operations and financial condition may otherwise be adversely affected.

Changes in economic conditions, in particular an economic slowdown in Southern California, could materially and negatively affect our business.

Our business is directly impacted by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. A deterioration in economic conditions, whether caused by national or local concerns, in particular an economic slowdown in Southern California, could result in the following consequences, any of which could hurt our business materially: loan delinquencies may increase; problem assets and foreclosures may increase; demand for our products and services may decrease; low cost or noninterest bearing deposits may decrease; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers borrowing power, and reducing the value of assets and collateral associated with our existing loans. The State of California and certain local governments in our market area continue to face fiscal challenges upon which the long-term impact on the State s or the local economy cannot be predicted.

A downturn in the real estate market could negatively affect our business.

A downturn in the real estate market could negatively affect our business because a significant portion (approximately 68% as of December 31, 2005) of our loans are secured by real estate. Our ability to recover on defaulted loans by selling the real estate collateral would then be diminished and we would be more likely to suffer losses on defaulted loans.

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Substantially all of our real property collateral is located in Southern California. If there is a significant decline in real estate values, especially in Southern California, the collateral for our loans would provide less security. Real estate values could be affected by, among other things, an economic slowdown, an increase in interest rates, earthquakes and other natural disasters particular to California.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects.

We currently depend heavily on the services of our chairman, John Eggemeyer, our chief executive officer, Matthew Wagner, and a number of other key management personnel. The loss of Mr. Eggemeyer s or Mr. Wagner s services or that of other key personnel could materially and adversely affect our results of operations and financial condition. Our success also depends in part on our ability to attract and retain additional qualified management personnel. Competition for such personnel is strong in the banking industry and we may not be successful in attracting or retaining the personnel we require.

We are subject to extensive regulation which could adversely affect our business.

Our operations are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of our operations. Because our business is highly regulated, the laws, rules and regulations applicable to us are subject to regular modification and change. There are currently proposed laws, rules and regulations that, if adopted, would impact our operations. There can be no assurance that these proposed laws, rules and regulations, or any other laws, rules or regulations, will not be adopted in the future, which could (1) make compliance much more difficult or expensive, (2) restrict our ability to originate, broker or sell loans or accept certain deposits, (3) further limit or restrict the amount of commissions, interest or other charges earned on loans originated or sold by us, or (4) otherwise adversely affect our business or prospects for business.

We are exposed to transactional, currency and legal risk related to our foreign loans that is in addition to risks we face on loans to U.S.-based borrowers.

A portion of our loan portfolio is represented by credit we extend and loans we make to businesses located outside the United States, predominantly in Mexico. These loans, which include commercial loans, real estate loans and credit extensions for the financing of international trade, are subject to risks in addition to risks we face with our loans to businesses located in the United States including, but not limited to, currency risk, transaction risk, country risk and legal risk. While these loans are denominated in U.S. dollars, the ability of the borrower to repay may be affected by fluctuations in the borrower s home country currency relative to the U.S. dollar. Additionally, while most of our foreign loans are insured by U.S.-based institutions, guaranteed by a U.S.-based entity or collateralized with U.S.-based assets or real property, our ability to collect in the event of default is subject to a number of conditions and we may not be successful in obtaining partial or full repayment. Furthermore, foreign laws may restrict our ability to foreclose on, take a security interest in or seize collateral located in the foreign country.

We are exposed to risk of environmental liabilities with respect to properties to which we take title.

In the course of our business, we may own or foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be

substantial. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

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Our ability to pay dividends is restricted by law and contractual arrangements and depends on capital distributions from our subsidiary banks which are subject to regulatory limits.

Our ability to pay dividends to our shareholders is subject to the restrictions set forth in California law. In addition, our ability to pay dividends to our shareholders is restricted in specified circumstances under indentures governing the trust preferred securities we have issued and under the revolving credit agreements to which we are a party. We cannot assure you that we will meet the criteria specified under California law or under these agreements in the future, in which case we may reduce or stop paying dividends on our common stock.

The primary source of our income from which we pay dividends is the receipt of dividends from our subsidiary banks.

The availability of dividends from our subsidiary banks is limited by various statutes and regulations. It is possible, depending upon the financial condition of the bank in question, and other factors, that the Board of Governors of the Federal Reserve System, and/or the Office of the Comptroller of the Currency, could assert that payment of dividends or other payments is an unsafe or unsound practice. In the event our subsidiaries were unable to pay dividends to us, we in turn would likely have to reduce or stop paying dividends on our common stock. Our failure to pay dividends on our common stock could have a material adverse effect on the market price of our common stock.

Only a limited trading market exists for our common stock which could lead to price volatility.

Our common stock was designated for quotation on the Nasdaq National Market in June 2000 and trading volumes since that time have been modest. The limited trading market for our common stock may cause fluctuations in the market value of our common stock to be exaggerated, leading to price volatility in excess of that which would occur in a more active trading market of our common stock. In addition, even if a more active market in our common stock develops, we cannot assure you that such a market will continue or that stockholders will be able to sell their shares.

Our allowance for credit losses may not be adequate to cover actual losses.

In accordance with accounting principles generally accepted in the United States, we maintain an allowance for loan losses to provide for loan defaults and non-performance and a reserve for unfunded loan commitments, which when combined, we refer to as the allowance for credit losses. Our allowance for credit losses may not be adequate to cover actual credit losses, and future provisions for credit losses could materially and adversely affect our operating results. Our allowance for credit losses is based on prior experience, as well as an evaluation of the risks in the current portfolio. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. Federal regulatory agencies, as an integral part of their examination process, review our loans and allowance for credit losses. While we believe that our allowance for credit losses is adequate to cover current losses, we cannot assure you that we will not further increase the allowance for credit losses or that regulators will not require us to increase this allowance. Either of these occurrences could materially adversely affect our earnings.

Concentrated ownership of our common stock creates a risk of sudden changes in our share price.

As of the record date, directors and members of our executive management team owned or controlled approximately 2,679,500 of our common stock, excluding shares that may be issued to executive officers upon vesting of restricted and performance stock awards and including vested stock options. Investors who purchase our common stock may be subject to certain risks due to the concentrated ownership of our common stock. The sale by any of our large shareholders of a significant portion of that shareholder s holdings could have a material adverse effect on the market price of our common stock. In addition, the registration of any significant amount of additional shares of our common stock will have the immediate effect of increasing the public float of our common stock and any such increase may cause the market price of our common stock to decline or fluctuate significantly.

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Our largest shareholder is a registered bank holding company and the activities and regulation of such shareholder may affect the permissible activities of First Community.

Castle Creek Capital, LLC, which we refer to as Castle Creek, is controlled by our chairman, John M. Eggemeyer, and such persons beneficially owned approximately 9.1% of First Community s common stock as of the record date. Castle Creek is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and is regulated by the Board of Governors of the Federal Reserve System, or FRB. Under FRB guidelines, holding companies must be a source of strength for their subsidiaries. Regulation of Castle Creek by the FRB may adversely affect the activities and strategic plans of First Community should the FRB determine that Castle Creek or any other company in which Castle Creek has invested has engaged in any unsafe or unsound banking practices or activities. While we have no reason to believe that the FRB is proposing to take any action with respect to Castle Creek that would adversely affect First Community, we remain subject to such risk.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement-prospectus, any supplement and any documents incorporated by reference may contain certain forward-looking statements about Foothill, First Community and the combined company, which statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements. Such statements involve inherent risks and uncertainties, many of which are difficult to predict and are generally beyond the control of First Community and Foothill. Readers are cautioned that a number of important factors could cause actual results to differ materially from those expressed in, implied or projected by, such forward-looking statements. Risks and uncertainties include, but are not limited to:

- planned acquisitions and relative cost savings cannot be realized or realized within the expected time frame;
- revenues are lower than expected;
- an increase in the provision for loan losses resulting from credit quality deterioration;
- competitive pressure among depository institutions increases significantly;
- First Community s ability to successfully execute announced or future acquisitions or to receive regulatory approvals on the terms expected or on the anticipated schedule or at all;
- First Community s ability to integrate acquired entities and businesses and to achieve expected synergies, operating efficiencies or other benefits within expected time-frames or at all, or within expected cost projections;
- the possibility that personnel changes will not proceed as planned;
- the cost of additional capital is more than expected;
- a change in the interest rate environment reduces interest margins;
- asset/liability repricing risks and liquidity risks;
- pending legal matters may take longer or cost more to resolve or may be resolved adversely to First Community;
- general economic conditions, either nationally or in the market areas in which First Community and Foothill do or anticipate doing business, are less favorable than expected;
- the economic and regulatory effects of the continuing war on terrorism and other events of war, including the war in Iraq;

legislative or regulatory requirements or changes adversely affect First Community s or Foothill s business; and

changes in the securities markets.

If any of these risks or uncertainties materializes or if any of the assumptions underlying such forward-looking statements proves to be incorrect, First Community s or Foothill s results could differ materially from those expressed in, implied or projected by, such forward-looking statements. Neither First Community nor Foothill assume any obligation to update such forward-looking statements. For a more detailed discussion of certain of these factors, see the section entitled Risk Factors in this joint proxy statement-prospectus and Certain Business Risks in First Community s most recent Form 10-K (incorporated by reference in this joint proxy statement-prospectus) and Factors That Could Affect Our Future Financial Performance in Foothill s most recent Form 10-K (incorporated by reference in this joint proxy statement-prospectus) and similar sections in First Community s and Foothill s future filings which are incorporated by reference in this joint proxy statement-prospectus, which describe risks and factors that could cause results to differ materially from those projected in such forward-looking statements. First Community and Foothill caution the reader that these risk factors may not be exhaustive. First Community and Foothill operate in a continually changing business environment, and new risk factors emerge from time to time. Neither management of First Community nor Foothill can predict such new risk factors, nor can they assess the impact, if any, of such new risk factors on First Community s or Foothill s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements.

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THE SPECIAL MEETING OF FOOTHILL INDEPENDENT BANCORP STOCKHOLDERS

This joint proxy statement-prospectus is being furnished to Foothill stockholders in connection with the solicitation of proxies by Foothill s board of directors for approval of the following two proposals:

1. **Approval of Merger.** To adopt the the merger agreement by and between First Community Bancorp and Foothill Independent Bancorp.

2. **Adjournment**. To consider and act upon a proposal to approve one or more adjournments of the special meeting to a later date or dates in order to be able solicit additional proxies for approval of the merger from stockholders, if that becomes necessary.

The Foothill board of directors does not expect any other business to be transacted at the special meeting.

YOUR VOTE IS IMPORTANT. PLEASE VOTE AS SOON AS POSSIBLE BY COMPLETING, SIGNING AND DATING THE PROXY CARD ENCLOSED WITH THIS PROXY STATEMENT AND RETURNING IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ALTERNATIVELY, YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET. JUST FOLLOW THE INSTRUCTIONS ON THE PROXY OR VOTING INSTRUCTION CARD THAT ACCOMPANIES THIS JOINT PROXY STATEMENT-PROSPECTUS.

Date, Time and Place of Foothill s Special Meeting

The special meeting of stockholders of Foothill will be held on April 19, 2006, at the Shilo Hilltop Suites, 3101 W. Temple Avenue, Pomona, California, at 10 a.m. local time and any adjournments thereof.

Who May Vote?

If you were a stockholder on the records of Foothill at the close of business on March 10, 2006, which is the record date established for the special meeting, you may vote at the special meeting either in person or by proxy. On that date, there were 8,716,957 shares of Foothill common stock outstanding and entitled to vote.

How Many Votes Do I Have?

You will be entitled to cast one vote for each share of Foothill common stock that you owned on the record date on each proposal presented for a vote of stockholders at the special meeting. In order to vote, you must either designate a proxy to vote on your behalf or attend the special

meeting and vote your shares in person. The Board of Directors requests your proxy so that your shares will count toward a quorum and will be voted at the special meeting.

How Will The Board Vote My Proxy?

A properly executed proxy received by us prior to the commencement of the meeting, and not revoked, will be voted as directed by the stockholder on that proxy. If a stockholder provides no specific direction, the shares will be voted **FOR** adoption of the merger agreement and, if necessary, **FOR** adjournment of the meeting to enable additional proxies for approval of the merger to be obtained.

However, if your Foothill shares are held in either (1) a company benefit plan or (2) a brokerage or nominee account, please read the information below under captions How May I Vote *Voting by Employee Benefit Plan Participants*, Voting Shares Held by Brokers, Banks and Other Nominees and Required Vote to find out how your shares may be voted.

How May I Vote?

By Mail. Stockholders may mark, sign, date and return their proxies in the postage-paid envelope provided. If you sign and return your proxy without indicating how you want to vote, your proxy will be voted for adoption

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of the merger agreement (except for shares held in employee benefit plans and by brokers, banks and other nominees described below) and, if necessary, for adjournment of the special meeting. If you forget to sign your proxy, your shares cannot be voted. However, if you sign your proxy but forget to date it, your shares will still be voted as you have directed. You should, however, date your proxy, as well as sign it.

By Telephone or Via the Internet. If you are a registered stockholder (you do not hold your shares through a broker or nominee holder), you may vote by telephone, or electronically over the Internet, by following the instructions included with your proxy. If your shares are held in street name (i.e., through a broker or nominee holder), please contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. The deadline for voting telephonically or electronically over the internet is 12:00 A.M. (Midnight) Pacific Time on April 19, 2006.

Voting by Employee Benefit Plan Participants. If you hold shares of our common stock in our retirement plan, you may tell the plan trustee how to vote those of your shares that are allocated to your plan account, by signing and returning a voting instruction card that you will be receiving from the plan administrator or by voting by telephone or electronically over the Internet by following the instructions included with your voting instruction card. Your voting instructions must be received by 12:00 A.M. (Midnight) Pacific Time on April 12, 2006 in order for your shares to be voted in accordance with your instructions. If you do not sign, mark and return that instruction card, your shares will be voted as the plan administrator directs or as otherwise provided in the plan.

Voting Shares Held by Brokers, Banks and Other Nominees

If you hold your shares of Foothill common stock in a brokerage, bank or other nominee account, you are a beneficial owner of those shares, holding them in street name. In order to vote those shares, you must give voting instructions to your broker, bank or other intermediary who is the nominee holder of your shares. We ask brokers, banks and other nominee holders to obtain voting instructions from the beneficial owners of our common stock. Proxies that are transmitted by nominee holders on your behalf will count toward a quorum and will be voted as instructed by you, as beneficial holder of the shares. However, if no instructions are specified by you to your broker or other nominee, your broker or nominee holder will ***not*** have discretion to vote your shares at the special meeting, and your shares will not be voted, on the merger proposal, but will constitute broker non-votes . As a result, if you want your shares to be voted at the special meeting, you must send your voting instructions to your broker or nominee holder in sufficient time to enable that broker or nominee holder to vote your shares in accordance with your instructions.

Required Vote

Quorum Requirement. The presence in person or by proxy of the holders of a majority of all of the shares of our common stock entitled to vote at the special meeting constitutes a quorum. Without a quorum, no actions can be taken at the special meeting, except to adjourn the meeting to a later date to allow time to obtain additional proxies to satisfy this quorum requirement. Proxies submitted by brokers or other nominee holders with respect to shares for which no voting instructions have been given by their beneficial owners, which constitute broker non-votes , will be counted for purposes of determining whether the quorum requirement has been satisfied.

Voting on the Proposal to Adopt the Merger Agreement. The adoption of the merger agreement will require the affirmative vote, in person or by proxy, of a majority of the outstanding shares of Foothill common stock entitled to vote at the special meeting.

Voting on the Proposal to Adjourn the Meeting. If it becomes necessary to adjourn the special meeting to a later date to allow time to obtain additional proxies, stockholders will be asked to vote on a proposal to adjourn the meeting for that purpose. The affirmative vote of the holders of a majority of the shares that (1) are present, in person or by proxy, and (2) are voted on that proposal, at the special meeting is required to approve such an adjournment.

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Effect of Abstentions and Broker Non-Votes

Both abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum at the special meeting. Because approval and adoption of the merger agreement requires the affirmative vote of a majority of Foothill s outstanding shares, abstentions and broker non-votes will have the same effect as votes cast against the proposal to adopt the merger agreement. Because adjournments require the affirmative vote of a majority of the shares that are present, in person or by proxy, and that are voted on that proposal at the special meeting, abstentions on that proposal will have the same effect as a vote against that proposal, whereas broker non-votes, which are not entitled to be counted, will have the effect of reducing the aggregate number of votes required to adjourn the meeting.

How Can I Revoke My Proxy?

If you are a registered owner, you may change your mind and revoke your proxy at any time before your proxy is voted at the special meeting by taking any one of the following actions:

- Sending a written notice to revoke your proxy to the Secretary of Foothill, at 510 South Grand Avenue, Glendora, California 91741. To be effective, the notice must be received by the Company before the special meeting commences.
- Transmitting a proxy by mail at a later date than your prior proxy. To be effective, that later dated proxy must be received by Foothill before the special meeting commences.
- Attending the special meeting and voting in person or by proxy.

However, if your shares are held by a broker or other nominee holder you will need to contact your broker or nominee holder, or if your shares are in the Foothill 401-K retirement plan you will need to contact the plan administrator, if you wish to revoke your proxy.

Proxy Solicitation and Expenses

The accompanying proxy is being solicited by the board of directors of Foothill. Foothill will bear the entire cost of solicitation of proxies from holders of its shares. In addition to the solicitation of proxies by mail, certain officers, directors and employees of Foothill, without extra remuneration, may also solicit proxies in person, by telephone, facsimile or otherwise. Foothill will pay postage and mailing costs for mailing of the joint proxy statement-prospectus to its stockholders. All other costs, including printing, legal and accounting fees, shall be borne by whichever of First Community or Foothill has incurred such costs.

No Dissenters Rights of Appraisal

Under Delaware law, Foothill stockholders are not entitled to appraisal rights in connection with the merger.

Adjournment of the Special Meeting

Although it is not anticipated, the special meeting may be adjourned for the purpose of soliciting additional proxies in favor of the merger. Any adjournment of the special meeting may be made without notice, other than by an announcement made at the special meeting, by approval of the holders of a majority of the shares of Foothill common stock that are present in person or by proxy and are voted on that proposal at the special meeting, even though a quorum does not exist. If the adjournment of the special meeting is for more than 30 days or if, after the adjournment, a new record date is fixed for an adjourned meeting, then notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the special meeting. Any adjournments of the special meeting for the purpose of soliciting additional proxies will allow Foothill s stockholders who have already sent in their proxies to revoke them at any time prior to their use.

Recommendation of the Board of Directors

YOUR BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FOOTHILL AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE PROPOSED MERGER AGREEMENT AND, IF NECESSARY, FOR ADJOURNMENT OF THE MEETING.

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Principal Stockholders of Foothill

Set forth below is certain information as of March 10, 2006 regarding the number of shares of Foothill s common stock owned by (1) each person who we know owns 5% or more of Foothill s outstanding shares of common stock, (2) each director and executive officers of the Foothill and (3) all of Foothill s current directors and executive officers as a group.

Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership[2]	Percent of Class[2]
Wellington Management Company, LLP	828,907[3]	9.51%
75 State St., Boston, MA 02109		
Bay Pond Partners, L.P.	447,140[4]	5.13%
Wellington Hedge Management, LLC and		
Wellington Hedge Management, Inc.		
c/o Wellington Management Company, LLP		
75 State St., Boston, MA 02109		
William V. Landecena	575,624[5][6]	6.52%
O. L. Mestad	427,231[6]	4.84%
George E. Langley	336,363[7]	3.86%
Richard Galich	215,672[6]	2.46%
Max Williams	150,729[6]	1.71%
Douglas F. Tessitor	88,551[6]	1.01%
George Sellers	84,672[6]	*
Casey J. Cecala III	80,271[7]	*
Carol Ann Graf	69,631[7]	*
All Directors and Executive Officers as a group (9 in number)	2,028,744[8]	22.04%

* Less than 1%.

(1) Unless otherwise indicated, the business address of each stockholder is c/o Foothill Independent Bancorp, 501 S. Grand Ave., Glendora, CA 91741.

(2) This table is based upon information supplied by officers, directors, principal stockholders and Schedules 13D and 13G filed with the SEC. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. Applicable percentage ownership is based on 8,716,957 shares of common stock outstanding as of March 10, 2006. Shares of common stock subject to options and warrants currently exercisable, or exercisable within 60 days of the March 10, 2006, are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. Except as otherwise noted, Foothill believes that each of the stockholders named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to applicable community property laws.

(3) According to a report filed with the Securities and Exchange Commission on February 14, 2006, Wellington Management Company, LLP (WMC), shares voting power with respect to 744,757 of these shares and shares dispositive power over all 828,907 of these shares, in its capacity as investment adviser for its clients who own these shares of record. According to that report, those clients include Bay Pond

Partners, L.P. However, it is not possible to determine from WMC s report, whether these shares include the 447,140 shares which Bay Pond Partners has reported as being beneficially owned by it. See note (4) below.

(4) According to a report filed with the Securities and Exchange Commission on February 14, 2006, Bay Pond Partners, L.P. shares voting and dispositive power over and, therefore, also beneficial ownership of, these shares with Wellington Hedge Management, LLC, which is Bay Pond s general partner, and Wellington Hedge Management, Inc., which is the managing member of Wellington Hedge Management, LLC.

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(5) Includes shares held in several trusts established by Mr. Landecena of which he is a trustee.

(6) Includes shares of common stock subject to outstanding stock options exercisable during the 60-day period ending May 10, 2006, as follows: Mr. Landecena 114,802 shares; Dr. Mestad 118,821 shares; Dr. Galich 49,956 shares; Mr. Williams 104,149 shares; Mr. Tessitor 59,998 shares; and Mr. Sellers 38,837 shares.

(7) Does not include shares of common stock that are subject to outstanding options that are not scheduled to become exercisable during the 60-day period ending May 10, 2006, but which will become exercisable within that period, if the merger is consummated on or prior to that date, as follows: Mr. Langley 9,228 shares; Mr. Cecala 2,076 shares; and Ms. Graf 1,703 shares.

(8) Includes an aggregate of 486,563 shares of common stock subject to outstanding stock options exercisable during the 60-day period ending May 10, 2006. Does not include the shares referenced in footnote (7) above.

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THE ANNUAL MEETING OF FIRST COMMUNITY BANCORP SHAREHOLDERS

Introduction

This joint proxy statement-prospectus constitutes the proxy statement of First Community Bancorp, for use at the annual meeting of First Community s shareholders to be held on April 19, 2006, at Rancho Valencia Resort, 5921 Valencia Circle, Rancho Santa Fe, California, at 10 a.m., and any adjournments or postponements thereof. At the annual meeting, shareholders of First Community will consider and vote upon a proposal to approve the principal terms of the merger agreement with Foothill Independent Bancorp, as well as on other corporate matters.

The Proposals Related to the Acquisition Foothill Independent Bancorp

At the annual meeting, the shareholders of First Community will consider and vote upon a proposal to approve the principal terms of the Agreement and Plan of Merger by and between First Community Bancorp and Foothill Independent Bancorp and the issuance of shares of First Community common stock to be issued in connection with the merger to Foothill stockholders, as described in this joint proxy statement-prospectus.

Pursuant to the merger agreement, Foothill will merge with and into First Community Bancorp, with First Community being the surviving corporation. We refer to the transaction as the merger. Immediately following the consummation of the merger, Foothill Independent Bank, a California state-chartered member bank and wholly owned subsidiary of Foothill, will merge with and into Pacific Western National Bank, a national banking association and wholly owned subsidiary of First Community, with Pacific Western as the surviving entity.

We expect to complete the merger and the subsequent bank merger in the second quarter of 2006.

Other Proposals at the Annual Meeting.

At the annual meeting you will also be asked to consider and vote to:

Elect 10 members of First Community s board of directors who shall hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified;

Approve an amendment to First Community s articles of incorporation to increase the maximum amount of authorized shares of common stock from 30,000,000 to 50,000,000;

Approve an increase in the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan from 2,500,000 to 3,500,000; and

Approve, if necessary, any adjournment or postponement of the annual meeting to solicit additional proxies.

For a description of each of these proposals, see The First Community Annual Meeting Proposals beginning on page 102.

Record Date

The close of business on March 10, 2006 was the record date for determining First Community shareholders entitled to receive notice of and to vote at the annual meeting.

Voting

On the record date, there were 20,179,786 shares of First Community common stock outstanding held by approximately 1,375 holders of record. Each holder of First Community common stock is entitled to one vote for each share of First Community common stock in that holder s name on First Community s books as of the record date on any matter submitted to the vote of the First Community shareholders at the annual meeting (other than with respect to cumulative voting in the election of directors as described below). A majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at the meeting.

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The Merger Proposal

The approval of the principal terms of the merger agreement and the issuance of First Community common stock to be issued to Foothill stockholders in connection with the merger will require the affirmative vote, in person or by proxy, of a majority of the outstanding shares of First Community common stock entitled to vote.

Election of Directors

Directors are elected by a plurality of votes cast for election of directors. Accordingly, the 10 directorships to be filled at the annual meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Other Proposals

Approval of the amendment to First Community s articles of incorporation requires the affirmative vote, in person or by proxy, of a majority of the outstanding shares of First Community common stock entitled to vote.

Approval of an increase in the authorized number of shares available for issuance under First Community s 2003 Stock Incentive Plan requires the affirmative vote of the holders of the shares of common stock represented and voting at the annual meeting (which shares also constitute a quorum).

Because the vote to approve each of the merger proposal and the amendment to First Community s articles of incorporation is based upon the total number of outstanding shares of First Community common stock, the failure to submit a proxy card or to vote in person, or the abstention from voting by a shareholder, will have the same effect as a vote against these proposals.

At the close of business on the record date, the First Community directors beneficially owned, in the aggregate, approximately 2,133,782 shares of First Community common stock, allowing them to exercise approximately 10.6% of the voting power of First Community common stock entitled to vote at the First Community annual meeting (which does not include shares issuable upon the exercise of stock options or shares held under First Community s Deferred Compensation Plan which the directors and officers were not entitled to vote as of the record date). These shareholders have agreed to vote their shares in favor of the merger proposal, as more fully described in The Merger Agreement Shareholder Agreements beginning on page 67.

Shareholders of First Community may vote their shares of common stock by attending the annual meeting and voting their shares in person, or by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed self-addressed postage-paid envelope in a timely manner. If you vote by proxy, your proxy will be voted in accordance with the instructions you indicate on the proxy card, unless you revoke your proxy prior to the vote. The proxy also grants authority to the person designated in the proxy to vote in accordance with their own judgment if an unscheduled matter is properly brought before the meeting. **If a written proxy card is signed by a shareholder of First Community and**

returned without instructions, the shares represented by the proxy will be voted FOR each of the proposals above, including the approval of the principal terms of the plan of merger and any adjournment or postponement of the annual meeting to solicit additional proxies.

Recommendation of the Board of Directors

THE FIRST COMMUNITY BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FIRST COMMUNITY AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER PROPOSAL AND FOR EACH OF THE OTHER PROPOSALS LISTED ABOVE.

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A proxy solicited by the First Community board of directors may be revoked at any time before it is voted at the special meeting by:

- giving written notice to the corporate secretary of First Community;
- submission of a proxy bearing a later date filed with the corporate secretary of First Community at or before the meeting by mail, online via the Internet or by telephone; or
- attending the annual meeting and voting in person at the meeting.

While no other business is expected to be transacted at the annual meeting other than the proposal to vote on the merger proposal and the other proposals described herein, First Community shareholders may be asked to consider and act upon other business matters or proposals as may properly come before the annual meeting or any adjournments or postponements thereof.

Adjournments

Although it is not anticipated, the annual meeting may be adjourned for the purpose of soliciting additional proxies in favor of the merger proposal. Any adjournment of the annual meeting may be made without notice, other than by an announcement made at the annual meeting, by approval of the holders of a majority of the shares of First Community common stock present in person or represented by proxy at the annual meeting, whether or not a quorum exists. Any adjournment of the annual meeting for the purpose of soliciting additional proxies will allow First Community s shareholders who have already sent in their proxies to revoke them at any time prior to their use.

First Community Shares Held in Street Name

First Community shareholders who hold their shares in street name, meaning in the name of a bank, broker or other record holder, must either direct the record holder of their shares how to vote their shares or obtain a proxy from the record holder to vote at the annual meeting.

Brokers holding shares of First Community common stock as nominees will not have discretionary authority to vote those shares in the absence of instructions from the beneficial owners of those shares on the merger proposal or the proposal to approve an increase in the number of shares available for issuance under First Community s 2003 Stock Incentive Plan. Accordingly, the failure to provide voting instructions to your broker will also have the same effect as a vote against the merger proposal.

Proxy Solicitation

The accompanying proxy is being solicited by the board of directors of First Community. First Community will bear the entire cost of solicitation of proxies from holders of its shares. In addition to the solicitation of proxies by mail, certain officers, directors and employees of First Community, without extra remuneration, may also solicit proxies in person, by telephone, by facsimile or otherwise. First Community will

pay printing, postage and mailing costs for preparation and mailing of the joint proxy statement-prospectus to its shareholders. All other costs, including legal and accounting fees, shall be borne by the party incurring such costs.

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THE MERGER

General

The boards of directors of First Community and Foothill have unanimously approved the merger agreement providing for the merger of Foothill with and into First Community and the subsequent merger of Foothill Independent Bank, a California state-chartered member bank and wholly owned subsidiary of Foothill, with and into Pacific Western National Bank, a national banking association and wholly owned subsidiary of First Community, or another wholly-owned direct subsidiary of First Community.

Merger Consideration

The merger agreement provides a mechanism for determining the exchange ratio, which represents the fraction of a share of First Community common stock that stockholders of Foothill will receive for each Foothill share in the merger. The exchange ratio is calculated by dividing the base amount by the First Community average closing price. In this description, base amount and First Community average closing price have th following meanings:

base amount: the result of dividing (1) $238 million (minus the cash consideration paid to Foothill optionholders in respect of their outstanding and unexercised options) by (2) the number of shares of Foothill common stock which are outstanding on the closing date of the merger.

First Community average closing price: the average closing price of First Community s common stock over a final 15 trading day measurement period ending two trading days prior to the closing date of the merger.

The exchange ratio is subject to a collar, which means that there is a maximum and a minimum number of shares of First Community common stock that Foothill stockholders will receive in the merger. If the First Community average closing price is $59.03 or more, the exchange ratio will be fixed at 0.4421 (which assumes that all outstanding Foothill options are cancelled for cash and that there are 8,716,957 shares of Foothill common stock outstanding on the closing date). If the First Community average closing price is $45.91 or less, the exchange ratio will be fixed at 0.5685 (based on the same assumptions).

If the closing were to be held the date of this document, the exchange ratio would have been approximately 0.4421 of a share of First Community common stock for each Foothill share, based on the average closing price of $60.15 per share of First Community s common stock over a 15 trading day measurement period ended March 14, 2006, and 8,716,957 shares of Foothill common stock outstanding on March 14, 2006. The exchange ratio that will determine the number of First Community shares may be higher, but is not expected to be lower than 0.4421 (unless there is an increase in the number of outstanding shares of Foothill common stock as a result of the exercise of any outstanding stock options to purchase shares of Foothill common stock between the date of this document and the close of the merger).

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Following is a table that shows examples of what the exchange ratio could be, depending on the First Community average closing price:

First Community Average Closing Price	First Community Shares Received Per Share of Foothill Common Stock[1]
$45.91 *and below*	0.5685
$46.00	0.5674
$46.50	0.5613
$47.00	0.5553
$47.50	0.5495
$48.00	0.5437
$48.50	0.5381
$49.00	0.5326
$49.50	0.5273
$50.00	0.5220
$50.50	0.5168
$51.00	0.5117
$51.50	0.5068
$52.00	0.5019
$52.50	0.4971
$53.00	0.4924
$53.50	0.4878
$54.00	0.4833
$54.50	0.4789
$55.00	0.4745
$55.50	0.4703
$56.00	0.4661
$56.50	0.4619
$57.00	0.4579
$57.50	0.4539
$58.00	0.4500
$58.50	0.4461
$59.00	0.4424
$59.03 *and above*	0.4421

(1) In each case, this table assumes that there are 8,716,957 shares of Foothill common stock outstanding and 590,063 outstanding options to acquire shares of Foothill common stock (with a weighted average exercise price of $8.312) on the closing date.

Background of the Merger

On July 25, 2005, Foothill received a letter from Castle Creek Financial, on behalf of First Community, containing a non-binding proposal for a business combination transaction pursuant to which First Community would acquire all of the outstanding shares and stock options of Foothill for $228.5 million, payable all in First Community common stock or all in cash, or in any combination of First Community stock and cash, as Foothill might choose. Following receipt of that proposal, Foothill contacted the investment banking firm of Houlihan Lokey Howard & Zukin Capital, Inc., or HLHZ, an affiliate of Houlihan Lokey, to assist Foothill and its board of directors in evaluating First Community s proposal. HLHZ was subsequently engaged by Foothill to assist Foothill s board in evaluating, not only the First Community proposal, but also the strategic alternatives to that proposal that were available to Foothill.

On July 26, 2005, First Community held a board of directors meeting at which Matthew P. Wagner, president and chief executive officer of First Community, updated the board on the status of discussions with Foothill and the proposed merger.

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On July 26, 2005, a representative of HLHZ contacted John Eggemeyer, a principal of Castle Creek and the chairman of the board of First Community to update certain factual assumptions underlying the proposal letter, and to ask Castle Creek to submit a revised proposal on behalf of First Community. On July 27, 2005, Castle Creek verbally advised Foothill of First Community s willingness to increase the transaction value to $230.0 million, which was then confirmed by letter to Foothill. The revised proposal was otherwise unchanged from the proposal in the original letter received on July 25, 2005.

On August 23, 2005, Foothill s board of directors held a telephonic meeting to review the First Community proposal and to discuss Foothill s strategic alternatives. Foothill s outside counsel, Stradling Yocca Carlson & Rauth (Stradling Yocca) reviewed for the board members their fiduciary duties, as directors, with respect to First Community s proposal and, together with HLHZ, potential structural and contractual matters implicated by First Community s proposal. At the meeting, Foothill s board also discussed a number of matters, including the following:

- the potential benefits of conducting a pre-negotiation market check or auction process by which Foothill would seek, on a confidential basis, from other banking institutions, indications of their interest in pursuing a business combination transaction with Foothill, with the objective of obtaining a higher valuation and more favorable contract terms for Foothill, either from First Community or an alternate party.

- the potential risks of conducting an auction process, including the possibility of a market leak of information regarding Foothill s effort to solicit interest in a business combination and the impact that such a leak could have on Foothill s employees and customers and, therefore, on its business.

- the relative benefits to Foothill s stockholders of an all-stock transaction versus a transaction in which Foothill stockholders would have the ability to elect to receive all stock, all cash or a combination of stock and cash in order to provide Foothill s stockholder with the flexibility of choosing whether to exchange their Foothill shares (i) solely for shares of the other party in order to maintain, in a tax efficient manner, their investment in Foothill, albeit in a different form, (ii) solely for cash, or (iii) for a combination of cash and stock.

- the relative benefits and risks to Foothill s stockholders of remaining independent and continuing to pursue growth of its banking franchise.

Foothill s board then authorized HLHZ to conduct a targeted, confidential auction process to determine if there were other banking institutions that would be interested in a strategic business combination transaction with Foothill. The board also directed George E. Langley, Foothill s president and chief executive officer, to work with HLHZ to identify selected banking institutions that, based on historical acquisition and merger activity and expressions of interest in expanding into Foothill s market areas, would be potential strategic partners that should be contacted as part of this process.

On August 30, 2005, Mr. Langley met with Mr. Wagner to discuss First Community s proposal. A representative of HLHZ and a representative of Castle Creek also attended this meeting. As a precursor to further discussions, First Community and Castle Creek later entered into a mutual confidentiality agreement with Foothill.

On September 1, 2005, First Community held a board of directors meeting telephonically at which Mr. Wagner updated the board on the status of discussions with Foothill and the proposed merger.

During the first two weeks of September 2005, HLHZ contacted eight banking institutions, which were believed most likely to have an interest in pursuing a business combination transaction with Foothill. Three of those eight banking institutions indicated that they might have an interest in considering such a transaction with Foothill and confidentiality agreements were entered into with each of those three interested parties.

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On September 16, 2005, HLHZ sent to each of those three parties, on behalf of Foothill, a descriptive memorandum containing selected public and non-public business, financial and other information regarding Foothill. That memorandum was accompanied by a letter describing a bidding process pursuant to which each of these parties was invited, based on a review of the memorandum and other publicly available information about Foothill, to submit by September 30, 2005 a non-binding bid or indicative price that the party would consider paying for Foothill. That letter also stated that, based on that indicative price and other terms and conditions of its bid, a decision would be made by Foothill whether or not to invite the party to participate in a second and final round of bidding.

One of the three parties elected to submit a non-binding business combination proposal, which was received by Foothill on September 30, 2005. That party proposed a business combination transaction in which it would acquire all of Foothill s outstanding shares and stock options for $240.0 million, payable in that party s common stock and/or cash in such proportions as the Foothill s stockholders elect, subject to the condition that the consideration would be payable entirely in cash if Foothill s stockholders were to elect more than 60% of the total consideration to be paid in cash. That proposal also called for the aggregate amount of cash that Foothill s stockholders were electing to receive, and the exchange ratio that would be used to fix the number of the shares of that party s common stock that it would issue to Foothill s stockholders, to be fixed not later than 45 days prior to the anticipated closing date of the business combination transaction. Foothill was subsequently informed by that party that it needed approximately 45 days following those determinations to finance the cash portion of the merger consideration.

On October 5, 2005, Foothill s board of directors, together with representatives from HLHZ and Stradling Yocca, met to discuss First Community s proposal and a proposal received from the other interested party. The board discussed the difference in the current values of the two proposals, the pricing mechanism described in the other party s proposal, by which the cash elections would be made by Foothill s stockholders and number of that party s shares to be issued in the transaction would be determined 45 days prior to the anticipated closing date, and the risks and uncertainties associated with that pricing mechanism. Specifically, the board discussed the market risk to which Foothill s stockholders would be exposed, if the exchange ratio was fixed well in advance of the closing of the transaction, since there would be no mechanism by which the value of the transaction to Foothill s stockholders could be protected if the market price of the other party s shares were to decline significantly during that 45 day period. The board also discussed various operational and stock price valuation issues relating to the respective proposals made by First Community and the other party. At the conclusion of the meeting the board authorized management, together with its advisors, to continue discussions with and to commence a competitive bidding process between First Community and the other party.

On October 7, 2005, at Foothill s request and on its behalf, HLHZ sent a letter to the other interested party inviting it to participate in a second and final round of bidding. The letter requested that party to submit an updated proposed acquisition price, along with the following additional information:

- a description of the proposed form of consideration to be received by Foothill s stockholders, a description of how and when the shares to be issued by that party in the transaction would be valued (fixed value, collar, etc.), and what adjustments, if any, that such party proposes be made in determining that price or exchange ratio;

- a description of how the outstanding Foothill stock options would be treated;

- a description of how the transaction would be financed and, if outside financing was required, requesting that such party furnish Foothill with a copy of a financing commitment letter providing evidence of its ability to obtain the financing, as Foothill did not intend to accept any proposal containing a financing contingency; and

- a description of all conditions and closing contingencies, including any shareholder, regulatory or other approvals required for the party to complete the business combination transaction.

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The letter was accompanied by a copy of a draft merger agreement for the transaction, prepared by Stradling Yocca, and the interested party was asked to submit, with its updated bid, the changes it would want to have made to that agreement before it would be prepared to sign it.

A similar request was made of First Community for an updated proposed acquisition price and the information similar to that requested from the other interested party, and a copy of the draft merger agreement was sent to Sullivan & Cromwell, LLP, First Community s outside legal advisor.

Each party also was advised that, to avoid premature public disclosure that merger negotiations were in process, no on-site due diligence investigation of Foothill would be permitted until the terms of the proposed transaction were finalized to Foothill s satisfaction.

A meeting was then held on October 14, 2005, attended by Mr. Wagner, Victor R. Santoro, executive vice president and chief financial officer of First Community, and Jared M. Wolff, executive vice president, general counsel and secretary of First Community, at which Mr. Langley, Joe Cecala, Foothill s executive vice president and chief credit officer, and Carol Ann Graf, Foothill s senior vice president and chief financial officer, made presentations and answered questions regarding Foothill and its business.

A similar meeting, on that same date, was held by Foothill with key members of the other party s senior management.

On October 28, 2005, HLHZ received revised proposals from both parties. First Community increased the stated value of its proposal to $235.0 million from $230.0 million. The other party increased its bid from $240.0 million to an amount equal to $250.0 million minus the assumed cost of terminating Foothill s pre-existing supplemental employee retirement plan, which was estimated to be approximately $4.0 million, thereby bringing its updated bid to an estimated $246.0 million.

Foothill s board of directors met on October 28th to discuss the revised proposals and the key modifications that had been made by First Community and the other party to the draft merger agreement. Also participating in those discussions were representatives of Foothill s management, HLHZ and Stradling Yocca. At the meeting Foothill s board discussed the difference between the current values of the two proposals and how those values, and hence the differences between them, could change prior to the closing of a transaction, as a result of changes in First Community s and the other party s stock prices and the impact of any collar mechanism in the exchange ratio that had been proposed by each of the parties. In that regard, the board also discussed with its advisors how and to what extent the respective collar mechanisms proposed by First Community and the other party would operate to protect the value of the transaction to both sides against the possibility of more than modest increases or decreases in the market price of the acquiring party s shares during the period between the signing of the merger agreement and the consummation date of the merger and the risks posed by each of those collar mechanisms.

On November 2, 2005, First Community held a board of directors meeting at which Mr. Wagner updated the board on the status of discussions with Foothill and the proposed merger.

On November 14, 2005, Mr. Langley and representatives of HLHZ and Stradling Yocca met with Messrs. Wagner, Santoro, and Wolff of First Community and a representative of Sullivan & Cromwell, LLP. The parties negotiated various provisions of the draft merger agreement, including the collar mechanism that had been proposed by First Community and the need to determine the exchange ratio at a point in time very close to the closing of the transaction, so that Foothill s stockholders would not be at market risk for any extended period prior to the closing. At that meeting, First Community and Foothill discussed the possibility of the transaction being structured as an all stock or all cash transaction given certain practical considerations discussed and other changes negotiated at the meeting.

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On November 15, 2005, George Langley and representatives of HLHZ and Stradling Yocca met with representatives of the other interested party and its financial and legal advisors to discuss that party s proposal and to negotiate various proposed changes that the other party s counsel had made to the draft merger agreement. During that meeting, the representatives of the other party made it clear that it needed to determine the amount of the cash portion of the merger consideration and to fix the exchange ratio in sufficient time to enable it to finance the cash portion of the merger consideration before the consummation date of the merger.

On November 16, 2005, Matt Wagner of First Community contacted George Langley to confirm that given changes at the November 14th meeting and certain other practical consideration discussed, First Community preferred to structure the merger either as an all stock or all cash transaction.

On November 21, 2005, the other party delivered a letter addressed to Foothill s board stating that it had given further consideration to its plans for financing the cash portion of the merger consideration and had concluded that it would still need a period of time, between the determination of the amount of cash portion of the merger consideration and the merger consummation date, to raise the financing it would need for the transaction. However, the other party also advised that it was willing to structure the merger, instead, either as (i) an all stock transaction, which would enable the share exchange ratio in the merger to be fixed on a date close to its consummation date, or (ii) an all cash transaction, which would enable it to complete its financing well before the consummation date of the merger.

On November 22, 2005, Foothill s board of directors met to discuss the two proposals, as modified. The board discussed how the stock / cash election feature had been desirable since it would have provided Foothill s stockholders with the flexibility to choose either to maintain their investment in Foothill (as part of a larger organization), or receive cash for some, or possibly all, of their Foothill shares, at a price representing a premium to the market price of Foothill s shares (prior to the announcement of the merger) and without having to pay brokerage commissions. Foothill s board then discussed the relative benefits and disadvantages of an all stock and an all cash transaction. The board determined that an all cash transaction would not be in the best interests of Foothill s stockholders and that any transaction in which Foothill stockholders would be forced to take cash for part of their shares would be unacceptable. The board concluded, therefore, that any business combination transaction with either party should be structured as an all stock transaction. Consequently, the board then discussed the relative merits and risks associated with ownership of First Community shares, on the one hand, and ownership of shares of the other party, on the other hand, along with the differences in value between their respective proposals.

From November 23 to November 24, 2005, representatives of Stradling Yocca and HLHZ negotiated various open issues relating to the draft merger agreement with the respective representatives of First Community and the other interested party.

On November 27, 2005, Foothill s board met to consider the two proposals. The board received detailed presentations from (i) HLHZ, regarding various financial considerations, including the financial condition and historical operating results of both interested parties, (ii) Foothill s management regarding the process and anticipated benefits and risks associated with the integration of Foothill with each interested party, and (iii) Stradling Yocca relating to the legal and contractual considerations associated with each of the proposed merger transactions. Following an extensive discussion, the board unanimously decided to direct management to focus its efforts, with the assistance of its financial and legal advisors, first on finalizing negotiations with First Community, for a number of reasons, including the following:

- A view that First Community s integration model and general business approach and culture, including loan administration and loan underwriting criteria, were more compatible with Foothill, which the directors believed would result in Foothill s business making a more substantial contribution to the combined company.

A view that First Community had a more established track record in terms of acquiring and successfully integrating other banking institutions.

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The fact that First Community s operations were based in Southern California and in areas contiguous to Foothill s market areas, which the Foothill board believed would make the integration process less risky than would be the case with the other interested party, whose operations were predominately located outside of Southern California.

The view that, as compared to the other party, there were fewer uncertainties regarding the completion by First Community of the proposed merger.

In reaching its conclusion, the board also took into account that First Community and the other interested party were both strong companies that had produced strong returns for their shareholders; that the merger agreements that each of the parties, respectively, proposed to execute with Foothill were substantially similar; that both of those parties had expressed a strong interest in a transaction with Foothill; and the apparent absence of any significant regulatory obstacles for either transaction.

During the following 10 days, Foothill and First Community conducted further negotiations of the terms of the merger agreement; First Community completed its due diligence investigation of Foothill; and Foothill s management and financial and legal advisors completed Foothill s due diligence investigation of First Community.

On December 9, 2005, First Community s board met to consider the proposed merger transaction with Foothill, including the draft merger agreement. Representatives of management presented information on Foothill and the proposed merger with Foothill and on the results of First Community s due diligence with respect to Foothill. After a lengthy discussion, the First Community board unanimously approved the proposed merger and authorized management to complete negotiation of the merger and merger agreement with Foothill and enter into the merger agreement.

On December 13, 2005, the Foothill board of directors met to consider, and to receive reports from its financial and legal advisors regarding, the proposed merger transaction and draft merger agreement with First Community. After considering those reports, including an opinion from Houlihan Lokey to the effect that, as of December 13, 2005 and based on and subject to the matters set forth in that opinion, the aggregate merger consideration to be received by Foothill s stockholders pursuant to the terms of the merger agreement, is fair, from a financial point of view, and after a lengthy discussion, the Foothill board unanimously voted to adopt the merger agreement and authorized management, together with HLHZ and Stradling Yocca, to complete negotiation of the merger agreement and management to enter into the merger agreement with First Community.

On December 13, 2005, HLHZ and First Community held further discussions with respect to the stated value of First Community s offer and First Community agreed to raise that stated value to $238 million.

The merger agreement between Foothill and First Community was executed by the parties on December 14, 2005 and the transaction was announced on the morning of Thursday, December 15, 2005, by a press release issued jointly by Foothill and First Community.

Foothill s Reasons for the Merger; Recommendation of Foothill s Board of Directors

At the December 13, 2005 board meeting, the Foothill board received and reviewed reports from its financial and legal advisors relating to First Community and the proposed merger of First Community and Foothill; Houlihan Lokey presented its oral opinion (which was subsequently

confirmed in a written opinion, a copy of which is attached as Appendix B to this document), to the effect that, as of December 13, 2005 and based on and subject to the matters set forth in that opinion, the aggregate merger consideration to be received by Foothill s stockholders pursuant to the terms of the merger agreement with First Community, is fair, from a financial point of view, to the stockholders Foothill. Based on those reports and further deliberations, by unanimous vote the Foothill board adopted the merger agreement with First Community, determined that the merger and other transactions contemplated by that Agreement were fair to and in the best interests of Foothill and its stockholders, and determined to recommend to Foothill s stockholders that they adopt the merger agreement with First Community.

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In reaching its decision to adopt, and recommend that Foothill s stockholders also adopt, the merger agreement with First Community, the Foothill board considered a number of factors, including, but not limited to, the following:

Current and prospective economic and regulatory conditions and the competitive environment facing the financial services industry generally, and Foothill in particular, including rising interest rates, the continued rapid consolidation in the industry and the likely competitive effects resulting from the foregoing factors on Foothill s potential growth, development, productivity, profitability and strategic long-term options.

The complementary aspects of the Foothill and First Community businesses, including, but not limited to, customer service, focus of financial services and resources, geographic coverage and compatibility of the companies management and operating styles.

The Foothill board s review of the business, operations, asset quality, financial condition, earnings and competitive position of First Community on a historical and prospective basis and of the combined company on a pro forma basis (including pro forma assets, earnings and deposits).

The Foothill board s belief that a merger with First Community would enable Foothill stockholders to participate in a combined company that would have better future prospects than Foothill was likely to achieve on a stand-alone basis, including a more diversified customer base and, hence, more diversified revenue sources.

The Foothill board s review of the historical stock price performance and liquidity of First Community common stock, and the resulting relative interests of Foothill stockholders and First Community shareholders, respectively, in the common equity of the combined company.

The Foothill board s belief that the combination of First Community and Foothill would create a more competitive commercial banking institution, particularly in terms of the ability of the combined entity to achieve economies of scale and greater operational efficiencies and to access financial resources and the capital markets.

The perceived benefits of a business combination with First Community as compared to those of a business combination with the other interested party including, but not limited to the following:

a greater increase in shareholder liquidity;

First Community s successful track record, and the previous experience of its management, in completing acquisition transactions and integrating the operations of the acquired companies into First Community s operations;

a larger pro forma market capitalization and the greater likelihood of attaining economies of scale and access to greater financial resources; and

First Community s more complementary geographic coverage in relation to Foothill.

The financial analysis presented by Houlihan Lokey, and Houlihan Lokey s oral opinion delivered to Foothill s board on December 13, 2005 (which was subsequently confirmed in a written opinion), to the effect that, as of December 13, 2005 and based on and subject to the matters set forth in that opinion, the aggregate merger consideration and exchange ratio to be received by Foothill s stockholders pursuant to the terms of the merger agreement is fair, from a financial point of view, to Foothill s stockholders.

The Foothill board s assessment, with the assistance of legal counsel, of the likelihood that First Community would obtain all requisite regulatory approvals required for the merger and the likelihood that the approvals needed to complete the merger would be obtained without unacceptable conditions.

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The expectation that the merger would be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and, therefore, Foothill s stockholders generally will not recognize any gain or loss for United States federal income tax purposes as a result of the completion of the merger.

The provisions of the merger agreement entitling Foothill s board to withdraw its recommendation of the merger to the Foothill stockholders and terminate the merger agreement with First Community in order to enter into a business combination with another party that has been determined to be more favorable from a financial standpoint to Foothill s stockholders than the merger with First Community (a superior proposal), subject to the payment of a termination fee to First Community.

The $7.05 million termination fee that would have to be paid to First Community if Foothill were to terminate the merger agreement to accept a superior proposal, including the risk that payment of the termination fee might discourage third parties from offering to acquire Foothill, but recognizing that the amount of termination fee was equal to about 3% of the total merger consideration of $238 million and that the termination fee was a condition to First Community s willingness to enter into the merger agreement with Foothill.

The interests of certain Foothill directors and officers in the merger, as described under the caption Interests of Certain Persons in the Merger beginning on page 53 of this document, and the fact some of those interests are different from or are in addition to the interests of Foothill stockholders in the merger generally.

The foregoing discussion of the factors considered by Foothill s board is not intended to be exhaustive, but is believed to include all material factors considered by Foothill s board. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, Foothill s board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. Additionally, in considering the factors described above, the individual members of Foothill s board may have given different weights to different factors. Foothill s board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, Foothill management and Foothill s financial and legal advisors, and considered the factors overall to be favorable to and support its determinations.

BASED ON THE FOREGOING, THE FOOTHILL BOARD OF DIRECTORS BELIEVES THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FOOTHILL AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT FOOTHILL STOCKHOLDERS VOTE FOR ADOPTION OF THE MERGER AGREEMENT.

In considering the recommendation of the Foothill board of directors with respect to the merger agreement, Foothill stockholders should be aware that certain directors and certain executive officers of Foothill may have interests in the merger that are different from, or are in addition to, the interests of Foothill stockholders. See the section entitled Interests of Certain Persons in the Merger beginning on page 53.

Opinion of Foothill s Financial Advisor

Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.

In August 2005, Foothill retained Houlihan Lokey Howard & Zukin Capital, Inc., or HLHZ, to act as Foothill s financial advisor and investment banker in connection with a possible merger or other business combination transaction. Also in August 2005, Foothill retained Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, an affiliate of HLHZ, to provide a written opinion, as to the fairness from a

financial point of view, of the consideration to be received in a possible merger or other business combination transaction.

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At the December 13, 2005 meeting of Foothill s board of directors, Houlihan Lokey delivered its oral opinion, subsequently confirmed in its written opinion, dated as of December 13, 2005, to Foothill s board of directors that, as of such date and based upon and subject to the assumptions, qualifications and limitations contained in such opinion, the merger consideration to be received by Foothill s stockholders in connection with the merger was fair to such stockholders from a financial point of view.

The complete text of Houlihan Lokey s written opinion is attached hereto as Appendix B, and the summary of the opinion set forth below is qualified in its entirety by reference to such opinion. Stockholders are urged to read the opinion carefully in its entirety for a description of the procedures followed, the limitations on the review made, the factors considered and the assumptions made by Houlihan Lokey. Houlihan Lokey s opinion was provided to Foothill s board of directors for its use and benefit in connection with its consideration of the merger and relates only to the fairness, from a financial point of view, of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any stockholder should vote or act with respect to any matters relating to the merger.

Houlihan Lokey s opinion and analyses were only one of many factors considered by the Foothill board of directors in their evaluation of the merger and should not be viewed as determinative of the views of our board of directors with respect to the merger.

In connection with its opinion, Houlihan Lokey made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. No restrictions or limitations were imposed on the analysis described below. Among other things, Houlihan Lokey:

1. reviewed Foothill s annual reports to stockholders and annual reports on Form 10-K for the fiscal years ended December 31, 2001 through 2004, the quarterly report on Form 10-Q for the quarter ended September 30, 2005, and the interim financial statements for the two months ended November 30, 2005, which Foothill s management has identified as being the most current financial statements available;

2. reviewed the draft merger agreement between First Community and Foothill dated December 12, 2005;

3. met or spoke with certain members of the senior management of Foothill regarding the operations, financial condition, future prospects and projected operations and performance of Foothill and met or spoke with representatives of Foothill s counsel regarding Foothill, the merger, the merger agreement, the shareholder agreement, and related matters;

4. met or spoke with certain members of the senior management of First Community regarding the operations, financial condition, future prospects and projected operations and performance of First Community;

5. reviewed the historical market prices for Foothill s publicly traded securities;

6. reviewed certain other publicly available financial data for certain companies that Houlihan Lokey deemed comparable to Foothill, and publicly available prices and premiums paid in other transactions that it considered similar to the merger; and

7. conducted such other studies, analyses and inquiries as Houlihan Lokey deemed appropriate.

In connection with its opinion, Houlihan Lokey relied upon and assumed, without independent verification, among other matters, the accuracy and completeness of all data, material and other information (including, without limitation, the financial forecasts and projections) furnished, or otherwise made available, to Houlihan Lokey, discussed with or reviewed by Houlihan Lokey, or publicly available, and does not assume any responsibility with respect to such data, material and other information. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the financial forecasts and projections provided to it were

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reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial results and condition of Foothill and First Community, and Houlihan Lokey expressed no opinion with respect to such forecasts and projections or the assumptions on which they are based. Houlihan Lokey relied upon and assumed, without independent verification, that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of Foothill or First Community since the date of the most recent financial statements provided to it, and that there is no information or facts that would make the information or facts reviewed by it incomplete or misleading. Houlihan Lokey also assumed that neither Foothill nor First Community is party to any undisclosed material pending transaction, including, without limitation, any external financing, recapitalization, acquisition or merger, divestiture or spin-off (other than the merger).

Houlihan Lokey was not requested to conduct, and did not conduct, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (contingent or otherwise) of Foothill, nor was Houlihan Lokey provided with any such appraisal or evaluation. Houlihan Lokey expressed no opinion regarding the liquidation value of any entity. Furthermore, Houlihan Lokey undertook no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Foothill or First Community is a party or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Foothill or First Community is a party or may be subject. Houlihan Lokey s opinion makes no assumption concerning, and therefore does not consider, the potential effects of any such litigation, claims or investigations or possible assertions of claims, outcomes or damages arising out of any such matters.

Houlihan Lokey s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring after the date of its opinion. Houlihan Lokey did not consider, nor is it expressing any opinion with respect to, the prices at which the common stock of First Community has traded or may trade subsequent to the delivery of its opinion or the impact that future trading prices may have on the consideration actually payable upon closing of the merger.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. The following summarizes the material methodologies utilized by Houlihan Lokey in rendering its fairness opinion. The summary does not purport to be a complete statement of the analyses and procedures applied, the judgments made or the conclusion reached by Houlihan Lokey, or a complete description of its presentation. Houlihan Lokey believes, and so advised Foothill s board of directors, that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all factors and analyses, could create an incomplete view of the process underlying its analyses and opinions. Houlihan Lokey did not attempt to assign specific weights to particular analyses; instead, it made its determination as to fairness based on its experience and professional judgment after considering the results of all of its analyses. The estimates and forecasts contained in such analyses are not necessarily indicative of actual values or predictive of future results or values, which may be more or less favorable than suggested by such analyses.

Additionally, analyses relating to the value of businesses or securities are not appraisals. Because these analyses, estimates and forecasts are inherently subject to substantial uncertainty and are based upon numerous factors or events beyond the control of Foothill and Houlihan Lokey, none of Foothill, Houlihan Lokey or any other person assumes responsibility if future results or values are materially different from those contained in such analyses, estimates and forecasts. No company or transaction used in the analyses below as a comparison is identical to Foothill or the merger.

Houlihan Lokey s opinion does not address: (1) the underlying business decision of Foothill, its security holders or any other party to proceed with or effect the merger, (2) the fairness of any portion or aspect of the

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merger not expressly addressed in its opinion, (3) the fairness of any portion or aspect of the merger to the holders of any class of securities, creditors or other constituencies of Foothill, or any other party other than those set forth in its opinion, (4) the relative merits of the Transaction as compared to any alternative business strategies that might exist for Foothill or the effect of any other transaction in which Foothill might engage, or (5) the tax or legal consequences of the merger to Foothill, its stockholders or any other party. Furthermore, Houlihan Lokey intended no opinion, counsel or interpretation in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice.

Summary of Financial Analyses Performed by Houlihan Lokey

The following is a summary of the financial analyses presented by Houlihan Lokey to Foothill s board of directors in connection with the preparation of the fairness opinion.

Comparable Company Analysis. Houlihan Lokey reviewed and compared selected financial information for Foothill to corresponding financial information and market data for the following eleven publicly-traded banks, selected on the basis of operational and economic similarity with the principal business operations of Foothill and referred to herein as the Foothill peer group:

Alliance Bancshares California;

Community Bancorp, Inc.;

Desert Community Bank;

Heritage Oaks Bancorp;

Pacific Mercantile Bancorp;

Preferred Bank Los Angeles;

San Joaquin Bank;

Sierra Bancorp;

Southwest Community Bancorp;

Temecula Valley Bancorp Inc.; and

United Security Bancshares.

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No comparable company identified above is identical to Foothill. Houlihan Lokey noted that because of the differences between the business mix, operations and other characteristics of Foothill and the comparable companies, Houlihan Lokey did not believe that a purely quantitative comparable company analysis would be particularly meaningful in this context. Specifically, Houlihan Lokey noted the following operational metrics of the peer group, as compared to Foothill s operational metrics as of or for the twelve month period ending September 30, 2005:

	Foothill Peer Group Median	Foothill
Return on Average Assets	1.5%	1.4%
Return on Average Stockholders Equity	17.8%	16.2%
Net Interest Margin	5.4%	5.1%
Efficiency Ratio	57.8%	60.5%
Equity / Assets	8.1%	8.6%
Loans / Deposits	85.5%	71.6%
Noninterest Income / Revenue	14.1%	11.0%
NPAs / Loans and OREO	0.37%	0.02%
Reserves / NPLs	4.01x	43.14x
Leverage Ratio	9.6%	9.8%
Tier 1 Capital Ratio	11.3%	13.3%
Total Capital Ratio	12.3%	14.2%

Accordingly, Houlihan Lokey believed an appropriate use of the comparable company analysis would also involve qualitative judgments concerning differences between the financial and operating characteristics of Foothill and the comparable companies, which would affect the public trading values of the common stock of the comparable companies, which judgments were applied in rendering the opinion of Houlihan Lokey.

Houlihan Lokey calculated for the Foothill peer group valuation multiples based on publicly available financial data as of September 30, 2005 and market data as of December 12, 2005 (the last trading day prior to the delivery of Houlihan Lokey s opinion). This information was obtained from filings with the Securities and Exchange Commission and the Institutional Brokers Estimate Systems, a data service that compiles earnings estimates issued by securities analysts. The analysis compared publicly available information for Foothill with that of each of the Foothill peer group. The table below sets forth the data for the Foothill peer group:

	Foothill Peer Group Median	Foothill (Based on an implied per share price of $25.82)
Price / LTM earnings per share	17.7x	21.9x
Price / 2005 estimate earnings per share	16.9x	21.5x
Price / 2006 estimate earnings per share	14.1x	20.7x
Price / Book value per share	2.97x	3.44x
Price / Tangible book value per share	3.05x	3.44x

This analysis yielded a range of value per share for Foothill common stock of approximately $17.49 to $24.39, based on last twelve month s reported earnings for Foothill, Foothill s forecasts of GAAP earnings and reported book value and tangible book value as of September 30, 2005. Houlihan Lokey noted that, based upon the exchange ratio as of December 12, 2005, the implied per share price for Foothill was above this

range. Furthermore, on December 13, 2005, HLHZ and First Community held further discussions on the stated value of First Community s offer and First Community agreed to raise the stated value to $238 million, leading to an implied per share price for Foothill further above this range. Houlihan Lokey also noted that this valuation methodology was based on peer company trading values and did not reflect any control premium needed to achieve 100% equity ownership of a given company in an acquisition.

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Comparable Transaction Analysis. Houlihan Lokey reviewed 62 transactions announced from January 1, 2002 through December 12, 2005 involving controlling interests in banking institutions with total assets between $500 million and $1.5 billion and located in one of the top 15 Metropolitan Statistical Areas, ranked by total population. Houlihan Lokey reviewed the multiples of transaction price at announcement to last twelve month s earnings, transaction price to next fiscal year s estimated earnings, transaction price to book value, transaction price to tangible book value, tangible book premium to core deposits, and computed mean and median multiples and premiums for the transactions.

For each of these transactions, Houlihan Lokey relied on information from public filings, press releases, and investor presentations of the target companies as well as other publicly available sources. The analysis yielded an acquisition value of Foothill common stock ranging from approximately $18.76 to $29.50 per share based on last twelve month s reported earnings for Foothill, Foothill s forecasts of GAAP earnings, reported book value and tangible book value as of September 30, 2005 and reported core deposits as of September 30, 2005. Houlihan Lokey noted that, based upon the exchange ratio as of December 12, 2005, the implied per share price fell within this range. Furthermore, based upon the exchange ratio resulting from First Community s agreement to raise the stated value of its proposal to $238 million, the upward-adjusted implied per share price also falls within this range.

Pro Forma Merger Analysis. Houlihan Lokey analyzed the likely impact on First Community s future earnings and tangible book value per share of its offer for all of the outstanding shares of Foothill common stock and options to purchase Foothill common stock. This analysis found that at both December 31, 2006 and December 31, 2007, the merger would be accretive to both First Community s earnings per share and tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Conclusion. Based on the foregoing financial analyses, it was Houlihan Lokey s opinion that, as of December 13, 2005, the consideration to be received by Foothill s stockholders in the merger was fair to them from a financial point of view.

Houlihan Lokey does not make a market in the publicly traded securities of Foothill. Houlihan Lokey is engaged, from time to time, to provide financial advice to a variety of public and private entities and persons. Houlihan Lokey may have in the past rendered certain services to other participants in this transaction in the form of an opinion or advice.

Foothill has agreed to pay HLHZ, an affiliate of Houlihan Lokey, a transaction fee in connection with the Transaction of $1,000,000 plus 0.5% of the aggregate purchase price amount, which exceeds $230 million, payable at the closing of the merger. This fee would have totaled $1,040,000 (based on the closing price of First Community s common stock as of December 12, 2005), of which $125,000 has been paid and the balance of which is contingent, and payable, upon the closing of the merger. Houlihan Lokey has received a fee of $250,000 for rendering its December 13, 2005 opinion, which will be credited against that portion of the transaction fee due to HLHZ upon the closing of the merger. In addition, Foothill has agreed to reimburse Houlihan Lokey and HLHZ for their reasonable out-of-pocket expenses incurred in connection with the transaction, including reasonable attorney s fees and related expenses. Foothill has further agreed to indemnify Houlihan Lokey and HLHZ against certain liabilities and expenses related to or arising in connection with the rendering of their respective services, including liabilities under the federal securities laws.

Houlihan Lokey is a nationally recognized investment banking firm that is continually engaged in providing financial advisory services and rendering fairness opinions in connection with mergers and acquisitions, leveraged buyouts, and business and securities valuations for a variety of regulatory and planning purposes, recapitalizations, financial restructurings and private placements of debt and equity securities.

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Reasons of First Community for the Merger

The merger will enable First Community to expand and strengthen its community banking presence in Los Angeles, Riverside and San Bernardino Counties in California, by adding 12 branches with a strong customer base and compatible loan portfolio. During its deliberation regarding the approval of the merger agreement, the board of directors of First Community considered a number of factors, including, but not limited to, the following:

- the reputation of Foothill for community banking and financial services;
- the compatibility of the merger with the long-term community banking strategy of First Community;
- addition of complementary branches which expand First Community s footprint in Los Angeles, Riverside and San Bernardino Counties and the increase in the number of locations from which to offer its banking products and services to the combined customer bases of First Community and Foothill;
- the ability of the combined company to offer a broader array of products and services to Foothill s customers;
- potential opportunities to reduce operating costs and enhance revenue; and
- First Community management s prior record of integrating acquired financial institutions.

The foregoing discussion of the factors considered by First Community s board is not intended to be exhaustive, but is believed to include all material factors considered by First Community s board. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, First Community s board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of First Community s board may have given different weight to different factors. First Community s board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, First Community management and First Community s legal advisors, and considered the factors overall to be favorable to and support its determination.

BASED ON THE FOREGOING, THE FIRST COMMUNITY BOARD OF DIRECTORS BELIEVES THAT THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF FIRST COMMUNITY AND ITS SHAREHOLDERS AND UNANIMOUSLY RECOMMENDS THAT FIRST COMMUNITY SHAREHOLDERS VOTE FOR THE APPROVAL OF THE PRINCIPAL TERMS OF THE MERGER AGREEMENT AND THE ISSUANCE OF SHARES OF FIRST COMMUNITY COMMON STOCK TO BE ISSUED IN CONNECTION WITH THE MERGER TO HOLDERS OF FOOTHILL COMMON STOCK.

Please see The First Community Annual Meeting Proposals beginning on page 102, for the First Community board of directors recommendations with respect to the shareholder vote on the other proposals at the annual meeting, including a discussion of the compensation and security ownership of the executive officers and directors of First Community.

Regulatory Approvals Required for the Merger

The closing of the merger is conditioned upon the receipt of all approvals of regulatory authorities required for the merger and the bank merger without the imposition of any restrictions or conditions that would reasonably be expected to (1) have a material adverse effect on Foothill, (2) restrict the business of First Community or any of its subsidiaries in a manner that would have a material adverse effect following the closing with respect to Foothill, Pacific Western National Bank or First National Bank, which are First Community s two principal bank subsidiaries, or (3) require the sale by Foothill, Pacific Western National Bank or First National Bank of any material portion of their respective assets. Under the terms of the merger agreement, First

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Community and Foothill have agreed to use their reasonable best efforts to obtain all necessary permits, consents, approvals and authorizations from any governmental authority necessary, proper or advisable to consummate the merger.

In order to complete the merger, First Community and Foothill must first obtain the prior written approval of the OCC for the merger contemplated hereby. The application for OCC consent is currently pending. In addition, First Community has filed for and must receive an exemption from the California Department of Financial Institutions from the approval requirements in the California Financial Code. Further, the Federal Reserve Bank of San Francisco must confirm that prior approval of the Board of Governors of the Federal Reserve System is not required under the Bank Holding Company Act. A request for such exemption and confirmation will be filed in due course.

Material United States Federal Income Tax Considerations of the Merger

In the opinion of Sullivan & Cromwell LLP, counsel to First Community, and Stradling Yocca Carlson & Rauth, counsel to Foothill, the following section describes the anticipated material United States federal income tax consequences of the merger to holders of Foothill common stock. This discussion addresses only those Foothill stockholders that hold their Foothill common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code, and does not address all the United States federal income tax consequences that may be relevant to particular Foothill stockholders in light of their individual circumstances or to Foothill stockholders that are subject to special rules, such as:

- financial institutions;
- investors in pass-through entities;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold Foothill common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- persons who are not citizens or residents of the United States; and
- stockholders who acquired their shares of Foothill common stock through the exercise of an employee stock option or otherwise as compensation.

The following is based upon the Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to the income tax, are not addressed in this document. Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within our

control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

In rendering their opinions, Sullivan & Cromwell LLP and Stadling Yocca Carlson & Rauth have relied upon representations of Foothill and First Community and upon customary assumptions, including the assumption that the merger will be consummated in accordance with the terms of the merger agreement. Neither of these tax opinions will be binding on the Internal Revenue Service. Neither First Community nor Foothill intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger.

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Tax Consequences of the Merger Generally. The merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. As a consequence:

- no gain or loss will be recognized by stockholders of Foothill who receive shares of First Community common stock in exchange for shares of Foothill common stock in the merger, except with respect to any cash received in the merger instead of fractional share interests in First Community common stock;

- the aggregate basis of the First Community common stock received in the merger will be the same as the aggregate basis of the Foothill common stock for which it is exchanged, less any basis attributable to fractional share interests in First Community common stock for which cash is received; and

- the holding period of First Community common stock received in exchange for shares of Foothill common stock in the merger will include the holding period of the Foothill common stock for which it is exchanged.

Cash Received Instead of a Fractional Share of First Community Common Stock. A stockholder of Foothill who receives cash instead of a fractional share of First Community common stock in the merger will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by First Community. As a result, a Foothill stockholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

We urge you to consult with your own tax advisors about the particular tax consequences of the merger to you, including the effects of United States federal, state or local, or foreign and other tax laws.

Tax Opinions as Condition to Merger. We will not be obligated to complete the merger unless First Community receives a further opinion of Sullivan & Cromwell LLP and Foothill receives a further opinion of Stradling Yocca Carlson & Rauth, each in form and substance reasonably satisfactory to us, and dated as of the date of completion of the merger, concluding that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In rendering their opinions, counsel will require and rely upon representations contained in certificates of officers of First Community and Foothill.

Like other conditions to the merger, the merger agreement allows us to waive this condition. However, if the receipt of either of the tax opinions is waived, we will recirculate revised proxy materials and resolicit the vote of the holders of common stock.

Backup Withholding and Information Reporting. Payments of cash to a holder of Foothill common stock instead of a fractional share of First Community common stock may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies will applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder s United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

The foregoing discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax advisor to determine the particular United States federal, state, local or foreign income or other tax consequences to you of the merger.

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Accounting Treatment

The merger will be accounted for as a purchase for financial accounting purposes in accordance with accounting principles generally accepted in the United States. For purposes of preparing First Community s consolidated financial statements, First Community will establish a new accounting basis for Foothill s assets and liabilities based upon their fair values, the merger consideration and the costs of the merger as of the acquisition date. First Community will record any excess of cost over the fair value of the net assets, including any intangible assets with definite lives, of Foothill as goodwill. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. First Community will determine the fair value of Foothill s assets and liabilities and will make appropriate purchase accounting adjustments, including the calculation of any intangible assets with definite lives, upon completion of the merger.

Interests of Certain Persons in the Merger

In considering the recommendation of the Foothill board of directors, you should be aware that certain members of Foothill management have certain interests in the transactions contemplated by the merger agreement that are in addition to the interests of Foothill s stockholders generally, which may create potential conflicts of interest. The Foothill board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the contemplated transactions.

Ownership of Foothill Common Stock

As of the record date, Foothill s executive officers and directors beneficially owned, in the aggregate, approximately 1,542,181 shares, or approximately 17.70% of Foothill common stock outstanding (which percentage does not include options to purchase a total of 486,563 shares of Foothill common stock). On consummation of the merger, Foothill s executive officer and directors (1) will receive for their shares of Foothill common stock, the same merger consideration per share that all of the other Foothill stockholders will receive for their Foothill shares and (2) like other holders of options to purchase Foothill shares, will be entitled to receive, in exchange for cancellation of their options, cash equal to the amount by which the merger price per share exceeds the exercise price of their option shares.

Shareholder Agreements

Casey J. Cecala, III, Richard Galich, Carol Ann Graf, William V. Landecena, George E. Langley, O.L. Mestad, George Sellers, Douglas F. Tessitor and Max Williams, in their capacities as shareholders of Foothill, have separately entered into shareholder agreements with First Community in which they have agreed to vote all shares of Foothill common stock that they owned as of the date of their respective agreements, and that they may subsequently acquire, in favor of adoption of the merger agreement and the transactions contemplated therein. As of the record date, these stockholders owned, in the aggregate, 1,542,181 of the outstanding shares of the common stock of Foothill, allowing them to exercise approximately 17.70% of the voting power of Foothill common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the record date).

Indemnification; Directors and Officers Insurance

The merger agreement requires First Community to indemnify, for a period of six years following the effective time of the merger, the present and former directors and officers of Foothill in connection with any claim arising out of actions or omissions occurring at or prior to the effective time to the fullest extent that Foothill would have been permitted to indemnify its directors and officers. In addition, First Community is obligated to provide and maintain in effect, for that same six year period, the current directors and officers liability insurance policies that Foothill maintained prior to the effective time of the merger or, in the alternative,

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comparable directors and officers liability insurance policies, covering the current and former directors and officers of Foothill, for acts or omissions that may have occurred at or prior to the effective time of the merger. The merger agreement further provides that First Community will not be required to pay an annual premium for such insurance policies that averages, during that six year period, in excess of 150% of the annual premium most recently paid by Foothill for such insurance, unless coverage is not available (or is only available for an amount in excess of 150% of that annual premium), in which case First Community will be required to use its reasonable best efforts to provide maximum coverage that is available for a premium equal to 300% of the premium most recently paid by Foothill for such insurance. In the alternative, First Community is entitled to satisfy this insurance obligation by obtaining a prepaid six year extension of or tail to Foothill s existing directors and officers liability insurance policies providing coverage no less advantageous to the Foothill directors and officers during that six year period than the coverage provided under those existing policies.

Change in Control

Foothill has pre-existing severance compensation agreements with George E. Langley, its president and chief executive officer, Casey (Joe) Cecala, its executive vice president and chief credit officer and Carol Ann Graf, its senior vice president and chief financial officer. Each of these severance agreements provides that if there is a change of control of Foothill, such as the merger transaction, and following that change, the executive officer s employment is terminated without cause or he or she terminates his or her employment due to a reduction in compensation or a change in his or her position or a reduction in the scope of his or her authority or duties with Foothill, then, the executive officer will be entitled to receive, subject to certain limitations on the compensation payable under such agreements to the extent necessary to avoid the application of Section 280G of the Internal Revenue Code to such agreements, compensation consisting of: (1) a payment equal to a specified percentage, as indicated in the table below, of the sum of the highest base salary paid to that executive officer during the 12 month period prior to such termination of his or her employment and the incentive compensation that, but for the termination of his or her employment, would have been paid to the executive under the management incentive compensation plan adopted by Foothill for the year in which his or her termination of employment occurred, assuming all performance goals under the plan had been achieved, and (2) the continuation of certain health and other employee benefits in place on the date of termination. The following table sets forth, for each of the executive officers, the severance benefit and incentive compensation benefit, and the period (stated in months) for which health insurance and the other employee benefits will be continued.

	Severance Compensation				
	Cash Compensation				Other
Name of Officer and Positions with Foothill	Salary	Incentive Compensation	Total Cash Compensation	% of Base Salary and Incentive Compensation	Continuation of Benefits (in months)
George E. Langley President & CEO	$ 1,019,138	$ 866,267	$ 1,888,405	300%	36
Casey (Joe) Cecala Executive Vice President & Chief Credit Officer	$ 511,500	$ 255,750	$ 767,250	300%	36
Carol Ann Graf Senior Vice President & CFO	$ 200,000	$ 64,000	$ 264,000	200%	24

The severance compensation agreements also provide that all employee stock options held by the executive officer that were not fully vested as of his or her employment termination date will become vested and that the executive officer will receive a cash payment equal to the amount by which the then fair market value of the shares purchasable on exercise of those options exceeds the exercise price of the options. However, the merger agreement also provides that (i) all unvested options, and not only those held by these executive officers, will become vested and (ii) not only these executive officers, but also all other Foothill option holders, will receive a cash payment for their options equal to the amount by

which the fair market value of the shares subject to those

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options (which will be determined by reference to the merger price per share being paid for Foothill s shares in the merger) exceeds the exercise price of those shares. For additional information regarding the treatment of Foothill stock options in the merger, see the section entitled Treatment of Options on page 56 of this joint proxy statement-prospectus.

Continuing Employment Arrangements

Mr. Cecala has accepted employment with First Community, effective upon consummation of the merger, as a regional president of Pacific Western National Bank. Ms. Graf, as well as other members of Foothill s management, may continue employment with First Community s subsidiary, Pacific Western National Bank, after the consummation of the merger, on terms and conditions as may be mutually agreed upon between First Community and those executive officers or members of management.

Appointment to the Board of Directors of First Community

Upon consummation of the merger, George Langley, Foothill s President, Chief Executive Officer and member of Foothill s board of directors, will be appointed to the board of directors of First Community. As a non-employee director of First Community, Mr. Langley will receive a total annual compensation of $50,000 for service on the First Community board during his term of office as a First Community director. The compensation paid to directors for service on the First Community board is paid quarterly. Although First Community does not pay a per board meeting fee or a per committee meeting fee, it reimburses directors for their reasonable travel, lodging, food and other expenses incurred in connection with their service on the board of directors.

Restrictions on Resales by Affiliates

The shares of First Community common stock to be issued to Foothill stockholders in the merger will be registered under the Securities Act of 1933. These shares may be traded freely and without restriction by those stockholders not deemed to be affiliates of Foothill. An affiliate of a corporation, as defined for purposes of the Securities Act of 1933, as amended, or the Securities Act, is a person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that corporation and generally may include Foothill directors, executive officers and major shareholders. Any subsequent transfer of First Community common stock by an affiliate of Foothill must be either permitted by the resale provisions of Rule 145 promulgated under the Securities Act or otherwise permitted under the Securities Act.

Method of Effecting the Combination

Subject to the prior written consent of Foothill, which may not be unreasonably withheld, First Community may at any time change the method of effecting the acquisition of Foothill and Foothill Independent Bank. However, no change may: (1) alter or change the amount or kind of consideration to be issued to holders of the common stock of Foothill, as provided for in the merger agreement; (2) adversely affect the tax treatment the Foothill stockholders as a result of receiving the merger consideration; (3) materially impede or delay completion of the transactions contemplated by the merger agreement; or (4) otherwise be materially prejudicial to the interests of Foothill stockholders.

Effective Time

The effective time of the merger will be the time and date when the merger becomes effective, as set forth in the agreement of merger that will be filed with the California Secretary of State and the certificate of merger that will be filed with the Delaware Secretary of State on the closing date of the merger. The closing date will occur on the later to occur of the date: (1) on which the agreement of merger and officers certificates have been duly filed with the California Secretary of State and (2) on which the certificate of merger has been duly filed with the Delaware Secretary of State. Notwithstanding the foregoing, the closing date may be set on any other date on which the parties may mutually agree.

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We anticipate that the merger will be completed in the second quarter of 2006. However, completion of the merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying other conditions to the merger. See Regulatory Approvals Required for the Merger and The Merger Agreement Conditions to Consummation of the Merger.

Treatment of Options

Prior to the consummation of the merger, the Foothill board of directors will declare each option of Foothill then outstanding but that is not then exercisable to be fully vested and exercisable as of the date of such declaration, subject to the condition that the merger is completed. Foothill s stock option plans provide for acceleration of vesting for outstanding options effective as of immediately prior to the consummation of the merger. Thus, any outstanding Foothill options, whether vested or unvested immediately prior to the consummation of the merger, will become fully vested and exercisable. Any option holder exercising his or her options prior to the effective time of the merger will thereafter participate in the merger along with all other stockholders.

Each Foothill stock option remaining outstanding and unexercised immediately prior to the effective time of the merger will be cancelled, in exchange for which each Foothill option holder will receive an amount in cash, without interest, equal to the number of Foothill shares that may be purchased under his or her option, multiplied by the arithmetic difference between (1) the exercise price of that option and (2) the product of the merger exchange ratio and the First Community average closing price, less applicable taxes required to be withheld with respect to that cash payment.

Declaration and Payment of Dividends

Holders of Foothill common stock will accrue but will not be paid dividends or other distributions declared after the effective time with respect to First Community common stock into which their shares have been converted until they surrender their Foothill stock certificates for exchange after the effective time. Upon surrender of those certificates after the effective time, the combined company will pay any unpaid dividends or other distributions, without interest. After the effective time, there will be no transfers on the stock transfer books of Foothill of shares of Foothill common stock issued and outstanding immediately prior to the effective time. If certificates representing shares of Foothill common stock are presented for transfer after the effective time, they will be cancelled and exchanged for certificates representing the applicable number of shares of First Community common stock.

No Fractional Shares

No fractional shares of First Community common stock will be issued to any stockholder of Foothill upon completion of the merger. For each fractional share that would otherwise be issued, First Community will pay cash in an amount equal to the fraction of a share of First Community common stock which the holder would otherwise be entitled to receive multiplied by the First Community average closing price. No interest will be paid or accrue on cash payable to holders of those certificates in lieu of fractional shares.

None of First Community, Foothill, the exchange agent or any other person will be liable to any former stockholder of Foothill for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

If a certificate for Foothill stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon the making of an affidavit by the person claiming that loss, theft or destruction and the posting of a bond in an amount reasonably necessary as indemnity against any claim that may be made against First Community with respect to that lost certificate.

For a description of First Community common stock and a description of the differences between the rights of the holders of Foothill common stock, on the one hand, and the holders of First Community common stock, on the other hand, see Description of First Community Common Stock and Comparison of Rights of Holders of First Community Common Stock and Foothill Common Stock.

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THE MERGER AGREEMENT

The following is a summary of selected provisions of the merger agreement. While First Community and Foothill believe this description covers the material terms of the merger agreement, it may not contain all of the information that is important to you and is qualified in its entirety by reference to the merger agreement, which is incorporated by reference in its entirety into, and is attached as Appendix A to, this document. We urge you to read the merger agreement in its entirety.

The merger agreement contains representation, warranties, covenants and other agreements that First Community and Foothill made to each other. The assertions embodied in those representations, warranties and other agreements are qualified by information in confidential disclosure schedules that First Community and Foothill have exchanged in connection with signing the merger agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations, warranties, covenants and other agreements set forth in the attached merger agreement. Accordingly, you should keep in mind that the representations, warranties, covenants and other agreements are modified in important part by underlying disclosure schedules. The disclosure schedules contain information that has been included in First Community s and Foothill s general prior public disclosures, as well as additional information, some of which is non-public. Neither First Community nor Foothill believes that the disclosures schedules contain information that the securities laws require either or both of them to publicly disclose other than information that has already been so disclosed. Moreover, information concerning the subject matter of the representations, warranties, covenants and other agreements may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in the companies public disclosures.

The Merger

Upon the terms and subject to the conditions set forth in the merger agreement, Foothill will merge with and into First Community, with First Community as the surviving entity. The separate corporate existence of Foothill, with all its rights, privileges, immunities, power and franchises, will cease. Immediately subsequent to the merger, Foothill Independent Bank, a California state-chartered member bank and wholly owned subsidiary of Foothill, will merge with and into Pacific Western National Bank, a national banking association and wholly owned subsidiary of First Community, or another wholly-owned subsidiary of First Community.

Closing and Effect of the Merger

The closing of the merger will occur on the second business day after the satisfaction or waiver of the conditions provided in the merger agreement, except for those conditions that, by their terms, are to be satisfied at the closing (but subject to the satisfaction or waiver of those conditions), or on such other date as First Community and Foothill may agree in writing. See Conditions to Consummation of the Merger beginning on page 64.

The effective time of the merger will be the time and date when the merger becomes effective, as set forth in the agreement of merger that will be filed with the California Secretary of State and the certificate of merger that will be filed with the Delaware Secretary of State on the closing date of the merger. The closing date will occur on the later to occur of the date: (1) on which the agreement of merger and officers certificates have been duly filed with the California Secretary of State and (2) on which the certificate of merger has been duly filed with the Delaware Secretary of State. At that time, or at such later time as may be agreed by the parties and specified in the agreement of merger and the certificate of merger, the merger will become effective.

Surviving Corporation s Governing Documents, Officers and Directors

Surviving Corporation Governing Documents. At the effective time of the merger, the articles of incorporation and bylaws of First Community will be the articles of incorporation and bylaws of the surviving corporation as they exist immediately before the effective time, in each case until thereafter changed or amended as provided therein or by applicable laws.

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Surviving Corporations Officers and Directors. At the effective time of the merger, the directors of the surviving corporation will be the directors of First Community immediately prior to the effective time and one director from Foothill, George Langley, who is also the current president and chief executive officer of Foothill, will be appointed as a director of First Community, each to hold office in accordance with the articles of incorporation and bylaws of the surviving corporation. The officers of the surviving corporation will be the officers of First Community immediately prior to the effective time, each to hold office in accordance with the articles of incorporation and bylaws of First Community.

Merger Consideration

Conversion of Foothill Common Stock. At the effective time of the merger, each share of Foothill common stock issued and outstanding immediately prior to the effective time will be converted into and become exchangeable for the right to receive First Community common stock as described under The Merger Merger Consideration, together with the right, if any, to receive cash in lieu of fractional shares of First Community common stock. See Fractional First Community Common Stock below.

First Community Common Stock. Each outstanding share of First Community common stock will remain an outstanding share of First Community common stock and will not be converted or otherwise affected by the merger. For more information regarding First Community common stock, see Description of First Community Common Stock.

Fractional First Community Common Stock. No fractional shares of First Community common stock will be issued to any stockholder of Foothill upon completion of the merger. For each fractional share that would otherwise be issued, First Community will pay cash in an amount equal to the fraction of a share of First Community common stock which the holder would otherwise be entitled to receive multiplied by the average closing price of First Community common stock. No interest will be paid or accrue on cash payable to holders of those certificates in lieu of fractional shares.

Exchange Procedures. Promptly after the effective time of the merger, U.S. Stock Transfer Corporation or such other exchange agent as may be mutually agreed upon by First Community and Foothill will provide appropriate transmittal materials to holders of record of Foothill common stock, advising such holders of the procedure for surrendering their stock to the exchange agent.

Upon the surrender of the shares of Foothill common stock, the holder will be entitled to receive in exchange therefore:

- a certificate representing the number of whole shares of First Community common stock that such holder is entitled to receive pursuant to the merger, as described in Conversion of Foothill Common Stock above; and

- a check in the amount, after giving effect to any required tax withholdings, of any cash payable in lieu of fractional shares plus any unpaid non-stock dividends and any other dividends or other distributions that such holder has the right to receive as described in the next paragraph.

All shares of First Community common stock to be issued pursuant to the merger will be deemed issued and outstanding as of the effective time of the merger. Whenever a dividend or other distribution is declared by First Community in respect of First Community common stock, the record date for which is after the effective time of the merger, that declaration will include dividends or other distributions in respect of all

shares issuable pursuant to the merger agreement. No dividends or other distributions in respect of First Community common stock shall be paid to any holder of any unsurrendered shares of Foothill common stock until the unsurrendered shares of Foothill common stock are surrendered for exchange. No holder of unsurrendered shares of Foothill common stock will be entitled to vote after the effective time of the merger at any meeting of First Community shareholders the number of whole shares of First Community common stock such holder is entitled to receive in the merger.

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Effect of Merger on Foothill Stock Options. For a description of the treatment of Foothill stock options in the merger, see The Merger Treatment of Options.

Representations and Warranties

The merger agreement contains substantially similar representations and warranties of First Community and Foothill as to, among other things:

- corporate organization and existence;
- capitalization;
- the corporate organization and existence of any subsidiaries;
- corporate power and authority;
- no conflict, required filings, third party consents and governmental approvals required to complete the merger;
- compliance with laws and permits;
- availability, accuracy and compliance with generally accepted accounting principles of financial reports and filings with the Securities and Exchange Commission and regulatory authorities;
- absence of certain changes;
- tax matters;
- insurance coverage;
- interest rate risk management instruments, such as swaps and options;
- accuracy and completeness of the registration statement and prospectus;
- no broker s or finder s fees, except as contemplated by the merger agreement; and

compliance with laws.

In addition, the merger agreement contains further representations and warranties of Foothill as to, among other things:

validity of, and the absence of defaults under, certain contracts;

employee benefit matters;

labor matters;

absence of litigation;

environmental matters;

proper and accurate maintenance of books and records;

transactions with affiliates;

condition and title to real and personal property;

adequacy of its allowance for loan losses under established regulatory and accounting standards;

receipt of a fairness opinion from its financial advisor;

absence of other merger or business combination agreements;

absence of unregistered sales of securities;

intellectual property; and

shares subject to shareholder agreements.

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Conduct of Business of Foothill Pending the Merger

Prior to the effective time, except as expressly contemplated by the merger agreement, Foothill has agreed that it will, among other things:

- conduct its operations only in the ordinary and usual course of business consistent with past practice and use its reasonable best efforts to preserve intact its business organization and maintain its rights franchises and existing goodwill and relations with customers, suppliers, creditors, lessors, lessees, employees and business associates;

- knowingly take any action that would materially adversely affect or delay the ability of Foothill or First Community to perform any of their material obligations under the merger agreement; or

- knowingly take any action that would have a material adverse effect with respect to Foothill.

In addition, prior to the effective time, Foothill will not, and will not permit its subsidiaries to, without the consent of First Community:

Amendments to Governing Documents

- amend Foothill s certificate of incorporation or bylaws.

Capital Stock

- issue, sell, pledge, dispose of or encumber any of the Foothill common stock or other equity or ownership interests of Foothill or any of its subsidiaries, other than in connection with Foothill s DRIP and/or 401(k) plan, upon the exercise or conversion of options outstanding as of the date of the merger agreement or the granting of options to purchase up to 25,000 shares of Foothill common stock in the ordinary course of business consistent with past practice. On January 13, 2006, Foothill s board of directors authorized the suspension of Foothill s DRIP, effective as of January 20, 2006.

Dispositions

- sell, pledge, dispose of, transfer, lease, license, guarantee or encumber any material property or assets (including intellectual property) of Foothill or deposits of Foothill Independent Bank, except pursuant to existing contracts or commitments or the sale or purchase of goods or the pledge of securities in the ordinary course of business consistent with past practice.

Dividends and Stock Repurchases

declare, set aside, make or pay any dividend or other distribution (whether payable in cash, stock, property, or a combination thereof) with respect to its capital stock, other than regular quarterly dividends of $0.15 per share.

reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire any of its capital stock, other equity interests or other securities, other than the repurchase of Foothill common stock following termination of employment with, or provision of services to, Foothill or any of its subsidiaries, in accordance with the terms of Foothill options or other agreements relating to Foothill restricted stock.

Acquisitions

acquire any business, in any organizational form, or any interest therein.

Indebtedness

incur any indebtedness for borrowed money or issue any debt securities or trust preferred securities or assume, guarantee or endorse, or otherwise become responsible for, the obligations of any person (other than a wholly owned subsidiary of Foothill) for borrowed money (other than deposits, federal funds

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borrowings and borrowings from the Federal Home Loan Bank of San Francisco in the ordinary course of business consistent with past practice).

Loans

make any loan, loan commitment, renewal or extension to any person or any affiliate or immediate family member of such person exceeding, in the aggregate, $3,000,000 without submitting a customary and complete loan package to the chief credit officer of First Community for review and comment; provided, that, if First Community objects in writing to such loan, Foothill must then obtain the approval of a majority of its board of directors or the loan committee.

Investments

make any investment either by contributions to capital, property transfers or purchase of any property or assets of any person, other than purchases of DPC assets or of direct obligations of the United States of America with maturities of one year or less at the time of purchase, securities issued by U.S. government agencies, federal funds, or certificates of deposit in any commercial bank; provided, however, that in the case of investment securities, First Community may consent to such purchase requests by Foothill.

Risk Management

except as required by law or regulation, implement or adopt any material change to interest rate or other risk management policies, fail to follow in any material respect existing policies or fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk.

Violation of Laws

take any action or omit to take any action that may result in a violation of the Bank Secrecy Act or anti-money laundering laws and regulations.

Contracts

terminate, cancel or request any change in, or enter into any contract or agreement that calls for aggregate annual payments of $25,000 or more and which is not terminable at will or with 30 days or less notice without payment of a premium or penalty, other than loans in the ordinary course of business and consistent with past practice in accordance with the limitations described in the merger agreement.

Compensation

enter into, amend or renew any employment, consulting, severance or similar agreements or increase in any manner the compensation or benefits of any of its employees or directors, except for:

normal increases for employees made in the ordinary course of business consistent with past practice, provided that no increase shall result in an annual adjustment of more than 3% in the aggregate cash compensation that is payable to employees as a group;

grant or increase any rights to severance or termination pay, or enter into any employment or severance agreement with any director, officer or other employee of Foothill or its subsidiaries, or establish any collective bargaining bonus, profit sharing, pension, deferred compensation, termination or other plan, except as required by law; or

take any affirmative action to amend or waive any performance or vesting criteria or accelerate vesting, other than as expressly permitted by the merger agreement.

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Hiring

hire any person as an employee of Foothill or promote any employee except:

to satisfy preexisting contractual obligations;

to fill a vacancy with an employee whose employment is terminable at will; and

to fill any newly created position if such employee s base salary and bonus do not exceed $75,000 during the first year of employment.

Liabilities and Obligations

accelerate the payment of any material liability or obligation (absolute, accrued, contingent or otherwise), except in the ordinary course of business consistent with past practice.

Benefit Plans

materially change actuarial or other assumptions used to calculate funding obligations to any benefit plans or change the manner in which contributions to such plans are made or determined, except as required by GAAP, ERISA or by the express terms of such plan.

Forgiveness of Loans

forgive any loans to directors, officers or employees of Foothill or any of its subsidiaries.

Accounting

make any material change in accounting policies or procedures, except as required by GAAP or regulatory guidelines.

Settlement of Claims

waive, release, assign, settle or compromise any material claims in excess of $50,000 individually or $100,000 in the aggregate or which would impose any material restriction on the business of Foothill or First Community or would reasonably be expected to create precedent for claims that are reasonably likely to be material to Foothill, First Community or any of their subsidiaries.

Tax

make any material tax election, settle or compromise any material liability for taxes, amend any tax return or file any refund for taxes, other than in the ordinary course of business or as required by any governmental entity.

Capital Expenditures

make any capital expenditures other than in the ordinary course of business consistent with past practice in amounts not to exceed $25,000 individually or $500,000 in the aggregate.

Commitments

authorize or enter into any commitment to take any of the prohibited actions listed above.

Additional Covenants

Foothill and First Community have agreed to:

use their reasonable best efforts in good faith to take all actions necessary to consummate, as soon as practicable, the merger and the other transactions contemplated by the merger agreement;

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use their reasonable best efforts to obtain necessary shareholder approvals to consummate the merger in accordance with their respective articles of incorporation and bylaws, the merger agreement and applicable state law;

jointly prepare and file a proxy statement-prospectus with the Securities and Exchange Commission;

consult and obtain consent from the other before issuing any press releases with respect to the merger or the merger agreement which could reasonably be expected to affect the outcome of the shareholders vote for each company on the merger;

use their reasonable best efforts to take all appropriate action (1) to consummate and make effective the transactions contemplated by the merger agreement intended to be consummated prior to the effective time, (2) to obtain all governmental consents necessary to consummate the transactions contemplated in the merger agreement and (3) to make all necessary filings with respect to the merger agreement, the merger and the merger of Foothill Independent Bank with and into Pacific Western, referred to herein as the bank merger;

use their reasonable best efforts to obtain any required consents from any third-parties and, if such consent will not be obtained, use their reasonable best efforts to minimize any adverse effect on the consummations of the merger, the bank merger, Foothill and First Community, their respective subsidiaries, and their respective businesses;

use reasonable best efforts to have the merger qualify as a reorganization under section 368(a) of the Internal Revenue Code and refrain from taking any action that would reasonably be expected to cause the merger to fail to so qualify;

take all actions to exempt the conversion of Foothill common stock into the merger consideration and conversion of options into cash from the requirements of Section 16(b) of the Securities Exchange Act;

notify each other of any circumstance that become known to it that is reasonably likely, individually or in the aggregate, to result in a material adverse effect on First Community or would cause a material breach of their respective obligations under the merger agreement; and

take all necessary corporate and other reasonable action to adopt, approve and consummate the bank merger.

Foothill has further agreed to:

provide First Community and its representatives access to Foothill s facilities, books and records, and other information about the business, provided that such access and furnishing of information does not materially impair Foothill s ability to conduct its operations in the ordinary course of business;

use its reasonable best efforts to refrain from initiating, encouraging, soliciting or facilitating any acquisition proposals or offers or engage in any negotiations concerning or provide any confidential information to any person with respect to a merger or other similar transaction and Foothill agrees that it will immediately terminate and use its reasonable best efforts to terminate all current discussions or negotiations with any third party with respects to an acquisition proposal; *provided*, *however*, the Foothill board of directors may take certain actions required of them by law or directors fiduciary duties;

make such accounting entries and adjustments as First Community shall direct, subject to exceptions;

cooperate to use its reasonable best efforts to identify persons or entities who may be deemed to be affiliates of Foothill, within the meaning of Rule 145 promulgated under the Securities Act, and use its reasonable best efforts to cause each person or entity so identified to deliver an affiliate agreement to First Community prior to the closing;

consult in good faith with First Community prior to making any communications to the directors, officers or employees of Foothill regarding the content of any formal presentation and will include a representative of First community in any such presentation;

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cooperate with First Community to facilitate the timely and accurate dissemination of information to employees regarding matters related to the merger in such a manner as to cause minimal disruption to the business of Foothill and its relationships with its employees;

use reasonable best efforts to obtain any required consents or waivers from any third parties and provide reasonable cooperation to First Community in minimizing the extent to which any contracts will continue in effect after the merger;

take such actions as may be necessary to liquidate that portion of its investment portfolio identified by First Community on terms reasonably satisfactory to First Community;

use reasonable best efforts to take action necessary so that immediately prior to the effective time, each Foothill option remaining outstanding, whether or not then exercisable, will be cancelled and will entitle the option holder only to receive cash in exchange for their cancelled options;

cooperate with First Community to terminate on mutually agreeable terms any 401(k) or deferred compensation programs;

update the disclosure schedules to the merger agreement to the second business day prior to the closing of the merger and deliver such updated disclosure schedules to First Community no later than 72 hours prior to the closing of the merger; and

use its reasonable best efforts to deliver a comfort letter from Foothill s independent certified public accountants addressed to First Community and dated as of the closing.

First Community has further agreed to:

make available for issuance its common stock in connection with the merger and in accordance with the terms of the merger agreement;

list on Nasdaq shares of its common stock to be issued in the merger;

provide former employees of Foothill who continue as employees of First Community with pension and welfare benefit plans no less favorable, in the aggregate, to those provided to similarly situated employees of First Community;

indemnify certain officers and directors of Foothill and provide directors and officers liability insurance as described in The Merger Indemnification; Directors and Officers Insurance ;

perform all of the obligations of Foothill under any severance agreements; and

expressly assume Foothill s obligations under its junior subordinated indentures.

Conditions to Consummation of the Merger

Each party s obligation to effect the merger is subject to the satisfaction or waiver, where permissible, of the following conditions:

approval of the applicable merger proposal by Foothill and First Community shareholders;

receipt of all regulatory approvals required to complete the merger and the bank merger, all those approvals remaining in effect and all statutory waiting periods with respect to those approvals having expired, and without the imposition of any restrictions or conditions that would reasonably be expected to (1) have a material adverse effect on Foothill, (2) restrict the business of First Community or any of its subsidiaries in a manner that would have a material adverse effect with respect to Foothill, Pacific Western National Bank or First National Bank, or (3) require the sale by Foothill, Pacific Western National Bank or First National Bank of any material portion of their respective assets;

absence of any order, injunction, decree, statute, rule, regulation or judgment issued or enacted by any court or agency of competent jurisdiction or other legal restraint or prohibition is in effect and prevents consummation of the merger and no litigation proceeding is pending against First Community or

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Foothill brought by a governmental entity seeking to prevent the completion of the merger or any of the other transactions contemplated by the merger agreement;

effectiveness of the registration statement, of which this proxy statement-prospectus forms a part, under the Securities Act, and no stop order suspending the effectiveness of the registration statement having been issued and no proceedings for that purpose having been initiated and not withdrawn by the SEC;

performance by the other party in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the closing date;

accuracy of the representations and warranties of the other party as of December 14, 2005 and, except to the extent those representations and warranties speak as of an earlier date, as of the closing date of the merger as though made on the closing date; *provided, however,* that those representations and warranties will be deemed to be true and correct unless the failure or failures of those representations and warranties to be true and correct would have or would be reasonably be expected to have a material adverse effect on the other party;

absence of a material adverse effect with respect to either party since June 30, 2005; and

receipt by each party of the opinion of its counsel in form and substance reasonably satisfactory to it, dated as of the effective time, that the merger will be treated for U.S. federal income tax purposes as a reorganization under section 368(a) of the Internal Revenue Code.

Foothill s obligation to effect the merger is subject to, among other conditions, the satisfaction, or waiver, of the following condition:

approval for listing on Nasdaq of the shares of First Community common stock that are to be issued to Foothill shareholders upon completion of the merger, subject to official notice of issuance.

First Community s obligation to effect the merger is subject to, among other conditions, the satisfaction, or waiver, of the following conditions:

the sum of Foothill s adjusted shareholders equity and allowance for loan losses will not be less than $72,747,000 as of the last business day of the last month before closing;

Foothill shall have obtained each of the material consents required to be obtained pursuant to agreements with third parties; and

First Community shall have received the written resignation of each director of Foothill.

We cannot assure you if, or when, we will obtain the required regulatory approvals necessary to consummate the merger, or whether all of the other conditions precedent to the merger will be satisfied or waived by the party permitted to do so. If the merger is not completed on or before September 15, 2006, either First Community or Foothill may terminate the merger agreement, unless the failure to effect the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe covenants and agreements of that party set forth in the merger agreement.

Nonsolicitation

Under the terms of the merger agreement, Foothill has agreed to refrain from initiating, encouraging or soliciting any takeover proposals or offers or engaging in any negotiations concerning, or providing any confidential information to any person with respect to, a merger or other similar transaction, unless Foothill s board of directors reasonably determines that:

- the acquisition proposal could reasonably be expected to lead to a transaction which, in the good faith judgment of Foothill s board of directors, is more favorable to Foothill s stockholders than the merger; and

- after good faith consultation with counsel, the failure to take such action could reasonably be expected to result in a breach of the Foothill board s fiduciary duties.

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Termination of the Merger Agreement

The parties may terminate the merger agreement and abandon the merger at any time prior to the effective time, whether before or after approval by the shareholders of Foothill or First Community:

by mutual written consent of First Community and Foothill, if the board of directors of each so determines;

by either party if:

any governmental entity that must grant regulatory approval has denied approval of the merger and denial has become final and non-appealable;

the merger is not completed on or before September 15, 2006, unless the failure to effect the merger by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe covenants and agreements of that party set forth in the merger agreement;

Foothill stockholders fail to adopt the merger agreement or First Community stockholders fail to approve the merger agreement or the issuance of stock for the merger consideration in accordance with the merger agreement.

by First Community if:

the board of directors of Foothill withdraws or changes its recommendation of the merger, approves, recommends or enters into an agreement with respect to an alternative acquisition proposal, or recommends that its stockholders tender their shares in an offer not commenced by First Community or an affiliate of First Community;

Foothill breaches any of its representations or warranties, or fails to perform any of its agreements or covenants, which breach is incapable of being cured by Foothill prior to the effective time or any such representation or warranty becomes untrue after the execution of the merger agreement, such that closing conditions to First Community s obligations to effect the merger would not be capable of being satisfied prior to the termination date;

an affiliated stockholder of Foothill materially breaches his voting agreement, if such breach would reasonably be expected to materially delay, impede or prevent the consummation of the merger and which cannot be or has not been cured within 30 days after giving written notice of such breach to such stockholder;

Foothill has breached its obligations under the merger agreement relating to acquisition proposals.

by Foothill if:

First Community breaches any of its representations or warranties, or fails to perform any of its agreements or covenants, which breach is incapable of being cured by First Community prior to the effective time or any such representation or warranty

becomes untrue after the execution of the merger agreement, such that closing conditions to Foothill s obligations to effect the merger would not be capable of being satisfied prior to the effective time;

an affiliated stockholder of First Community materially breaches his voting agreement, if such breach would reasonably be expected to materially delay, impede or prevent the consummation of the merger and which cannot be or has not been cured within 30 days after giving written notice of such breach to such stockholder; and

Foothill receives a superior acquisition proposal.

Waiver and Amendment of the Merger Agreement

At any time prior to the closing of the merger, First Community and Foothill, by action taken or authorized by their respective boards of directors, may, if legally allowed:

amend or modify the agreement in writing; and

waive any provision in the merger agreement that benefited them.

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However, after any approval of the transactions contemplated by the merger agreement by the stockholders of Foothill, there may not be, without further approval of those stockholders, any amendment to the merger agreement.

Termination Fee

Under certain conditions, First Community will be entitled to a termination fee of $7,050,000 if:

First Community terminates because of:

Foothill s withdrawal of its recommendation in favor of the merger or recommendation in favor of an alternative transaction other than with First Community;

Foothill s breach of its obligation under the merger agreement relating to acquisition proposals; or

Foothill affiliated stockholder s breach of his voting agreement which would be reasonably expected to materially impede the merger or the holding company merger and cannot or has not been cured within 30 days after notice of such breach.

Foothill terminates in conjunction with entering into a superior proposal pursuant to the terms of the merger agreement.

Foothill or First Community terminates the merger agreement, after an acquisition proposal has become publicly known and is consummated within 12 months of the termination of the merger agreement, due to the following conditions:

failure of First Community and Foothill to consummate the merger by September 15, 2006 as a result of Foothill s knowing action or inaction; or

Failure of Foothill s stockholders to adopt the merger agreement.

Stock Exchange Listing

First Community has agreed to cause the shares of First Community common stock to be issued in the merger to be approved for quotation on Nasdaq.

Expenses

The merger agreement provides that each of First Community and Foothill will pay its own costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement, with certain enumerated exceptions.

Shareholder Agreements

Foothill Shareholder Agreements

Casey J. Cecala, III, Richard Galich, Carol Ann Graf, William V. Landecena, George E. Langley, O.L. Mestad, George Sellers, Douglas F. Tessitor and Max Williams, in their capacities as stockholders of Foothill, have separately entered into shareholder agreements with First Community in which they have agreed to vote all shares of Foothill common stock that they owned as of the date of their respective agreements, and that they subsequently acquire, in favor of the merger proposal therein. As of the record date, these stockholders beneficially owned, in the aggregate, 1,542,181 shares of the common stock of Foothill, allowing them to exercise approximately 17.70% of the voting power of Foothill common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the record date).

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First Community Shareholder Agreements

Stephen M. Dunn, John M. Eggemeyer, Barry C. Fitzpatrick, Charles H. Green, Susan E. Lester, Timothy B. Matz, Arnold W. Messer, Daniel B. Platt, Robert A. Stine, Matthew P. Wagner and David S. Williams, in their capacities as shareholders of First Community, have separately entered into shareholder agreements with Foothill in which they have agreed to vote all shares of Foothill common stock that they owned as of the date of their respective agreements, and that they subsequently acquire, in favor of the principal terms of the merger agreement and the transactions contemplated therein. As of the record date, these shareholders beneficially owned, in the aggregate, 2,133,782 shares of First Community common stock, allowing them to exercise approximately 10.6% of the voting power of First Community common stock (which does not include shares issuable upon the exercise of stock options or shares held under First Community s Deferred Compensation Plan which the directors and officers were not entitled to vote as of the record date).

Non-Solicitation Agreements

Simultaneously with the execution of the merger agreement, all Foothill directors and executive officers entered into non-solicitation agreements with First Community. They are prohibited, for a period of generally two years following the effective time, from transacting any activity customarily associated with commercial banking or lending or the operation of an institution the deposits of which are insured by the FDIC, called herein a competitive enterprise, with any customers of Foothill. This restriction extends to the geographic area of Los Angeles, Riverside and San Bernardino, California. Customers for purposes of these agreements include existing customers of Foothill or potential customers who were solicited in the 12 months prior to closing. In addition, all Foothill directors, as well as its executive officers, entered into non-solicitation agreements with First Community agreeing that, for a period of generally two years from the effective date of the merger, they will not solicit the business of customers of Foothill for a competitive enterprise, or solicit for employment the employees of Foothill, or interfere or damage any relationship between Foothill and its customers. They have also agreed not to disclose or use confidential information of Foothill. Additionally, in certain cases individual directors have agreements that allow them to continue pre-existing business arrangements.

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INFORMATION ABOUT FIRST COMMUNITY

Company History

First Community is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with $3.2 billion in assets as of December 31, 2005. First Community was organized on October 22, 1999 as a California corporation. First Community s principal business is to serve as a holding company for its subsidiary banks, First National Bank and Pacific Western National Bank, which we refer to as the Banks.

The Banks are full-service community banks offering a broad range of banking products and services including: accepting time and demand deposits, originating commercial loans, including asset-based lending and factoring of accounts receivable, real estate and construction loans, Small Business Administration guaranteed loans, or SBA loans, consumer loans, mortgage loans, international loans for trade finance and other business-oriented products. At December 31, 2005, the Banks gross loans totaled $2.5 billion of which approximately 26% were commercial loans, 68% were commercial real estate loans, including construction loans, and 2% were consumer and other loans. These percentages include some foreign loans, primarily to individuals or entities with business in Mexico, representing 4% of total loans. In addition, special services and requests beyond the lending limits of the Banks can be arranged through correspondent banks.

First Community derives its income primarily from interest received on commercial real estate loans, commercial loans and consumer loans and, to a lesser extent, on fees from the sale of SBA loans and certain foreign loans originated by the Banks, interest on investment securities, fees received in connection with deposit services as well as loans and other services offered, including foreign exchange services, and beginning in 2005, tax free real estate exchange accommodation services. First Community s major operating expenses are the interest paid by the Banks on deposits and borrowings, salaries and general operating expenses. The Banks rely on a foundation of locally generated deposits. They have a relatively low cost of funds due to a high percentage of low cost and noninterest bearing deposits. First Community s operations, like those of other financial institutions operating in Southern California, are significantly influenced by economic conditions in Southern California, including the strength of the real estate market, and the fiscal and regulatory policies of the federal and state government and the regulatory authorities that govern financial institutions. Through its asset-based lending and factoring operations, First Community also operates in Arizona and Texas and is subject to the economic conditions affecting those markets.

As of March 14, 2006, First National Bank had 13 branches located in San Diego County, and Pacific Western National Bank had 35 branches located in Los Angeles, Orange, Riverside, and San Bernardino Counties and San Francisco, California. All branches of the Banks are located in California. First National Bank s business includes the asset-based lending and accounts receivable factoring operations of its wholly-owned subsidiary First Community Financial, based in Phoenix, Arizona, with lending production offices in Dallas, Texas and Los Angeles and Orange, California.

First Community has grown rapidly through a series of acquisitions. Since its inception, First Community has to date completed the acquisition of 15 banks, including its recent acquisition of Cedars Bank completed in January 2006, and one commercial finance company. First Community anticipates that it will continue to explore growth through additional strategic acquisitions in the future as opportunities arise.

First Community s website address is www.firstcommunitybancorp.com.

Recent Developments

On January 4, 2006, First Community acquired all of the outstanding common stock and options of Cedars Bank for $120 million in cash. Cedars Bank targeted small to medium sized businesses and professionals through 5 branches in Los Angeles County, and one branch in each of Irvine and San Francisco. As of December 31, 2005,

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Cedars Bank had approximately $438.2 million in assets. Upon completion of the acquisition, Cedars Bank merged into Pacific Western National Bank, resulting in First Community having 48 full-service community banking branches, including Pacific Western s 35 branches serving Los Angeles, Orange, Riverside and San Bernardino Counties and San Francisco, California.

On January 31, 2006, First Community sold 1,891,086 shares of its common stock at an aggregate offering price of approximately $109.5 million, or a price of $57.88 per share, to accredited investors, pursuant to its registration statement on Form S-3 on file with the Securities and Exchange Commission, or SEC. First Community used the proceeds from the sales of its common stock to provide regulatory capital to support the acquisition of Cedars Bank.

Limitations on Dividends

First Community s ability to pay dividends is limited by federal law, state law and contractual provisions.

Its ability to pay dividends to its shareholders is subject to the restrictions set forth in the California General Corporation Law, or the CGCL. The CGCL provides that a corporation may make a distribution to its shareholders if the corporation s retained earnings equal at least the amount of the proposed distribution. The CGCL further provides that, in the event that sufficient retained earnings are not available for the proposed distribution, a corporation may nevertheless make a distribution to its shareholders if it meets two conditions:

- the corporation s assets equal at least 1¼ times its liabilities; and
- the corporation s assets equal at least its liabilities or, alternatively, if the average of the corporation s earnings before taxes on income and interest expense for the two preceding fiscal years was less than the average of the corporation s interest expense for such fiscal years, the corporation s current assets equal at least 1¼ times its current liabilities.

First Community s primary source of income is the receipt of dividends from the Banks. The availability of dividends from the Banks is limited by various statutes and regulations. It is possible, depending upon the financial condition of the bank in question, and other factors, that the FRB and/or the OCC could assert that payment of dividends or other payments is an unsafe or unsound practice. In addition, First Community s ability to pay dividends is limited by certain provisions of their credit agreements with U.S. Bank, N.A. and The Northern Trust Company. Both agreements provide that First Community may not declare or pay any dividend on its common stock in any quarter if such dividend, when added together with any purchases or redemptions of its capital stock and the previous three quarterly cash dividends declared and paid, would exceed 50% of First Community s consolidated net income for the immediately preceding four quarterly periods.

First Community s ability to pay dividends is also limited by certain covenants contained in the indentures governing trust preferred securities that it has issued, and the debentures underlying the trust preferred securities. The indentures provide that if an event of default (as defined in the indentures) has occurred and is continuing, or if First Community is in default with respect to any obligations under its guarantee agreement which covers payments of the obligations on the trust preferred securities, or if First Community gives notice of any intention to defer payments of interest on the debentures underlying the trust preferred securities, then First Community may not, among other restrictions, declare or pay any dividends (other than a dividend payable by the Banks to the holding company) with respect to its common stock.

Employees

As of March 3, 2006, First Community on a consolidated basis had a total of 681 full time equivalent employees, with 199 full time equivalent employees at First National Bank, 382 full time equivalent employees at Pacific Western and 100 full time equivalent employees at the holding company entity First Community Bancorp.

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Additional Information

Additional information concerning First Community and its subsidiaries is included in the First Community documents filed with the SEC, which are incorporated by reference in this document. See Where You Can Find More Information beginning on page 99.

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INFORMATION ABOUT FOOTHILL

Overview

Foothill Independent Bancorp, which was organized in 1982, is a one-bank holding company that is registered, as such, under the Bank Holding Company Act of 1956, as amended. Like other bank holding companies in the United States, Foothill is subject to regulation, supervision and periodic examination by the Board of Governors of the Federal Reserve System, or the Federal Reserve Board. Foothill owns all of the capital stock of Foothill Independent Bank, a California state-chartered bank, or Foothill Bank, which is Foothill s principal subsidiary and accounts for substantially all of its consolidated assets, liabilities and operating results.

Foothill Bank, which was organized and commenced business operations in 1973, conducts a commercial banking business in the contiguous counties of Los Angeles, San Bernardino and Riverside, California, and, as of December 31, 2005, had total assets of approximately $798,706,000. Its deposits are insured by the Federal Deposit Insurance Corporation to the maximum extent permitted by law, and the Bank is a California state chartered bank and a member of the Federal Reserve System. As a member of the Federal Reserve System (a member bank) and a California state chartered bank, Foothill Bank is subject to regulation, supervision and periodic examination by the Federal Reserve Board, which is its principal federal regulatory agency, and by the California Department of Financial Institutions.

Foothill Bank offers a full range of commercial banking services including the acceptance of checking and savings deposits, and the making of various types of commercial and business loans, including credit lines and accounts receivable and inventory financing, real estate mortgage and construction loans and consumer installment loans. In addition, Foothill Bank provides safe deposit, collection, travelers checks, notary public and other customary non-deposit banking services.

Foothill Bank currently operates 12 banking offices, one in each of the communities of Glendora, Upland, Claremont, Irwindale, Ontario, Rancho Cucamonga, Covina, Glendale, Corona, Chino, Monrovia, and Temecula, California, which are located in the area of Southern California that includes (1) the San Gabriel Valley of Los Angeles County, (2) the western portions of San Bernardino, and (3) the western and southern portions of Riverside Counties, which together are commonly known as the Inland Empire. The Bank s organization and operations have been designed primarily to meet the banking needs of small-to-medium sized businesses, professionals and consumers, primarily in its market areas.

Foothill Bank emphasizes personalized service, convenience and the ability to customize services to meet the banking needs of its customers in order to attract business within its market areas. Drive-up or walk-up facilities and 24-hour automated teller machines (ATM s) are available at most of its banking offices. It also offers (1) internet banking services to its customers, enabling them to conduct many of their banking transactions with online, from their businesses or residences, 24 hours per day, seven days per week; and (2) a computerized telephone service, which enables customers to obtain information concerning their bank deposit accounts telephonically at any time day or night.

Deposits represent our primary source of funds that are used to fund our interest earning assets, principally loans and investment securities. Although there are some business and public agency customers that carry large deposits with us, we do not believe that we are dependent on a single customer or even a few customers for its deposits. Most of the deposits are obtained from individuals and small and moderate-size businesses. This results in relatively small average deposit balances, but makes us less subject to the adverse effect on liquidity that could result from the loss of a substantial depositor.

We also offer our customers a diverse line of loan products, including commercial loans and credit lines, SBA guaranteed business loans, accounts receivable and inventory financing, real estate mortgage and construction loans and consumer loans. The commercial loans we offer include:

- secured and unsecured loans with maturities ranging from 12 to 120 months;

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SBA guaranteed business loans with terms not to exceed 10 years; and

accounts receivable financing for terms not exceeding 12 months.

As a customary part of our commercial banking business, we purchase investment grade securities, consisting primarily of securities issued by the United States government and its agencies and by state and local government agencies, in order to diversify our investment risks and provide a source of liquidity for our operations. The objectives of our investment policy are to manage interest rate risk, provide adequate liquidity and reinvest in our market areas, while maximizing earnings that can be generated from a portfolio of investment-grade securities. Each security purchased is subject to credit, maturity and liquidity guidelines that are defined in our investment policy and the securities are reviewed regularly to verify their continued creditworthiness.

Foothill s website address is *www.foothillbank.com*.

Dividend Policy and Dividend Restrictions

Dividend Policy. It has been and continues to be the objective of Foothill s board of directors to retain earnings that are needed to meet not only capital requirements under applicable government regulations, but also to support our operations and growth. At the same time, it has been the policy of Foothill s board of directors to pay cash dividends if earnings exceed the amounts required to meet that objective. Pursuant to this policy, Foothill has paid regular quarterly cash dividends to its stockholders since September 1999. Information regarding the dividends that Foothill has paid during the past three years is set forth above in the section entitled Summary Market Price Data and Dividend Information .

Restrictions Applicable to the Payment of Dividends. Cash dividends from Foothill Bank represent the principal source of funds available to Foothill for paying cash dividends to stockholders. Therefore, government regulations, including the laws of the State of California, as they pertain to the payment of cash dividends by California state chartered banks, limit the amount of funds that will be available to Foothill to pay cash dividends to its stockholders.

California law places a statutory restriction on the amount of cash dividends a state chartered bank may pay to its shareholders. Under that law, which applies to Foothill Bank, without the prior approval of the DFI dividends declared by Foothill Bank may not exceed, in any calendar year, the lesser of (1) its net income for the year, plus its retained earnings generated in the two preceding years (after deducting all dividends paid during the period), or (2) its aggregate retained earnings. As of December 31, 2005, the sum of Foothill Bank s net income for that year plus its retained earnings for the prior two years (after deducting all dividends paid during that period) totaled $19,118,727 and its retained earnings totaled $67,542,507.

However, because payment of cash dividends has the effect of reducing a bank s capital, as a practical matter the capital requirements imposed on Foothill Bank, as a federally insured bank, operate to preclude the payment of cash dividends in amounts that might otherwise be permitted by California law. See the section entitled Regulation and Supervision Bank Regulation *Prompt Corrective Action*, beginning on page 76 below.

Employees

As of December 31, 2005, Foothill had 157 full-time and 84 part-time employees, all of whom are employees of the Bank and three of whom also are employees of the Bancorp.

Additional Information

Additional information concerning Foothill and Foothill Bank is included in the Foothill documents filed with the SEC, which are incorporated by reference in this document. See Where You Can Find More Information beginning on page 99.

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REGULATION AND SUPERVISION

The following is a summary of certain statutes and regulations affecting Foothill, First Community and its subsidiaries. This summary is qualified in its entirety by such statutes and regulations.

General

The banking and financial services business in which Foothill and First Community engage is highly regulated. Such regulation is intended, among other things, to protect depositors insured by the Federal Deposit Insurance Corporation, or FDIC, and the entire banking system. The commercial banking business is also influenced by the monetary and fiscal policies of the federal government and the policies of the FRB. The FRB implements national monetary policies (with objectives such as curbing inflation and combating recession) by its open-market operations in United States Government securities, by adjusting the required level of reserves for financial intermediaries subject to its reserve requirements and by varying the discount rates applicable to borrowings by depository institutions. The actions of the FRB in these areas influence the growth of bank loans, investments and deposits and also affects interest rates charged on loans and paid on deposits. Indirectly, such actions may also impact the ability of non-bank financial institutions to compete with the banks. The nature and impact of any future changes in monetary policies cannot be predicted.

The laws, regulations and policies affecting financial services businesses are continuously under review by Congress, state legislatures and federal and state regulatory agencies. From time to time, legislation is enacted which has the effect of increasing the cost of doing business, limiting or expanding permissible activities or affecting the competitive balance between banks and other financial intermediaries. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies and other financial intermediaries are frequently made in Congress, in the California legislature and by various bank regulatory agencies and other professional agencies. Changes in the laws, regulations or policies that impact Foothill and First Community cannot necessarily be predicted, but they may have a material effect on Foothill s and First Community s business and earnings.

Bank Holding Company Regulation

As bank holding companies, Foothill and First Community are registered with and subject to regulation by the FRB under the Bank Holding Company Act of 1956, as amended, or the BHCA. In accordance with FRB policy, Foothill and First Community are expected to act as a source of financial strength to its subsidiary banks and to commit resources to support such subsidiaries in circumstances where it might not otherwise do so. First Community has two subsidiary banks, First National Bank and Pacific Western National Bank, and Foothill has one subsidiary bank, Foothill Independent Bank, which we refer to collectively as the Banks. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act (FDIA), the FDIC can hold any FDIC-insured depository institution liable for any loss suffered or anticipated by the FDIC in connection with: (1) the default of a commonly controlled FDIC-insured depository institution; or (2) any assistance provided by the FDIC to such a commonly controlled institution. Castle Creek Capital, LLC is the holding company for First Community as well as for a bank in Texas; therefore, in the event of a default at, or assistance to, the Texas bank, the First Community Banks could have liability even though they have no control over the Texas bank. Under the BHCA, First Community and Foothill are subject to periodic examination by the FRB. Foothill and First Community are also required to file with the FRB periodic reports of their operations and such additional information regarding Foothill and First Community and their subsidiaries as the FRB may require. Pursuant to the BHCA, Foothill and First Community are required to obtain the prior approval of the FRB before it acquires all or substantially all of the assets of any bank or ownership or control of voting shares of any bank if, after giving effect to such acquisition, it would own or control, directly or indirectly, more than 5 percent of such bank.

Under the BHCA, Foothill and First Community may not engage in any business other than managing or controlling banks or furnishing services to its subsidiaries that the FRB deems to be so closely related to banking as to be a proper incident thereto. Foothill and First Community are also prohibited, with certain exceptions,

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from acquiring direct or indirect ownership or control of more than 5 percent of the voting shares of any company unless the company is engaged in banking activities or the FRB determines that the activity is so closely related to banking to be a proper incident to banking. The FRB s approval must be obtained before the shares of any such company can be acquired and, in certain cases, before any approved company can open new offices.

Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in a wider range of non-banking activities, including securities and insurance activities and any other activity that the FRB, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature, incidental to any such financial activity or complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. The BHCA generally does not place territorial restrictions on the domestic activities of non-bank subsidiaries of bank holding companies. As of the date of this filing, Foothill and First Community do not operate as a financial holding company.

The BHCA and regulations of the FRB also impose certain constraints on the redemption or purchase by a bank holding company of its own shares of stock.

Foothill s and First Community s earnings and activities are affected by legislation, by regulations and by local legislative and administrative bodies and decisions of courts in the jurisdictions in which Foothill, First Community and the Banks conduct business. For example, these include limitations on the ability of the Banks to pay dividends to their parent company and Foothill s and First Community s ability to pay dividends to its shareholders. It is the policy of the FRB that bank holding companies should pay cash dividends on common stock only out of income available over the past year and only if prospective earnings retention is consistent with the organization s expected future needs and financial condition. The policy provides that bank holding companies should not maintain a level of cash dividends that undermines the bank holding company s ability to serve as a source of strength to its banking subsidiaries. Various federal and state statutory provisions limit the amount of dividends that subsidiary banks and savings associations can pay to their holding companies without regulatory approval. In addition to these explicit limitations, the federal regulatory agencies have general authority to prohibit a banking subsidiary or bank holding company from engaging in an unsafe or unsound banking practice. Depending upon the circumstances, the agencies could take the position that paying a dividend would constitute an unsafe or unsound banking practice.

In addition, banking subsidiaries of bank holding companies are subject to certain restrictions imposed by federal law in dealings with their holding companies and other affiliates. Subject to certain exceptions set forth in the Federal Reserve Act, a bank can make a loan or extend credit to an affiliate, purchase or invest in the securities of an affiliate, purchase assets from an affiliate, accept securities of an affiliate as collateral for a loan or extension of credit to any person or company, issue a guarantee or accept letters of credit on behalf of an affiliate only if the aggregate amount of the above transactions of such subsidiary does not exceed 10 percent of such subsidiary s capital stock and surplus on an individual basis or 20 percent of such subsidiary s capital stock and surplus on an aggregate basis. Such transactions must be on terms and conditions that are consistent with safe and sound banking practices. A bank and its subsidiaries generally may not purchase a low-quality asset, as that term is defined in the Federal Reserve Act, from an affiliate. Such restrictions also prevent a holding company and its other affiliates from borrowing from a banking subsidiary of the holding company unless the loans are secured by collateral.

The FRB has cease and desist powers over parent bank holding companies and non-banking subsidiaries where the action of a parent bank holding company or its non-financial institutions represent an unsafe or unsound practice or violation of law. The FRB has the authority to regulate debt obligations, other than commercial paper, issued by bank holding companies by imposing interest ceilings and reserve requirements on such debt obligations.

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Bank Regulation

The Banks and Foothill Independent Bank are extensively regulated under both federal and state law.

Foothill Independent Bank is chartered by the California Commissioner of Financial Institutions, or the Commissioner. Its deposits are insured by the FDIC up to the maximum limits (presently $100,000 per account) allowed by law. Foothill is a member of the Federal Reserve System. Consequently, Foothill is subject to the supervision of, and is regularly examined by, the Commissioner and the Federal Reserve, although Foothill is also subject to the rules and regulations of the FDIC.

First National and Pacific Western are national banks, chartered by the Office of the Comptroller of the Currency, or the OCC, and their deposits are insured by the FDIC. For this protection, the Banks, as is the case with all insured banks, pay a quarterly statutory assessment and are subject to the rules and regulations of the FDIC. First National and Pacific Western are regulated primarily by the OCC.

Various requirements and restrictions under the laws of the State of California and the United States affect the operations of the Banks and Foothill Independent Bank. State and federal statutes and regulations relate to many aspects of the Banks and Foothill Independent Bank s operations, including standards for safety and soundness, reserves against deposits, interest rates payable on deposits and loans, investments, mergers and acquisitions, borrowings, dividends, locations of branch offices, fair lending requirements, Community Reinvestment Act activities and loans to affiliates. Further, the Banks and Foothill Independent Bank are required to maintain certain levels of capital.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act, or FDICIA, requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. Pursuant to FDICIA, the OCC, the FDIC and FRB promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Under the prompt corrective action provisions of FDICIA, an insured depository institution generally will be classified as undercapitalized if its total risk-based capital is less than 8% or its Tier 1 risk-based capital or leverage ratio is less than 4%. An institution that, based upon its capital levels, is classified as well capitalized, adequately capitalized or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to more restrictions and prohibitions, including restrictions on growth, prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits. Furthermore, if a bank is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the federal bank regulator, and the holding company must guarantee the performance of that plan.

In addition to measures taken under the prompt corrective action provisions, commercial banking organizations may be subject to potential enforcement actions by the federal banking agencies for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the imposition of a conservator or receiver, the issuance of a cease-and-desist order that can be judicially enforced, the termination of insurance of deposits (in the case of a depository institution), the imposition of civil money penalties, the issuance of directives to increase capital, the issuance of formal and informal agreements, the issuance of removal and prohibition orders against institution-affiliated parties. The enforcement of such actions through injunctions or restraining orders may be based upon a judicial determination that the agency would be harmed if such equitable relief was not granted.

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Hazardous Waste Clean-Up. Since Foothill and First Community are not involved in any business that manufactures, uses or transports chemicals, waste, pollutants or toxins that might have a material adverse effect on the environment, their primary exposure to environmental laws is through their lending activities and through properties or businesses they may own, lease or acquire. Based on a general survey of the loan portfolios of Foothill and the Banks, conversations with local appraisers and the type of lending currently and historically done by the Banks, neither Foothill nor First Community is aware of any potential liability for hazardous waste contamination that would be reasonably likely to have a material adverse effect on Foothill or First Community as of December 31, 2005.

Sarbanes-Oxley Act. On July 30, 2002, the President signed into law the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act aims to restore the credibility lost as a result of recent high profile corporate scandals by addressing, among other issues, corporate governance, auditing and accounting, executive compensation and enhanced and timely disclosure of corporate information. The Nasdaq National Market has adopted corporate governance rules intended to allow shareholders to more easily and effectively monitor the performance of companies and directors. The principal provisions of the Sarbanes-Oxley Act, many of which have been interpreted through regulations released in 2003, provide for and include, among other things: (1) the creation of an independent accounting oversight board; (2) auditor independence provisions that restrict non-audit services that accountants may provide to their audit clients; (3) additional corporate governance and responsibility measures, including the requirement that the chief executive officer and chief financial officer of a public company certify financial statements; (4) the forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer s securities by directors and senior officers in the twelve month period following initial publication of any financial statements that later require restatement; (5) an increase in the oversight of, and enhancement of certain requirements relating to, audit committees of public companies and how they interact with Foothill s and First Community s independent auditors; (6) requirements that audit committee members must be independent and are barred from accepting consulting, advisory or other compensatory fees from the issuer; (7) requirements that companies disclose whether at least one member of the audit committee is a financial expert (as such term is defined by the SEC) and if not discussed, why the audit committee does not have a financial expert; (8) expanded disclosure requirements for corporate insiders, including accelerated reporting of stock transactions by insiders and a prohibition on insider trading during pension blackout periods; (9) a prohibition on personal loans to directors and officers, except certain loans made by insured financial institutions on non-preferential terms and in compliance with other bank regulatory requirements; (10) disclosure of a code of ethics and filing a Form 8-K for a change or waiver of such code; (11) a range of enhanced penalties for fraud and other violations; and (12) expanded disclosure and certification relating to an issuer s disclosure controls and procedures and internal controls over financial reporting.

As a result of the Sarbanes-Oxley Act, and its implementing regulations, Foothill and First Community have incurred substantial cost to interpret and ensure compliance with the law and its regulations. Foothill and First Community cannot be certain of the effect, if any, of the foregoing legislation on their businesses. Future changes in the laws, regulation, or policies that impact First Community and Foothill cannot necessarily be predicted and may have a material effect on its business and earnings.

USA Patriot Act. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the Patriot Act, designed to deny terrorists and others the ability to obtain access to the United States financial system, has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The Patriot Act, as implemented by various federal regulatory agencies, requires financial institutions, including the Banks, to implement new policies and procedures or amend existing policies and procedures with respect to, among other matters, anti-money laundering, compliance, suspicious activity and currency transaction reporting and due diligence on customers.

The Patriot Act and its underlying regulations also permit information sharing for counter-terrorist purposes between federal law enforcement agencies and financial institutions, as well as among financial institutions, subject to certain conditions, and require the FRB, the OCC and other federal banking agencies to evaluate the

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effectiveness of an applicant in combating money laundering activities when considering applications filed under Section 3 of the BHCA or the Bank Merger Act. The Banks have augmented systems and procedures to accomplish this. Foothill and First Community believe that the cost of compliance with the Patriot Act is not likely to be material to Foothill or First Community.

Federal Deposit Insurance. Because of favorable loss experience and a healthy reserve ratio in the Bank Insurance Fund, or the BIF, of the FDIC, well-capitalized and well-managed banks, including the Banks, have in recent years paid minimal premiums for FDIC insurance. While Foothill and First Community have no expectation of increased premiums, the amount of any future premiums will depend on the BIF loss experience, legislation or regulatory initiatives and other factors, none of which Foothill or First Community is in position to predict at this time.

Community Reinvestment Act. The Community Reinvestment Act, or CRA, generally requires insured depository institutions to identify the communities they serve and to make loans and investments and provide services that meet the credit needs of these communities. Furthermore, the CRA requires the FRB and the OCC to evaluate the performance of each of the Banks in helping to meet the credit needs of their communities. As a part of the CRA program, the Banks are subject to periodic examinations by the FRB or OCC, respectively, and must maintain comprehensive records of their CRA activities for this purpose. During these examinations, the FRB or OCC rates such institutions compliance with CRA as Outstanding, Satisfactory, Needs to Improve or Substantial Noncompliance. Failure of an institution to receive at leas a Satisfactory rating could inhibit such institution or its holding company from undertaking certain activities. The FRB and OCC must take into account the record of performance of banks in meeting the credit needs of the entire community served, including low-and moderate-income neighborhoods. Each of the Banks and Foothill Bank have a CRA rating of Satisfactory as of their most recent examinations.

Customer Information Security. The FRB, the OCC and other bank regulatory agencies have adopted final guidelines, or the Guidelines, for safeguarding confidential, personal customer information. The Guidelines require each financial institution, under the supervision and ongoing oversight of its board of directors or an appropriate committee thereof, to create, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazard to the security or integrity of such information and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. The Banks have adopted customer information security programs to comply with such requirements.

Privacy. The Gramm-Leach-Bliley Act of 1999, or GLBA, requires financial institutions to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to non-affiliated third parties. In general, the statute requires explanations to consumers on policies and procedures regarding the disclosure of such nonpublic personal information, and, except as otherwise required by law, prohibits disclosing such information except as provided in policies and procedures. Certain state statutes that affect the Banks impose parallel or more extensive privacy restrictions. The Banks have implemented privacy policies addressing these restrictions which are distributed regularly to all existing and new customers.

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DISSENTING SHAREHOLDERS RIGHTS

Only shareholders of First Community are entitled to dissenters rights in connection with the merger. In accordance with the Delaware General Corporation Law, stockholders of Foothill are not entitled to appraisal rights in connection with the merger. The procedures for First Community shareholders to obtain dissenters rights are set forth in Chapter 13 of the California General Corporation Law, or the CGCL. The information set forth below is a general summary of Chapter 13 dissenters rights as they apply to shareholders of First Community. This summary is not a complete discussion of Chapter 13 and is qualified in its entirety by reference to Chapter 13, which is attached as Appendix C. Any shareholder of First Community wishing to exercise dissenters rights or wish to preserve the right to do so should carefully read Appendix C and must follow exactly the required procedures set forth in Chapter 13 of the CGCL or any dissenters rights may be lost.

If the merger is consummated and a First Community shareholder elects to exercise dissenters rights by complying with the procedures set forth in Chapter 13, that shareholder will be entitled to receive an amount equal to the fair market value of such shareholder s shares. Chapter 13 provides that fair market value shall be determined as of December 14, 2005, the business day before the public announcement of the merger. First Community believes the fair market value of its stock is equal to $53.31 as of December 14, 2005, which is the average of the high and low sales prices of its stock as of that date.

A First Community shareholder must satisfy each of the following requirements for such shareholder s shares to be considered dissenting shares under Chapter 13. Shares of First Community common stock must be purchased by First Community from a dissenting shareholder if all applicable requirements are complied with, but only if demands are made by First Community shareholders for payment with respect to 5% or more of the outstanding shares of First Community common stock.

This 5% limitation does not apply to shares which are subject to a restriction on transfer imposed by First Community or by any law or regulation. First Community is not aware of any restriction on transfer of any of its shares of common stock except restrictions which may be imposed upon shareholders who are deemed to be affiliates of First Community as that term is used in the Securities Act. Those shareholders who believe there is some restriction affecting their shares should consult with their own counsel as to the nature and extent of any dissenters rights they may have. In addition, First Community is required to purchase dissenting shares only if the following conditions exist:

- The First Community shareholder must have shares of First Community common stock outstanding as of the record date of the shareholder s meeting;

- The First Community shareholder must vote the shares against the merger proposal. It is not sufficient to abstain from voting. However, a First Community shareholder may abstain as to part of such shareholder s shares or vote part of those shares for the merger proposal without losing the right to have purchased those shares which were voted against the merger; and

- If the First Community shareholder voted against the merger and wishes to have purchased shares that were voted against the merger proposal, the First Community shareholder must make a written demand to have First Community purchase those shares of First Community common stock for cash at their fair market value. The demand must include the information specified below and must be received by First Community or its transfer agent, no later than the date of the shareholders meeting at which the shareholder may vote such shares.

If a First Community shareholder returns a proxy without voting instructions or with instructions to vote FOR the proposal to approve the principal terms of the merger agreement, such shareholder s shares will automatically be voted in favor of the merger and the shareholder will lose his or her dissenters rights.

If the merger is approved by the First Community shareholders, First Community will have 10 days after the approval to mail those shareholders who voted against the merger and who made a timely demand for purchase,

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assuming more than 5% of the First Community shareholders made such demand, written notice of the approval along with a copy of Sections 1300 through 1304 of Chapter 13. In the notice of approval, First Community must state the price it determines represents the fair market value of the dissenting shares. This notice constitutes an offer by First Community to purchase the dissenting shares at the price stated. Additionally, First Community must set forth in the approval notice a brief description of the procedures a shareholder must follow if he or she desires to exercise dissenters rights.

A written demand is essential for dissenters rights. Chapter 13 requires shareholders to specify in the written demand the number of shares held of record which the shareholders are demanding First Community to purchase. In the written demand, shareholders must also include a statement of the figure claimed to be the fair market value of those shares as of the business day before the terms of the merger were first announced, excluding any appreciation or depreciation because of the proposed merger. It is First Community s position that this day is December 14, 2005. A shareholder may take the position in the written demand that a different date is applicable. This demand constitutes an offer by the shareholder to sell the dissenting shares at the price stated.

In addition to the requirements of the provisions of Chapter 13 of the CGCL described herein, it is recommended that shareholders comply with the following conditions to ensure that the demand is properly executed and delivered:

The demand should be sent by registered or certified mail, return receipt requested;

The demand should be signed by the shareholder of record, or his or her duly authorized representative, exactly as his or her name appears on the stock certificates evidencing the shares;

A demand for the purchase of the shares jointly owned by more than one person should identify and be signed by all such holders;

Any person signing a demand for purchase in any representative capacity, such as attorney-in-fact, executor, administrator, trustee or guardian, should indicate his or her title, and, if First Community so requests, furnish written proof of his or her capacity and authority to sign the demand; and

A shareholder may not withdraw a demand for payment without the consent of First Community.

Under California law, a demand by a shareholder is not effective for any purpose unless it is received by First Community or its transfer agent, no later than the date of the shareholders meeting at which such shares are entitled to be voted.

Within 30 days after the date on which First Community mails the notice of the approval of the merger, dissenting shareholders must also submit the certificates representing the dissenting shares to First Community at the office it designates in the notice of approval. First Community will stamp or endorse the certificates with a statement that the shares are dissenting shares or First Community will exchange the certificates with certificates of appropriate denomination that are so stamped or endorsed. If a shareholder transfers any shares of First Community common stock before submitting the shares for endorsement, then such shares will lose their status as dissenting shares.

If First Community and a dissenting shareholder agree that the surrendered shares are dissenting shares and agree upon the price of the shares, the shareholder is entitled to receive the agreed price together with interest thereon at the legal rate on judgments from the date of the agreement between First Community and the dissenting shareholder. First Community will pay the fair value of the respective dissenting shares within 30

days after First Community and a dissenting shareholder agree upon the price of the shares or within 30 days after any statutory or contractual conditions to the merger have been satisfied, whichever is later. First Community s duty to pay is subject to the shareholder surrendering the certificates and is also subject to the restrictions imposed under California law on the ability of First Community to purchase its outstanding shares.

If First Community denies that the shares surrendered are dissenting shares, or First Community and a dissenting shareholder fail to agree upon the fair market value of such shares, then the shareholder may, within

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six months after the notice of approval is mailed, file a complaint in the Superior Court of the proper county requesting the court to make such determinations. In the alternative, the shareholder may intervene in any pending action brought by any other dissenting shareholder. If the shareholder fails to file such a complaint or fail to intervene in a pending action within the specified six-month period, dissenters rights will be lost. If the fair market value of the dissenting shares is at issue, the court will determine, or will appoint one or more impartial appraisers to determine, such fair market value. The costs of the action will be assessed or apportioned as the court considers equitable, but if the fair market value is determined to exceed 125% of the price offered to the shareholder, First Community will be required to pay such costs.

This summary has already described certain situations where shareholders of First Community will cease to have dissenters appraisal rights. In addition to the situations described above, a shareholder will cease to have dissenters appraisal rights if:

- First Community abandons the merger, in which case First Community will pay any dissenting shareholder who has filed a complaint, as described above, all necessary expenses and reasonable attorneys fees incurred in such proceedings; or

- A shareholder withdraws demand for the purchase of the dissenting shares with the consent of First Community.

For First Community shareholders, any demands, notices, certificates or other documents required to be delivered to First Community may be sent to:

Corporate Secretary

First Community Bancorp

120 Wilshire Blvd.

Santa Monica, CA 90401

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DESCRIPTION OF FIRST COMMUNITY COMMON STOCK

In the merger, Foothill stockholders will exchange their shares of Foothill common stock for shares of First Community common stock. The following is a summary of the material features of First Community common stock.

Pursuant to the articles of incorporation of First Community, the authorized capital stock of First Community consists of 30,000,000 shares of common stock, of which approximately 20,179,786 shares were outstanding, excluding 672,664 shares of unvested restricted stock, as of the record date, and 5,000,000 shares of preferred stock, of which none were outstanding. At the annual meeting, First Community has submitted a proposal for the vote of its shareholders to amend its articles of incorporation to increase the authorized shares of common stock from 30,000,000 to 50,000,000.

In the future, the authorized but unissued and unreserved shares of First Community common stock and the authorized but unissued and reserved shares of First Community preferred stock will be available for general corporate purposes, including but not limited to, possible issuance as stock dividends or stock splits, in future mergers or acquisitions, pursuant to stock compensation plans of First Community or in future private placements or public offerings. Except for issuances in connection with transactions which require the approval of First Community shareholders, these authorized but unissued shares may be issued at any time.

Common Stock

Each share of First Community common stock has the same relative rights as, and is identical in all respects to, each other share of First Community common stock. Holders of First Community common stock are entitled to one vote per share on all matters requiring shareholder action, including but not limited to, the election of, and any other matters relating to, directors. Holders of First Community common stock are entitled to cumulate their votes for the election of directors.

The holders of First Community common stock are entitled to receive dividends, out of funds legally available therefor, subject to any restrictions imposed by federal regulators and the payment of any preferential amounts to which any class of preferred stock may be entitled. Upon liquidation, dissolution or winding up of First Community, holders of First Community common stock will be entitled to share ratably all assets remaining after the payment of liabilities of First Community and of preferential amounts to which any preferred stock may be entitled.

The holders of First Community common stock have no preemptive or other subscription rights. First Community common stock is not subject to call or redemption, and, upon receipt by First Community of the full purchase price therefor, each share of First Community common stock will be fully paid and non-assessable.

Preferred Stock

First Community s articles of incorporation currently authorize it to issue up to 5,000,000 shares of preferred stock. The board of directors has broad authority to designate and establish the terms of one or more series of preferred stock. Among other matters, the board is authorized to

establish voting powers, designations, preferences and special rights of each such series and any qualifications, limitations and restrictions thereon. First Community preferred stock may rank prior to First Community common stock as to dividend rights, liquidation preferences, or both, may have full or limited voting rights, and may be convertible into First Community common stock. The holders of any class or series of First Community preferred stock also may have the right to vote separately as a class or series under the terms of the class or series as hereafter fixed by the board or otherwise required by California law.

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COMPARISON OF RIGHTS OF HOLDERS OF FIRST COMMUNITY COMMON STOCK

AND FOOTHILL COMMON STOCK

General

First Community is a California corporation and, accordingly, the rights of shareholders of First Community are governed by the California General Corporation Law, or the CGCL, as well as the articles of incorporation and bylaws of First Community. Foothill is a Delaware corporation, and its stockholders rights are governed by the Delaware General Corporation Law, or the DGCL, and its certificate of incorporation and bylaws. As a result of the merger, Foothill s stockholders will become shareholders of First Community. There are certain differences between the articles and bylaws of First Community and Foothill. Furthermore, California law and Delaware law differ in many respects. It is not practical to summarize all of the differences that could materially affect the rights of Foothill stockholders as holders of shares of First Community common stock following the merger. The summary contained below describes some of the significant differences but is not intended to be complete and is qualified by reference to the CGCL and the DGCL and the charter documents of First Community and Foothill.

Size of Board of Directors

Under the CGCL, although changes in the number of directors must in general be approved by the shareholders, the board of directors may fix the exact number of directors within a stated range set forth in the articles of incorporation or bylaws, if the stated range has been approved by the shareholders. First Community s bylaws provide that the number of directors shall be not less than 7 nor more than 12 until changed by amendment of the articles of incorporation or by the bylaws adopted by the holders of a majority of the outstanding shares entitled to vote. There are currently 11 directors serving on the board. Following First Community s annual meeting there will be only 10 directors serving on the board. If the merger with Foothill is completed, First Community will appoint George E. Langley, currently Foothill s president and chief executive officer, to its board of directors.

The DGCL permits the board of directors to change the authorized number of directors by amendment to the bylaws or in the manner provided in the bylaws unless the number of directors is fixed in the certificate of incorporation. Foothill s bylaws provide that the authorized number of directors of the corporation may be fixed from time to time by the board of directors either by a resolution or an amendment to the bylaws. The number of directors is currently fixed at 7.

Cumulative Voting

Cumulative voting allows a shareholder to cast a number of votes equal to the number of directors to be elected multiplied by the number of shares held in the shareholder s name on the record date. This total number of votes may be cast for one nominee or may be distributed among as many of the candidates as the shareholder desires. The candidates who receive the highest number of votes are elected, up to the total number of directors to be elected. In general, cumulative voting may help groups of minority shareholders elect some candidates to the board.

The CGCL provides that any shareholder is entitled to cumulate his or her votes in the election of directors upon proper notice of his or her intention to do so, except that a listed corporation may eliminate cumulative voting with shareholder approval. In addition, the CGCL provides for cumulative voting for directors, unless the corporation s articles or bylaws provide otherwise. First Community s articles and bylaws do not

provide otherwise, consequently, First Community shareholders are entitled to cumulate their votes for the election of directors.

Under the DGCL law, cumulative voting in the election of directors is not mandatory, and for cumulative voting to be effective it must be expressly provided for in the certificate of incorporation. Foothill s bylaws expressly provide that stockholders of the corporation do not have the right to cumulate their votes for the election of directors.

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Classified Board of Directors

First Community does not currently have a classified board of directors. First Community s bylaws currently require that all directors be elected at each annual meeting of shareholders and serve until the next annual meeting of shareholders when their successors are duly elected and qualified.

Foothill s board of directors is divided into three classes, as nearly equal in number of directors as possible. Directors in each class are elected to hold office for a term of three (3) years or until their successors are duly elected and qualified, or if earlier, until their death, resignation or removal. The successors of the class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of the stockholders to be held in the third year following the year of their election, with each director in each such class to hold office until his or her successor is duly elected and qualified.

Removal of Directors

Under the CGCL, any director or the entire board of directors may be removed without cause, if the removal is approved by the majority of the outstanding shares entitled to vote. However, the CGCL further provides that, with respect to directors of corporations not having classified boards of directors, no director can be removed (unless the entire board is removed) if the votes cast against removal of the director would be sufficient to elect the director if voted cumulatively (without regard to whether cumulative voting is permitted) at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the director s most recent election were then being elected. First Community does not currently have a classified board.

Under the DGCL, a director of a corporation that does not have a classified board of directors may be removed without cause by a majority stockholder vote. Directors of a corporation with a classified board of directors can be removed only for cause unless the certificate of incorporation otherwise provides. Foothill s certificate of incorporation provides that removal of directors is governed by the provisions of the bylaws. The bylaws state that directors may be removed from office by the holders of a majority of the outstanding shares entitled to vote in an election of directors but only with cause.

Vacancies on the Board

The CGCL provides that, unless the corporation s articles or bylaws provide otherwise, vacancies (other than those created by removal) may be filled by approval of the board of directors, or if the number of directors then in office is less than a quorum, by: (1) the unanimous written consent of the directors then in office; (2) the affirmative vote of a majority of directors then in office at a duly called meeting; or (3) the sole remaining director. Unless the corporation s articles or a bylaw provision adopted by the corporation s shareholders provide that the board of directors may fill vacancies on the board resulting from the removal of directors, such vacancies must be filled by the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum). The CGCL permits shareholders to elect a director at any time to fill any vacancy not filled by the directors. Any such election by written consent (other than to fill a vacancy created by removal, which requires the unanimous consent of all shares entitled to vote) requires the consent of a majority of the outstanding shares entitled to vote. The CGCL further provides that if, after the filling of any vacancy by the directors, the directors then in office who were elected by the shareholders constitute less than a majority of the directors then in office, then: (a) any holder or holders of an aggregate of 5% or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of the shareholders; or (b) upon the application of such holder or holders, the superior court of the proper county will order a special meeting of shareholders to elect the entire board of directors.

Under the DGCL, vacancies and newly created directorships may be filled by a majority of the directors then in office, even though less than a quorum, unless otherwise provided in the certificate of incorporation or

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bylaws and unless the certificate of incorporation directs that a particular class is to elect the director, in which case any other directors elected by such class, or a sole remaining director, shall fill such vacancy. Foothill s bylaws provide that vacancies in the board of directors resulting from death, resignation, removal or otherwise and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum or, if there is only one remaining director, by that director. Each director so selected shall hold office for the remainder of the full term of office of the former director which such director replaces and until his successor is duly elected and qualified or, if earlier, until his or her death, resignation or removal. No decrease in the authorized number of directors constituting the board of directors shall shorten the term of any incumbent directors.

Indemnification and Limitation of Liability

The CGCL and the DGCL contain similar provisions and limitations on indemnification by a corporation of its officers, directors, employees and other agents. Both California law and Delaware law also permit a corporation to adopt a provision in its charter eliminating the liability of a director to the corporation or the holders of its capital stock for monetary damages for breach of fiduciary duty as a director, provided such liability does not arise from certain proscribed conduct, including intentional misconduct and breach of the duty of loyalty.

The CGCL does not permit the elimination of monetary liability where such liability is based on: (1) intentional misconduct or knowing and culpable violation of law; (2) acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on part of the director; (3) receipt of an improper personal benefit; (4) acts or omissions that show reckless disregard for the director s duty to the corporation or its shareholders, where the director in the ordinary course of performing a director s duties should be aware of a risk of serious injury to the corporation or its shareholders; (5) acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director s duty to the corporation and its shareholders; (6) transactions between the corporation and a director who has a material financial interest in such transaction; or (7) liability for improper distributions, loans or guarantees. First Community s articles of incorporation eliminate the liability of the directors for monetary damages to the fullest extent permissible under California law.

Foothill s certificate of incorporation eliminates the personal liability of a directors to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except liability of a directors: (1) for any breach of his duty of loyalty to the corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (3) under Section 174 of the DGCL; or (4) for any transaction from which the director derives an improper personal benefit. Moreover, if the DGCL is amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of directors of the corporation is limited or eliminated to the fullest extent permitted by the DGCL, as so amended from time to time.

In addition, Foothill s bylaws provide that Foothill shall indemnify and hold harmless, to the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended, each person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of Foothill or that, being or having been such a director or officer or an employee of Foothill, he or she is or was serving at Foothill s request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise against all expenses, liability and loss actually and reasonably suffered or incurred by such person in connection with any such action, suit or proceeding. The right to indemnification conferred in the Foothill bylaws is a contract right and shall include the right to be paid by Foothill the expenses incurred in defending any such proceeding in advance of its final disposition, subject to certain undertakings made by the indemnitee as may be required by the DGCL. Furthermore, Foothill may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the advancement of expenses, to any employee or agent of Foothill to the fullest extent of

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the provisions of the bylaws with respect to the indemnification and advancement of expenses of directors or officers of Foothill.

Special Meetings

Under the CGCL, the board of directors, the chair of the board, the president, the holders of shares entitled to cast not less than 10% of the votes at a meeting, and such additional persons as are specified in the corporation s articles or bylaws have the authority to call special meetings of shareholders. First Community s articles and bylaws do not specify any other persons to call a special meeting of shareholders.

Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws. Foothill s bylaws provide that special meetings of stockholders may be called by the president of Foothill and by the president or secretary of Foothill at the request in writing of a majority of the board of directors, or at the request in writing of a stockholder or stockholders owning stock of Foothill possessing ten percent (10%) of the voting power possessed by all of the then outstanding capital stock of any class of the corporation entitled to vote.

Nominations and Proposals by Holders of Common Stock

First Community s bylaws provide that shareholder nominations for election of directors must be delivered to the secretary of First Community not less than 60 days nor more than 90 days prior to the date of a meeting of shareholders called for the election of directors. The First Community bylaws provide that any proper business may be transacted at the annual meeting of shareholders.

Foothill s bylaws provide that stockholders who desire the nominating committee of the board of directors to consider any person for nomination by the board of directors as a candidate for election to the board of directors may send a written notice to the secretary of the corporation, which identifies such proposed nominee or nominees and contains certain information described in the bylaws. In addition, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at an annual meeting of stockholders, but only if written notice of such stockholder s intent to make such nomination or nominations has been received by the secretary of the corporation not less than 60 nor more than 90 days prior to the first anniversary of the preceding year s annual meeting of stockholders.

Inspection of Lists of Holders of Common Stock

Both the CGCL and the DGCL allow any shareholder to inspect the shareholders list for a purpose reasonably related to such person s interest as a shareholder. The CGCL provides an absolute right of inspection of a corporation s list of shareholders to any shareholder or shareholders holding at least 5% of the voting stock or a shareholder or shareholders holding at least 1% of the voting stock who have filed a Schedule 14A with the Securities and Exchange Commission. Schedule 14A is filed in connection with certain proxy contests relating to the election of directors. Form F-6 relates to the election of directors. First Community s bylaws specifically allow for any shareholder authorized under California law to inspect its list of shareholders.

The DGCL does not allow for any such absolute right of inspection. Delaware law provides for inspection rights as to a list of stockholders entitled to vote at a meeting within a ten day period preceding a stockholders meeting for any purpose germane to the meeting. However, the DGCL contains no provisions comparable to the absolute right of inspection provided by California law to certain shareholders. Foothill s bylaws provide that an officer of Foothill must prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting. Such list must be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours.

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Dividends

Under the CGCL, a corporation may make a distribution to its shareholders if the corporation s retained earnings equal at least the amount of the proposed distribution. The CGCL further provides that, in the event that sufficient retained earnings are not available for the proposed distribution, a corporation may nevertheless make a distribution to its shareholders if it meets two conditions:

- the corporation s assets equal at least 1¼ times its liabilities; and
- the corporation s assets equal at least its liabilities or, alternatively, if the average of the corporation s earnings before taxes on income and interest expense for the two preceding fiscal years was less than the average of the corporation s interest expense for such fiscal years, the corporation s current assets equal at least 1¼ times its current liabilities.

See Information About First Community Limitations on Dividends.

The DGCL recognizes the concept of par value, capital and surplus. Delaware law permits a corporation, unless otherwise restricted by its certificate of incorporation, to declare and pay dividends out of its surplus or, if there is no surplus, out of next profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year, as long as the amount of capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. The ability of a Delaware corporation to pay dividends on its shares is dependent on the financial status of the corporation standing alone and not on a consolidated basis. In determining the amount of surplus of a Delaware corporation, the assets of the corporation, including stock of subsidiaries owned by the corporation, must be valued at their fair market value as determined by the board of directors, regardless of their historical book value. Foothill s bylaws state that subject to limitations contained in the DGCL and its certificate of incorporation, the board of directors may declare and pay dividends upon the shares of capital stock of the corporation, which dividends may be paid either in cash, securities of the corporation or other property.

Amendment of the Articles or Certificate of Incorporation

Under the CGCL, an amendment to the articles of incorporation requires the approval of the corporation s board of directors and a majority of the outstanding shares entitled to vote, either before or after the board approval, although certain minor amendments may be adopted by the board alone such as amendments causing stock splits (including an increase in the authorized number of shares in proportion thereto) and amendments changing names and addresses given in the articles. The First Community articles do not contain any supermajority provisions for amendments.

Under the DGCL, an amendment to the certificate of incorporation requires the approval of the corporation s board of directors and a majority of the outstanding shares. Foothill s certificate of incorporation requires 66⅔% of the voting shares of Foothill to amend or repeal Article VIII of the certificate relating to calling of a special meeting of stockholders. None of the other provisions of Foothill s certificate require any supermajority vote for amendments.

Amendment of Bylaws

Under the CGCL, a corporation s bylaws may be adopted, amended or repealed by either the board of directors or the shareholders of the corporation. Neither First Community s articles nor bylaws restrict the power of First Community s board or shareholders to adopt, amend or repeal its bylaws.

Under the DGCL, after a corporation has received any payment for any of its stock, the power to adopt, amend or repeal bylaws is entirely with the shareholders of the corporation. However, a corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors of the corporation. Foothill s certificate of incorporation and bylaws expressly provide that the board of directors of the

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Foothill has the power and authority to make, alter, amend, change, add to or repeal the bylaws of Foothill. The bylaws may also be altered, amended, changed, added to or repealed by the affirmative vote of not less than 66 2/3% of the outstanding voting stock of the corporation entitled to vote on such matters, voting together as a single class.

Consent in Lieu of Meeting

The CGCL provides that, unless otherwise provided in the articles of incorporation, any action that may be taken at a special or annual meeting of shareholders may be taken without a meeting and without prior notice if a consent in writing, setting forth the action taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Except as discussed above with respect to filling vacancies on the board of directors, the CGCL does not permit shareholders to elect directors by *written* consent except by the unanimous written consent of all shares entitled to vote in the election of directors.

Under the DGCL, unless otherwise provided in the certificate of incorporation, any action to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote if a written consent to the action shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all shares entitled to vote were present and voted. Additionally, unless the certificate of incorporation provides otherwise, stockholders may act by written consent to elect directors; provided, however, that, if such consent is less than unanimous, such action by written consent may be held in lieu of an annual meeting only if all of the directorships to which directors could be elected at an annual meeting are vacant and are filled by such action. Foothill s certificate of incorporation provides that no action that is required or permitted to be taken by the stockholders of Foothill at any annual or special meeting of the stockholders may be taken by written consent of the stockholders in lieu of a meeting of the stockholders, unless the action to be effectuated by written consent of stockholders, and also the taking of such action by such written consent, has been expressly approved in advance by the board of directors of Foothill. The bylaws further provide that to the extent permitted by the certificate of incorporation, any action which may be taken at an annual or special meeting of stockholders may be taken without a meeting and without prior notice if consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Dissenters Rights

Under the CGCL and DGCL, a shareholder of a corporation participating in certain major corporate transactions may, under varying circumstances, be entitled to dissenters rights pursuant to which such shareholder may receive cash in the amount of the fair market value of the shares held by such shareholder (as determined by a court or by agreement of the corporation and the shareholder) in lieu of the consideration such shareholder would otherwise receive in the transaction.

Under the CGCL, shareholders of a California corporation whose shares are listed on a national securities exchange or on a list of over-the-counter margin stocks issued by the Board of Governors of the Federal Reserve System generally do not have dissenters rights unless the holders of at least 5% of the class of outstanding shares claim the right. Additionally, dissenters rights are unavailable if the shareholders of a corporation or the corporation itself, or both, immediately prior to a reorganization will own (immediately after the reorganization) more than five-sixths of the voting power of the surviving or acquiring corporation or its parent. Under California law, a shareholder attempting to assert dissenters rights must hold capital stock that satisfies each of the following requirements: (1) the shares must have been outstanding on the company s record date; (2) the shares must not have been voted in favor of the merger; (3) the holder of such shares must make a written demand that the company repurchase such shares of capital stock at fair market value; and (4) the holder of such shares must submit certificates for endorsement. A vote by proxy or in person against the merger does not in and of itself

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constitute a demand for appraisal under California law. California law generally affords dissenters rights in reorganizations that are structured as sales of assets.

The limitations on the availability of dissenters rights under Delaware law are different from those under California law. Under Delaware law, dissenters rights are not available to (1) stockholders with respect to a merger or consolidation by a corporation the shares of which are either listed on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. or are held of record by more than 2,000 holders if such stockholders receive only shares of the surviving corporation or shares of any other corporation which are either listed on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. or are held of record by more than 2,000 holders; or (2) stockholders of a corporation surviving a merger if no vote of the stockholders of the surviving corporation is required to approve the merger because, among other things, the number of shares to be issued in the merger does not exceed 20% of the shares of the surviving corporation outstanding immediately prior to the merger and if certain other conditions are met. Delaware law also does not provide stockholders of a corporation with dissenters rights when the corporation acquires another business through the issuance of its stock (a) in exchange for the assets of the business to be acquired; (b) in exchange for the outstanding stock of the corporation to be acquired; or (c) in a merger of the corporation to be acquired with a subsidiary of the acquiring corporation. California law, by contrast, treats these kinds of acquisitions in the same manner as a direct merger of the acquiring corporation with the corporation to be acquired.

Business Combination Statutes

Section 203 of the DGCL makes it more difficult to effect certain transactions between a corporation and a person or group that owns 15% or more of the corporation s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of such voting stock, referred to as a 15% stockholder, at any time within the previous three years (excluding persons who became 15% stockholders by action of the corporation alone). For a period of three years following the date that a stockholder became a holder of 15% or more of the corporation s outstanding voting stock, the following types of transactions between the corporation and the 15% stockholder are prohibited (unless certain conditions, described below, are met): (1) mergers or consolidations; (2) sales, leases, exchanges or other transfers of 10% or more of the aggregate assets of the corporation; (3) issuances or transfers by the corporation of any stock of the corporation which would have the effect of increasing the 15% stockholder s proportionate share of the stock of any class or series of the corporation; (4) receipt by the 15% stockholder of the benefit (except proportionately as a stockholder) of loans, advances, guarantees, pledges or other financial benefits provided by the corporation; and (5) any other transaction which has the effect of increasing the proportionate share of the stock of any class or series of the corporation which is owned by the 15% stockholder. The three-year ban does not apply if either the proposed transactions or the transaction by which the 15% stockholder became a 15% stockholder is approved by the board of directors of the corporation prior to the date such stockholder became a 15% stockholder. Additionally, a 15% stockholder may avoid the statutory restriction if upon the consummation of the transaction whereby such stockholder became a 15% stockholder, the stockholder owns at least 85% of the outstanding voting stock of the corporation without regard to those shares owned by the corporation s officers and directors or certain employee stock plans. Business combinations are also permitted within the three-year period if approved by the board of directors and, at an annual or special meeting, by the holders of 66 2/3% of the voting stock not owned by the 15% stockholder.

A corporation may, at its option, exclude itself from the coverage of Section 203 by providing in its certificate of incorporation or bylaws at any time that it is exempt from Section 203, provided that a certificate or bylaws amendment cannot become effective for twelve months after such amendment is adopted. In addition, any transaction is exempt from the statutory ban if it is proposed at a time when the corporation has proposed, and a

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majority of certain continuing directors of the corporation have approved, a transaction with a party who is not a 15% stockholder of the corporation (or who became such with board approval) if the proposed transaction involves (1) certain mergers or consolidations involving the corporation; (2) a sale or other transfer of over 50% of the aggregate assets of the corporation; or (3) a tender or exchange offer for 50% or more of the outstanding voting stock of the corporation. Foothill s certificate of incorporation and bylaws do not exempt the corporation from the coverage of Section 203. The application of Section 203 to Foothill confers upon the board of directors the power to reject a proposed business combination in certain circumstances, even though a potential acquiror may be offering a substantial premium for Foothill s shares over the then-current market price.

The CGCL does not include a provision similar to Section 203 of the DGCL. However, the CGCL does provide that when prior to a merger one constituent corporation holds greater than 50% but less than 90% of the voting power of the other constituent corporation, the nonredeemable common equity securities of that corporation may be converted only into nonredeemable common stock in the surviving corporation, unless all of the shareholders consent. This provision restricts two-tier tender transactions.

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UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

First Community completed the acquisitions of First American Bank, or First American, and Pacific Liberty Bank, or Pacific Liberty, during 2005 and completed the acquisition of Cedars Bank, or Cedars, in January 2006. On December 15, 2005, First Community announced that it had entered into a merger agreement to acquire Foothill. The parties expect to complete this transaction during the second quarter of 2006. Summary information for these acquisitions follows.

First American was acquired on August 12, 2005. First Community paid approximately $59.7 million in cash to First American shareholders and caused First American to pay approximately $2.6 million in cash for all outstanding options to purchase First American common stock. The aggregate transaction value was approximately $62.3 million.

First Community acquired Pacific Liberty on October 7, 2005. First Community issued approximately 784,000 shares of common stock to the Pacific Liberty shareholders and caused Pacific Liberty to pay approximately $5.0 million in cash for all outstanding options to purchase Pacific Liberty common stock. The aggregate transaction value was approximately $41.6 million.

First Community acquired Cedars on January 4, 2006. First Community paid approximately $114.2 million in cash to Cedars shareholders and approximately $5.8 million in cash for all outstanding options to purchase Cedars common stock. The aggregate transaction value was approximately $120.0 million.

On December 14, 2005, First Community entered into a definitive agreement and plan of merger to acquire all of the outstanding common stock and options of Foothill for approximately $238.0 million in consideration consisting of First Community common stock for the outstanding common stock of Foothill and cash for Foothill common stock options. The definitive agreement provides a mechanism for determining an initial exchange ratio of approximately 0.4982 shares of First Community common stock for each Foothill share, but that exchange ratio is subject to adjustment as further described in the definitive agreement; we used an assumed exchange ratio of 0.4421 First Community shares for each Foothill common share outstanding for purposes of presenting the unaudited pro forma combined condensed financial statements. The completion of the Foothill acquisition is subject to customary conditions, including the approval of both Foothill s and First Community s shareholders and bank regulatory authorities.

An unaudited summary of First Community s preliminary purchase price allocations for the First American, Pacific Liberty, Cedars and Foothill acquisitions follows. These purchase price allocations are based on estimates and are subject to change as more information becomes available and after final analyses of the fair values of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented in this report.

	First American	Pacific Liberty	Cedars	Foothill
Assets acquired or to be acquired:				
Cash and investments	$ 122,836	$ 31,755	$ 36,150	$ 208,031
Loans, net	106,244	119,245	357,307	547,137
Premises and equipment	4,458	32	1,196	4,470
Intangible assets	44,244	26,116	78,913	182,195

Other assets	8,111	6,137	15,456	29,096
Total assets acquired	285,893	183,285	489,022	970,929
Liabilities assumed or to be assumed:				
Deposits	217,436	142,179	367,442	672,941
Other liabilities	8,771	4,479	7,427	74,988
Total liabilities assumed	226,207	146,658	374,869	747,929
Total consideration paid net of cash paid for options	$ 59,686	$ 36,627	$ 114,153	$ 223,000

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Unaudited Pro Forma Combined Condensed Financial Information

The following unaudited pro forma combined condensed financial information presents the impact of the acquisitions of First American, Pacific Liberty and Cedars and the proposed acquisition of Foothill on First Community s historical financial condition and results of operations under the purchase method of accounting. Under the purchase method of accounting, First Community records the assets and liabilities of the acquired entities at their fair values on the closing date of the acquisition. The unaudited pro forma combined condensed balance sheet as of December 31, 2005 has been prepared under the assumption that the Cedars and Foothill acquisitions were completed on that date. The First American and Pacific Liberty acquisitions were consummated prior to December 31, 2005 and, accordingly, are reflected in First Community s historical balance sheet as of December 31, 2005. The unaudited pro forma combined condensed statements of earnings for the year ended December 31, 2005, have been prepared under the assumption that all of the acquisitions were completed on January 1, 2005.

The unaudited pro forma combined financial information is presented for illustrative purposes only, and does not indicate either the operating results that would have occurred had all the acquisitions been consummated on January 1, 2005 or on December 31, 2005, as the case may be, or future results of operations or financial condition. The unaudited pro forma combined condensed financial information is based upon assumptions and adjustments that First Community believes are reasonable. No assumptions have been applied to the pro forma financial statements regarding possible revenue enhancements, expense efficiencies, or asset dispositions. The unaudited pro forma combined condensed financial information and the accompanying notes should be read in conjunction with First Community s and Foothill s historical financial statements contained in their respective Annual Reports on Form 10-K for the year ended December, 31 2005, which have been incorporated by reference into this document. See the section Sources of Additional Information immediately preceding the table of contents.

As explained further in the accompanying notes to unaudited pro forma combined condensed financial information, the allocations of the purchase price with respect to the acquisitions are based on preliminary estimates and are subject to change as more information becomes available and after final analyses of the fair values of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented in this document.

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Unaudited Pro Forma Combined Condensed Balance Sheet

December 31, 2005

(In thousands)

	First Community	Cedars	(a) Repayment of Borrowings	(b) Fair Value Adjustments	(c) Cash Paid for Stock Options and Common Stock	(d) Issuance of Common Stock	First Community and Cedars Pro Forma Combined	Foothill	(e) Fair Value Adjustments	(f) Cash Paid for Stock Options	(g) Issuance of Common Stock Net of Foothill Shareholders Equity	First Community, Cedars and Foothill Pro Forma Combined
Cash and cash equivalents	$ 105,352	$ 62,433	$ (21,472)	$	$ (120,000)	$ 109,456	$ 135,769	$ 38,950	$	$ (15,000)	$	$ 159,719
Investments and interest bearing deposits	239,354	1,036					240,390	184,081				424,471
Loans, net	2,440,525	357,307					2,797,832	547,425	(288)			3,344,969
Goodwill	295,890				73,292		369,182			15,000	151,184	535,366
Core deposit intangible	27,298			5,621			32,919		16,011			48,930
Other assets	117,992	17,398		(746)			134,644	28,250	11,845			174,739
	$ 3,226,411	$ 438,174	$ (21,472)	$ 4,875	$ (46,708)	$ 109,456	$ 3,710,736	$ 798,706	$ 27,568	$	$ 151,184	$ 4,688,194
Deposits	$ 2,405,361	$ 366,665		$ 777			$ 2,772,803	$ 672,764	$ 177			$ 3,445,744
Borrowings	160,300	21,472	$ (21,472)				160,300	42,000				202,300
Subordinated debentures	121,654						121,654	8,248				129,902
Other liabilities	38,318	2,359		5,068			45,745	5,424	25,845			77,014
Total liabilities	2,725,633	390,496	(21,472)	5,845			3,100,502	728,436	26,022			3,854,960
Shareholders equity	500,778	47,678		(970)	(46,708)	109,456	610,234	70,270	1,546		151,184	833,234
	$ 3,226,411	$ 438,174	$ (21,472)	$ 4,875	$ (46,708)	$ 109,456	$ 3,710,736	$ 798,706	$ 27,568	$	$ 151,184	$ 4,688,194

See Cedars Pro Forma Balance Sheet Adjustments beginning on page 96.

See Foothill Pro Forma Balance Sheet Adjustments beginning on page 96.

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Unaudited Pro Forma Combined Condensed Statement of Earnings

Year Ended December 31, 2005

(In thousands, except per share data)

	First Community	First American[1]	Pacific Liberty[2]	Cedars	Pro Forma Adjustments	First Community, First American, Pacific Liberty and Cedars Pro Forma Combined	Foothill	Pro Forma Adjustments	First Community and Foothill Pro Forma Combined
Interest income:									
Loans	$ 174,202	$ 5,131	$ 6,982	$ 26,895	$ 2 (a)	$ 213,212	$ 35,318	$ 36 (1)	$ 248,566
Investment securities	9,150	2,156	617	3,040	(733)(b)	14,230	7,796		22,026
Total interest income	183,352	7,287	7,599	29,935	(731)	227,442	43,114	36	270,592
Interest expense:									
Deposits	11,087	962	1,532	7,220	(701)(c)	20,100	4,684	(118)(2)	24,666
Borrowings	3,350	261	52	1,053	(1,041)(d)	3,675	250		3,925
Subordinated debentures	8,480					8,480	545		9,025
Total interest expense	22,917	1,223	1,584	8,273	(1,742)	32,255	5,479	(118)	37,616
Net interest income before provision for credit losses	160,435	6,064	6,015	21,662	1,011	195,187	37,635	154	232,976
Provision for (recovery of) credit losses	1,420	(20)	258	1,975		3,633			3,633
Net interest income after provision for credit losses	159,015	6,084	5,757	19,687	1,011	191,554	37,635	154	229,343
Noninterest income:									
Service charges, commissions and fees	10,659	549	431	1,217		12,856	4,166		17,022
Other	3,231	400	1,830	(873)	1,670 (e)	6,258	969		7,227
Total noninterest income	13,890	949	2,261	344	1,670	19,114	5,135		24,249
Noninterest expense:									
Compensation	48,623	2,575	1,861	6,805		59,864	11,705		71,569
Occupancy and furniture and equipment	13,463	638	349	1,696	24 (f)	16,170	4,417		20,587
Data processing and communications	6,862	391	362			7,615	1,468		9,083
Professional services	4,548	315	156			5,019	1,290		6,309
Intangible asset amortization	3,607				1,127 (g)	4,734		1,601 (3)	6,335
Other	10,311	996	855	4,424		16,586	6,392		22,978
Total noninterest expense	87,414	4,915	3,583	12,925	1,151	109,988	25,272	1,601	136,861
Earnings before income taxes	85,491	2,118	4,435	7,106	1,530	100,680	17,498	(1,447)	116,731
Income taxes	35,125	762	1,710	2,750	643 (h)	40,990	6,212	(609)(4)	46,593
Net earnings	$ 50,366	$ 1,356	$ 2,725	$ 4,356	$ 887	$ 59,690	$ 11,286	$ (838)	$ 70,138

Net earnings per share:				
Basic	$ 3.05	$ 3.03	$ 1.33	$ 2.99
Diluted	$ 2.98	$ 2.97	$ 1.25	$ 2.91
Weighted average shares:				
Basic	16,536	19,714	8,479	23,463
Diluted	16,894	20,072	9,030	24,064

(1) For the period from January 1, 2005 to August 12, 2005.
(2) For the nine months ended September 30, 2005.
See First American, Pacific Liberty and Cedars Pro Forma Adjustments on page 98.

See Foothill Pro Forma Adjustments on page 98.

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Pro Forma Adjustments

The unaudited pro forma combined condensed balance sheet as of December 31, 2005 has been prepared assuming the Cedars and Foothill acquisitions were consummated on December 31, 2005. The First American acquisition was consummated on August 12, 2005, and the Pacific Liberty acquisition was consummated on October 7, 2005, and they are, accordingly, reflected in First Community s historical balance sheet as of December 31, 2005. The unaudited pro forma combined condensed statement of earnings for the year ended December 31, 2005, has been prepared under the assumption that all of the acquisitions were consummated on January 1, 2005.

The unaudited pro forma combined condensed financial information reflects the issuance of First Community common stock. Although the First American acquisition was a cash transaction, the Company sold approximately 1,045,000 common shares in 2005 in order to augment regulatory capital at both First Community and its banking subsidiary, Pacific Western National Bank. The Company issued 784,000 common shares in the Pacific Liberty acquisition. Portions of these shares have been added to First Community s historical weighted average number of common shares used to calculate basic and diluted earnings per share for purposes of determining the pro forma earnings per share amounts for the year ended December 31, 2005. Although the Cedars transaction was a cash transaction, the Company sold approximately 1,891,000 common shares in January 2006 in order to augment regulatory capital at both First Community and its banking subsidiary, Pacific Western National Bank. These common shares have been added to First Community s historical weighted average number of common shares used to calculate basic and diluted earnings per share for purposes of determining the pro forma earnings per share amounts for the year ended December 31, 2005. While the exchange ratio for determining the shares of common stock to be issued to Foothill common shareholders is subject to adjustment as described in the definitive agreement and plan of merger, for purposes of the pro forma earnings per share calculations we have used an assumed exchange ratio of 0.4421 First Community shares for each Foothill common share outstanding. As a result, the Company increased its historical basic and diluted share averages using an assumed exchange ratio of 0.4421 applied to Foothill s historical basic and diluted share averages for the year ended December 31, 2005. A reconciliation of First Community s historical diluted share average to the pro forma average follows.

	Year Ended December 31, 2005
	(In thousands)
First Community historical average diluted shares	16,894
First American shares	687(1)
Pacific Liberty shares	600(1)
Cedars shares	1,891
Foothill shares	3,992(2)
Pro forma average diluted shares	24,064

(1) Represents the number of shares issued with respect to the First American and Pacific Liberty acquisitions assumed to be outstanding from January 1, 2005, through the respective issuance or acquisition dates. First Community s historical average includes the issued shares from the respective issuance or acquisition dates.

(2) Represents Foothill s historical average for the year ended December 31, 2005, of 9,030 multiplied by an assumed exchange ratio of 0.4421. The actual exchange ratio at consummation is subject to adjustment and may be higher or lower.

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Balance Sheet Pro Forma Adjustments

Cedars Pro Forma Balance Sheet Adjustments

(a) **Repayment of borrowings:** A covenant in the Cedars definitive acquisition agreement required Cedars to liquidate substantially all of its investment securities immediately prior to the close of the acquisition. Cedars investment securities were sold immediately prior to December 31, 2005, and are not reflected in Cedars historical balance sheet or the pro forma combined condensed balance sheet. A portion of the cash generated from the sale of Cedars investment securities was used to repay Cedars outstanding borrowings. Accordingly, the historical balance sheet has been adjusted to reflect the elimination of such borrowings.

(b) **Fair value adjustments:** All of the acquisitions are accounted for using the purchase method of accounting. Under this method, the fair values of the assets acquired and the liabilities assumed are determined at the acquisition consummation date. The historical amounts of the assets and liabilities are then adjusted to such fair values and these fair values are added to First Community s balance sheet. The pro forma fair value adjustments are preliminary, based on estimates, and are subject to change as more information becomes available and after final analyses of the fair values of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented in this document. A summary of these estimated fair value adjustments follows.

Establishment of core deposit intangible: This amount represents the estimated future economic benefits from certain of the customer balances acquired or to be acquired. This intangible asset will be amortized to expense over the estimated life of the deposits acquired. This intangible asset will also be reviewed for impairment periodically.

Other assets: This estimated fair value adjustment reflects an income tax adjustment resulting from basis differences of the assets acquired and liabilities assumed and either deferred income tax assets or income tax receivables resulting from tax deductible items such as severance and deferred compensation payouts and compensation deductions related to cash payments to option holders of the acquired entities. Further income tax adjustments may be made as more information becomes available and analyses are finalized in order to complete final tax returns.

Deposits: This estimated fair value adjustment reflects a discount on certain time deposits whose interest rates are above market. This estimated discount on certain time deposits will be amortized to interest expense over the remaining contractual life of such deposits using an accelerated method.

Other liabilities: This estimated pro forma adjustment represents accruals made at the time the acquisition is consummated to reflect the direct costs of the acquisition, and include investment banker and professional fees, severance, change in control and other compensation payments, contract termination costs, system conversion costs, and miscellaneous items.

(c) **Cash paid for stock options and common stock:** The terms of the Cedars acquisition agreement required a cash payment to Cedars common stock option holders for the difference between the per share merger consideration and the option exercise price. Such cash payment amounted to $5,847,000. The Cedars acquisition was a cash transaction and First Community paid to the common shareholders of Cedars approximately $114,153,000 in cash.

(d)

Issuance of common stock: Although the Cedars transaction was a cash transaction, the Company sold approximately 1,891,000 common shares in January 2006 in order to augment regulatory capital at both First Community and its banking subsidiary, Pacific Western National Bank. The net proceeds of such sale were approximately $109.5 million.

Foothill Pro Forma Balance Sheet Adjustments

(e) **Fair value adjustments:** The Foothill pro forma fair value adjustments are preliminary, based on estimates, and are subject to change as more information becomes available and after final analyses of the fair values

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of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented in this report. A summary of these estimated fair value adjustments follows.

Adjustment of loans to fair value: This estimated adjustment results in an unearned discount which will be amortized to interest income on loans over the remaining life of the loan portfolio acquired.

Establishment of core deposit intangible: This amount represents the estimated future economic benefits from certain of the customer balances to be acquired. This intangible asset will be amortized to expense over the estimated life of the deposits acquired using an accelerated method. This intangible asset will also be reviewed for impairment periodically.

Other assets: This estimated fair value adjustment reflects income tax adjustments resulting from basis differences of the assets acquired and liabilities assumed and either deferred income tax assets or income tax receivables resulting from tax deductible items such as severance and deferred compensation payouts and compensation deductions related to cash payments to option holders of the acquired entities. Further income tax adjustments may be made as more information becomes available and analyses are finalized in order to complete final tax returns.

Deposits: This estimated fair value adjustment reflects a discount on certain time deposits whose interest rates are above market. This estimated discount on certain time deposits will be amortized to interest expense over the remaining contractual life of such deposits.

Other liabilities: This estimated pro forma adjustment represents accruals made or to be made at the time the acquisitions are consummated to reflect the direct costs of the acquisitions and include investment banker and professional fees, severance, change in control and other compensation payments, contract termination costs, system conversion costs, and miscellaneous items.

(f) **Cash paid for stock options:** The terms of the Foothill acquisition agreement require a cash payment to Foothill s common stock option holders for the difference between the per share merger consideration and the option exercise price. Such cash payment is estimated to be approximately $15 million, and is based on the exchange ratio used for purposes of the pro forma calculation which, as described above, is subject to adjustment.

(g) **Issuance of common stock:** Based on the terms of the acquisition agreement, the Foothill shareholders are estimated to receive First Community common stock having a value of approximately $223,000,000. The amount added to shareholders equity is then reduced by Foothill s historical shareholders equity offset by the net effect of the fair value adjustments.

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Statement of Earnings Pro Forma Adjustments

First American, Pacific Liberty and Cedars Pro Forma Adjustments

(a) Represents accretion of discount on loans over eight years.

(b) Elimination of interest on investment securities due to liquidation of the portfolios offset by interest on federal funds sold arising from the investment of net cash generated from the sales. The interest on federal funds sold was assumed at 3.18% for the year ended December 31, 2005. Covenants in definitive acquisition agreements with each of the First American, Pacific Liberty and Cedars required the acquired entity to liquidate substantially all of its investment securities immediately prior to the close of the acquisition. Since these investment securities were sold at or near the acquisition consummation date in accordance with the terms of the agreements, the historical statements of earnings have been adjusted to reflect the elimination of interest on such investment securities as if the investment portfolios had been liquidated on January 1, 2005.

(c) Amortization of the time deposit fair value adjustment. Such amortization is over two years using an accelerated method.

(d) Elimination of interest expense on Cedars Federal Home Loan Bank borrowings due to repayment from cash generated by sale of investment securities.

(e) Elimination of net loss on sales of investment securities due to liquidation of the investment portfolios.

(f) Additional depreciation adjustment resulting from fair value adjustments to office premises. The largest portion of this adjustment relates to the First American office building fair value adjustment of approximately $916,000 which is being amortized over 25 years.

(g) Represents amortization of the core deposit intangible asset over its estimated life of 10 years.

(h) Represents income taxes on the pro forma adjustments at a combined Federal and California effective tax rate of approximately 42%.

Foothill Pro Forma Adjustments

(1) Represents accretion of discount on loans over eight years.

(2) Amortization of the time deposit fair value adjustment. Such amortization is over two years using an accelerated method.

(3) Represents amortization of the core deposit intangible asset over its estimated life of 10 years.

(4) Represents income taxes on the pro forma adjustments at a combined Federal and California effective tax rate of approximately 42%.

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VALIDITY OF COMMON STOCK

The validity of the shares of common stock offered hereby will be passed upon for First Community by Jared M. Wolff, its Executive Vice President, General Counsel and Corporate Secretary. As of the record date, Jared M. Wolff beneficially owned 14,053 shares of First Community common stock and vested stock options to acquire beneficial ownership of 20,000 shares of First Community common stock.

EXPERTS

The consolidated financial statements of First Community Bancorp as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 have been incorporated by reference herein and in the joint proxy statement-prospectus in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Foothill Independent Bancorp and subsidiaries as of December 31, 2005 and 2004 and for each of the years in the three-year period ended December 31, 2005 are incorporated by reference in the registration statement and this joint proxy statement-prospectus in reliance upon the report of Vavrinek, Trine, Day & Co., LLP, independent registered public accounting firm, incorporated by reference in the registration statement and this joint proxy statement-prospectus, and upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

First Community and Foothill file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You may read and copy any document filed by First Community and Foothill at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The internet address of the SEC s website is http://www.sec.gov.

First Community also maintains a website at www.firstcommunitybancorp.com, and via the Public Filings link at such site, you may obtain copies of documents filed by First Community with the SEC. Foothill also maintains a website at www.foothillbank.com, and through the Foothill Independent Bancorp tab at such site, you may obtain copies of documents filed by Foothill with the SEC.

This joint proxy statement-prospectus includes information that has not been presented to you but is incorporated by reference. This means that First Community and Foothill can disclose information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered a part of this joint proxy statement-prospectus, except for any information superseded by information contained in this joint proxy statement-prospectus. This joint proxy statement-prospectus incorporates by reference the documents listed below, which contain important business and financial information.

All documents filed by First Community or Foothill pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this document and before the date of the First Community annual meeting or Foothill special meeting are also deemed to be incorporated by reference into and are made a part of this document from the date of filing of those documents.

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This joint proxy statement-prospectus incorporates the following documents filed by First Community by reference:

- First Community s annual report on Form 10-K for the year ended December 31, 2005.
- All other First Community reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since December 31, 2005.
- The description of First Community s common stock contained in First Community s registration statement on Form 8-A, filed on June 2, 2000, and any amendment or reports that update the description.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference in this document.

This joint proxy statement-prospectus incorporates by reference the following documents filed by Foothill:

- Foothill s annual report on Form 10-K for the year ended December 31, 2005.
- All other Foothill reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since December 31, 2005.
- The description of Foothill s common stock that is contained in its Current Report on Form 8-K filed on July 20, 2000, including any amendment or report filed for the purpose of updating that description.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference in this document.

You should rely only on the information contained in, delivered with or referred to in this document. Neither Foothill nor First Community have authorized anyone to provide you with information that is different.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this document will be deemed to be modified or superseded for purposes of this document to the extent that a statement contained in this document or any other subsequently filed document that is deemed to be incorporated by reference into this document modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this document.

In addition, First Community filed a registration statement on Form S-4 to register with the SEC the First Community common stock to be issued to Foothill stockholders in the merger, and this document constitutes a prospectus for First Community common stock as well as a proxy statement of First Community and Foothill. This joint proxy statement-prospectus does not contain all the information set forth in the registration statement, certain portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information with respect to the merger and the securities offered hereby, reference is made to the registration statement and the exhibits filed as part thereof

or incorporated by reference therein, which may be inspected at the public reference facilities of the SEC mentioned above.

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You may request a copy of any of First Community s filings at no cost, by writing or telephoning First Community at the address and phone number set forth below:

First Community Bancorp

275 N. Brea Blvd.

Brea, California 92821

Attention: Investor Relations

(714) 671-6800

You may request a copy of any of Foothill s filings at no cost, by writing or telephoning Foothill at the address and phone number set forth below:

Foothill Independent Bancorp

510 S. Grand Avenue

Glendora, California 91741

Attention: Investor Relations

(626) 963-8551

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THE FIRST COMMUNITY ANNUAL MEETING PROPOSALS

The following sections of this document include a description of the other proposals to be considered and voted on at the First Community annual meeting and information relevant to those proposals. For the ease of reading, this section The First Community Annual Meeting sets forth each of the three other proposals, including information on the general nature of the proposal, the vote required and similar information. The remaining sections contain information relevant to those other proposals and typically found in First Community s proxy statement for its annual meetings of shareholders.

References to we, our, us and the Company in this and the remaining sections are to First Community (and not Foothill).

Proposal 2: Election of Directors

Nominees

The bylaws of First Community provide that the authorized number of directors shall not be less than 7 nor more than 12 with the exact number of directors to be fixed from time to time by resolution of a majority of the board of directors or by resolution of the shareholders. On January 23, 2002, the number of directors was fixed at 11. The board is currently composed of 11 directors. Eleven directors were elected at the 2005 annual meeting of shareholders held on May 25, 2005. One current director, Charles Green, is retiring from the board following the annual meeting consistent with our Corporate Governance Guidelines for directors who have reached age 70. First Community s board of directors has nominated ten candidates for election. As described in the first part of this document regarding the merger proposal, the merger agreement with Foothill provides that upon completion of the acquisition, George E. Langley, currently president, chief executive officer and a director of Foothill, will be appointed to First Community s board of directors.

The persons named in the following table have been recommended by the Compensation, Nominating and Governance Committee of the board and approved by the board of directors as nominees for election to serve as directors of the Company until the next annual meeting of shareholders and until their successors are duly elected and qualified. All director nominees are current directors.

With respect to such election, absent any specific instruction in the proxies solicited by the Board, the proxies will be voted in the sole discretion of the proxy holders to effect the election of all 10 of the Board s nominees, or as many thereof as possible under the rules of cumulative voting, if any persons are nominated other than by the board of directors. In the event that any of the board s nominees are unable to serve as directors, it is intended that each proxy will be voted for the election of such substitute nominees, if any, as shall be designated by the board of directors. To the best of its knowledge, the Company has no reason to believe that any of the nominees will be unable to serve as directors.

Name	Principal Occupation During the Past Five Years	Age	Year First Elected or Appointed Director
Stephen M. Dunn	Real estate development, brokerage and consulting and property management; President, Romar Company since March 1980.	58	2001

John M. Eggemeyer	Chairman of the Board of the Company since June 2000 and Chairman of the Board, Rancho Santa Fe National Bank from February 1995 until the formation of the Company; Founder and Chief Executive Officer, Castle Creek Capital LLC and Castle Creek Financial LLC which together form a merchant banking organization serving the banking industry; Director, TCF Financial Corporation since October 1994; Chairman and Chief	60	2000

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Name	Principal Occupation During the Past Five Years	Age	Year First Elected or Appointed Director
	Executive Officer, White River Capital, Inc. since August 2005; Chairman and Chief Executive Officer, Centennial Bank Holdings, Inc. since August 2004; Director, Centennial Bank Holdings since April 2004.		
Barry C. Fitzpatrick	Attorney; Partner, Newnhan, Fitzpatrick, Weston & Brennan, LLP, since January 2005; Partner, Fitzpatrick & Showen, LLP, Counselors at Law, April 1996 to December 2004.	59	2000
Susan E. Lester	Private investor; Chairman, Bremer Investment Funds, Inc., since January 2004, Director since July 2003; Director, Arctic Cat, Inc. since August 2004; Chief Financial Officer, Homeside Lending, Inc., October 2001 to May 2002; Chief Financial Officer, U.S. Bancorporation, February 1996 to May 2000.	49	2003
Timothy B. Matz	Attorney; Partner, Elias, Matz, Tiernan & Herrick, Washington, D.C., since December 1972.	61	2001
Arnold W. Messer	President and Chief Operating Officer, Phoenix Pictures, since 1994; Executive Vice President, Sony Pictures Entertainment, 1992 to 1994.	60	2004
Daniel B. Platt	President, Del Mar Financial since May 2003; Executive Vice President and Chief Financial Officer, Burnham Pacific Properties, November 1995 to June 2002.	59	2003
Robert A. Stine	President and Chief Executive Officer, Tejon Ranch Company since May 1996; independent consultant, March 1995 to April 1996; President and Chief Executive Officer, Collins Development Co., June 1986 to March 1995.	59	2000
Matthew P. Wagner	President and Chief Executive Officer of the Company since September 2000; Director, Centennial Bank Holdings, Inc., since April 2004; President and Chief Executive Officer, Western Bancorp, October 1996 to November 1999.	49	2001
David S. Williams	Chairman, Williams Mechanical, Inc., since January 2003; President, Williams Plumbing, Inc., January 1979 to December 2002.	63	2000

Each holder of First Community common stock may vote their shares cumulatively for the election of directors if certain conditions are met at the annual meeting. Cumulative voting provides each shareholder with a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such shareholder, which such shareholder can then vote in favor of one or more nominees. For example, if you held 75 shares as of the record date, you would be entitled to 750 votes which you could then distribute among one or more nominees. Cumulative voting may only be exercised at the annual meeting if (1) the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting and (2) at

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least one shareholder has given notice at the annual meeting prior to the voting of such shareholder s intention to cumulate his/her votes.

Vote Required and Recommendation of the First Community Board of Directors

Directors are elected by a plurality of votes cast for election of directors. Accordingly, the 10 director seats to be filled at the annual meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

The First Community board of directors unanimously recommends that shareholders vote FOR all of the nominees listed above.

Proposal 3: Proposal to Amend First Community s Articles of Incorporation to Increase the Number of Authorized Shares of Common Stock

The First Community board of directors has unanimously approved and declared advisable, and recommends to the First Community shareholders, an amendment to the articles of incorporation of First Community to increase the number of shares of common stock authorized for issuance from 30,000,000 to 50,000,000 shares.

Currently, ARTICLE FOURTH, Section (a) of the articles of incorporation states:

The corporation is authorized to issue two classes of shares: Common and Preferred. The number of shares of Common Stock authorized to be issued is 30,000,000 and the number of shares of Preferred Stock authorized to be issued is 5,000,000.

The proposed amendment would revise ARTICLE FOURTH, Section (a) of the articles of incorporation to state:

The corporation is authorized to issue two classes of shares: Common and Preferred. The number of shares of Common Stock authorized to be issued is 50,000,000 and the number of shares of Preferred Stock authorized to be issued is 5,000,000.

Vote Required and Recommendation of the First Community Board of Directors

Approval of the proposal requires the affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting.

The First Community board of directors believes that this proposal is in the best interests of First Community and its shareholders and recommends a vote FOR the proposed amendment.

Purpose and Effect of the Amendment

Currently, the articles of incorporation authorizes the issuance of up to 30,000,000 shares of common stock and 5,000,000 shares of preferred stock. As of the record date, First Community had 20,179,786 shares of common stock outstanding, 672,664 shares of issued and unvested restricted and performance stock, outstanding vested stock options to purchase 244,373 shares of common stock and 92,909 additional shares of common stock reserved for issuance to directors and employees under various compensation and benefits plans, with the remaining 8,810,268 shares being authorized, unissued and unreserved shares available for other corporate purposes. There were no shares of preferred stock outstanding as of the record date. While First Community currently does not have any plans to issue or reserve additional common stock other than in connection with (1) the merger, which, provided the merger agreement is completed, will involve the issuance of approximately 3,853,766 shares of common stock (based on an exchange ratio of 0.4421 and 8,716,957 shares of Foothill common stock outstanding on March 14, 2006) and (2) various compensation and benefit plans, the board of directors considers the proposed increase in the number of authorized shares desirable as it would give the board

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the necessary flexibility to issue common stock in connection with mergers, acquisitions, financing corporate activities, employee benefits, stock splits and dividends, and for other general corporate purposes. Without an increase in the number of authorized shares of common stock, the number of available shares for issuance may be insufficient to consummate one or more of the above transactions. However, approval of the proposed amendment is not required to complete the merger.

Increasing the number of shares of common stock that First Community is authorized to issue would give First Community additional flexibility with respect to financing future corporate activities. On January 31, 2006, First Community sold 1,891,086 shares of its common stock to accredited investors pursuant to its shelf registration statement on Form S-3 on file with the SEC. In 2005, First Community sold an aggregate of 1,044,680 shares of its common stock to accredited investors pursuant to the shelf registrations statement, and issued approximately 783,841 shares of its common stock in connection with its acquisition of Pacific Liberty Bank.

Approving an increase in the number of authorized shares at this time would enable First Community to take advantage of market conditions and favorable opportunities at the time they occur, without the expense and delay incidental to obtaining stockholder approval of an amendment to the articles of incorporation increasing the number of authorized shares, except as may be required by applicable law for a particular issuance. As a result, the board is proposing an amendment to the articles of incorporation to increase the number of shares of common stock from 30,000,000 to 50,000,000, which would increase the authorized, unissued and unreserved shares of common stock available for issuance from 8,810,268 to approximately 28,810,268 shares after approval of the proposal, but before the issuance of shares in connection with the merger. Authorized, unissued and unreserved shares of common stock may be issued from time to time for any proper purpose without further action of the shareholders, except as may be required by the articles of incorporation, applicable law, or the listing requirements for Nasdaq, on which the common stock is listed.

Each share of common stock authorized for issuance has the same rights and is identical in all respects with each other share of common stock. The newly authorized shares of common stock will not affect the rights, such as voting and liquidation rights, of the shares of common stock currently outstanding. Under the articles of incorporation, First Community s shareholders do not have pre-emptive rights. Therefore, should the board of directors elect to issue additional shares of common stock, existing shareholders would not have any preferential rights to purchase those shares and such issuance could have a dilutive effect on earnings per share, book value per share, and the voting power and shareholdings of current shareholders, depending on the particular circumstances in which the additional shares of common stock are issued. The board of directors does not intend to issue any additional shares of common stock except on terms that it deems to be in the best interests of First Community and its shareholders. Currently, First Community has no plans to issue newly authorized shares, other than in connection with the merger or issuances pursuant to the 2003 Stock Incentive Plan.

The ability of the board of directors to issue additional shares of common stock without additional shareholder approval may be deemed to have an anti-takeover effect because the board of directors could issue unissued and unreserved shares of common stock in circumstances that may have the effect of deterring takeover bids by making a potential acquisition more expensive. Furthermore, no shares of preferred stock of First Community are issued or outstanding. Authorized, unissued and unreserved shares of preferred stock may be issued from time to time for any proper purpose without further action of the shareholders, except as may be required by the articles of incorporation, applicable law or the listing requirements for the Nasdaq. No change to First Community s preferred stock authorization is requested by the amendment.

If the proposed amendment is adopted, it will become effective upon filing of a Certificate of Amendment to First Community s articles of incorporation with the California Secretary of State.

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Proposal 4: Proposal to Increase the Shares available under First Community s 2003 Stock Incentive Plan

The First Community board of directors has approved, subject to the approval of its shareholders, an increase in the aggregate number of shares of First Community common stock available for issuance under the 2003 Stock Incentive Plan, or the Plan, from 2,500,000 to a total of 3,500,000. We refer to this increase as the Plan Amendment.

Currently, the Plan authorizes the granting of common stock-based awards in the form of performance and restricted stock grants, stock appreciation rights and options to purchase up to 2,500,000 shares of First Community common stock. The Plan Amendment is necessary to permit First Community to continue to provide incentives and rewards to its employees and directors, to attract and retain such persons on a competitive basis and to associate the interests of such persons with those of First Community and its subsidiaries. First Community is a services business, and has historically issued equity incentives as a key element to attract, motivate and retain its employees.

As of the record date, net grants of 527,500 shares of performance stock and 429,909 shares of restricted stock have have been granted under the Plan, with 92,909 shares remaining available for issuance under the Plan. Grants of 1,094,292 stock options were made under the predecessor plan to the Plan and vested stock options to purchase 244,373 shares of common stock remain outstanding. In 2003, First Community discontinued the practice of granting stock options and currently grants restricted stock and performance stock as forms of equity compensation.

If this proposal is not approved by First Community s shareholders, First Community s flexibility may be limited which will impact First Community s ability to provide incentives and rewards to its employees and directors, to attract and retain such persons on a competitive basis and to associate the interests of such persons with those of First Community and its subsidiaries.

If approved by the shareholders, the Plan Amendment will be effective as of the date of the annual meeting.

A description of the material provisions of this plan is included below under the section entitled Summary of the First Community 2003 Stock Incentive Plan beginning on page 115 and the Plan is attached as Appendix E to this document.

Vote Required and Recommendation of the First Community Board of Directors

The affirmative vote of at least a majority of the shares of common stock represented and voting at the annual meeting (which shares also constitute at least a majority of the required quorum) is required to approve the Plan Amendment.

The First Community board of directors believes that this proposal is in the best interests of First Community and its shareholders and recommends a vote FOR the proposed amendment.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Beneficial Owners of More than Five Percent

The following table sets forth information as of the record date regarding the beneficial owners of more than five percent of the outstanding shares of the Company s common stock (the only class of equity outstanding). To the Company s knowledge, based on the public filings which beneficial owners of more than five percent of the outstanding shares of the Company s common stock are required to make with the SEC, there are no other beneficial owners of more than five percent of the outstanding shares of the Company s common stock as of the record date other than those set forth below.

	Amount and Nature of Beneficial Ownership				
Name and Address of Beneficial Owner	Sole Voting and Investment Power	Shared Voting and Investment Power	Deferred Plan Shares[3]	Total	Percent of Class[1]
John M. Eggemeyer[2] 6051 El Tordo Rancho Santa Fe, California 92067	420,158	1,386,195	35,561	1,841,914	9.1%
William J. Ruh[4] 6051 El Tordo Rancho Santa Fe, California 92067	62,963	1,386,195		1,449,158	7.2%
Wasatch Advisors, Inc. 150 Social Hall Avenue, Suite 400 Salt Lake City, Utah 84111	1,191,110			1,191,110	5.9%
Barclays Global Investors Japan Trust and Banking Company Limited Ebisu Prime Square Tower, 8th Floor 1-1-39 Hiroo Shibuya-Ku Tokyo 150-0012 Japan	1,088,991			1,088,991	5.4%

(1) Based on 20,179,786 shares of common stock of the Company issued and outstanding as of March 10, 2006, excluding 672,664 shares of unvested restricted stock and performance stock. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons has the right to acquire within 60 days of March 10, 2006, are deemed to be outstanding for such person or persons but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2)

Mr. Eggemeyer has direct beneficial ownership of 417,592 shares of Company common stock, including 89,500 vested stock options, and indirect ownership of 2,566 shares held by a trust of which Mr. Eggemeyer is trustee. Mr. Eggemeyer shares voting power and investment power (i) through Castle Creek Capital Partners Fund I, LP of which he is a principal, with respect to 1,480 shares; (ii) through Castle Creek Capital Partners Fund IIa, LP, of which he is a principal, with respect to 973,506 shares; and (iii) through Castle Creek Capital Partners Fund IIb, LP, of which he is a principal, with respect to 411,210 shares. Mr. Eggemeyer s ownership excludes 14,666 shares of restricted stock granted to Mr. Eggemeyer in December 2004. The restricted stock began vesting in annual one-third increments beginning in December 2005 and vests in full upon a change in control of the Company.

(3) The shares are held by the trustee of the Deferred Plan and for which the participant does not have voting power.

(4) Mr. Ruh has direct beneficial ownership of 59,963 shares of Company common stock and indirect ownership of 3,000 shares held by a trust of which Mr. Ruh is trustee. Mr. Ruh shares voting power and investment power (i) through Castle Creek Capital Partners Fund I, LP of which he is a principal, with respect to 1,480 shares; (ii) through Castle Creek Capital Partners Fund IIa, LP, of which he is a principal,

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with respect to 973,506 shares; and (iii) through Castle Creek Capital Partners Fund IIb, LP, of which he is a principal, with respect to 411,210 shares.

In addition, under the rules of the SEC, Foothill may be deemed to beneficially own shares beneficially owned by our directors solely as a result of the shareholder agreements executed by our directors in connection with the merger agreement obligating such shareholders to vote their shares in favor of the merger proposal as described above in The Merger Agreement Shareholder Agreements.

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Beneficial Ownership of Directors and Executive Officers

The following table indicates the beneficial ownership of the Company s common stock (the only class of equity outstanding) as of the record date by: (1) each of the Company s current directors and nominees for election; (2) the chief executive officer, or CEO, and the four most highly compensated executive officers of the Company during 2005 other than the CEO together as a group, the Named Executive Officers ; and (3) all current directors, nominees and executive officers of the Company as a group, based on the Company s records and data supplied by each of the current directors, nominees and executive officers**.**

	Amount and Nature of Beneficial Ownership[1]				
Name or Number of Persons in Group	Sole Voting and Investment Power	Shared Voting and Investment Power	Deferred Plan Shares[2]	Total	Percent of Class[3]
Directors and Nominees Who Are Not Named Executive Officers					
John M. Eggemeyer Chairman of the Board, Current Director and Director Nominee	420,158	1,386,195	35,561	1,841,914[4]	9.1%
Stephen M. Dunn Current Director and Director Nominee	22,200		3,394	25,594[5]	*
Barry C. Fitzpatrick Current Director and Director Nominee		12,993	7,676	20,669[6]	*
Charles H. Green Current Director	500	1,500	2,414	4,414	*
Susan E. Lester Current Director and Director Nominee	2,000			2,000	*
Timothy B. Matz Current Director and Director Nominee	44,775		3,394	48,169[7]	*
Arnold W. Messer Current Director and Director Nominee		20,497	1,394	21,891[8]	*
Daniel B. Platt Current Director and Director Nominee	2,080			2,080	*
Robert A. Stine Current Director and Director Nominee	2,500	16,453	7,494	26,447[9]	*

David S. Williams Current Director and Director Nominee	5,500	36,228	3,394	45,122[10]	*
Named Executive Officers					
Matthew P. Wagner President and Chief Executive Officer of the Company, Current Director and Director Nominee	262,703		21,025	283,728[11]	1.4%
Robert M. Borgman President and Chief Executive Officer of First National Bank		57,523		57,523[12]	*
Robert G. Dyck Executive Vice President and Chief Credit Officer of the Company	16,213	1,050		17,263[13]	*
Victor R. Santoro Executive Vice President and Chief Financial Officer of the Company	13,100	16,905	13,747	43,752[14]	*
Jared M. Wolff Executive Vice President, General Counsel and Corporate Secretary of the Company	20,000	14,053		34,053[15]	*
All Directors, Nominees and Executive Officers as a group (21 persons)	886,364	1,692,247	104,223	2,682,834	13.2%

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* Represents less than 1.0% of the outstanding shares of the Company s common stock calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). See footnotes (1) and (3) below.

(1) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person or group of persons is deemed to have beneficial ownership of any shares of common stock that such person has the right to acquire within 60 days. This includes options which will vest within 60 days of March 10, 2006.

(2) The shares are held by the trustee of the Directors Deferred Compensation Plan, or the Deferred Plan, discussed in more detail below, and for which the participant does not have voting power.

(3) Based on 20,179,786 shares of common stock of the Company issued and outstanding as of March 10, 2006, excluding 672,664 shares of unvested restricted stock and performance stock. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons has the right to acquire within 60 days of March 10, 2006, are deemed to be outstanding for such person or persons but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(4) Mr. Eggemeyer has direct beneficial ownership of 417,592 shares of Company common stock, including 89,500 vested stock options, and indirect ownership of 2,566 shares held by a trust of which Mr. Eggemeyer is trustee. Mr. Eggemeyer shares voting power and investment power (i) through Castle Creek Capital Partners Fund I, LP of which he is a principal, with respect to 1,480 shares; (ii) through Castle Creek Capital Partners Fund IIa, LP, of which he is a principal, with respect to 973,506 shares; and (iii) through Castle Creek Capital Partners Fund IIb, LP, of which he is a principal, with respect to 411,210 shares. Mr. Eggemeyer s ownership excludes 14,666 shares of restricted stock granted to Mr. Eggemeyer in December 2004. The restricted stock began vesting in annual one-third increments beginning in December 2005 and vests in full upon a change in control of the Company.

(5) Mr. Dunn has direct ownership of 2,500 vested stock options, indirect ownership of 4,900 shares held by the Romar Company Employees Profit Sharing Plan pursuant to which Mr. Dunn acts as trustee, and 14,800 shares held by Stephen M. Dunn doing business as W.S. Properties, a sole proprietorship.

(6) Mr. Fitzpatrick has shared voting and investment power in 12,993 shares that are held in a trust of which he is co-trustee.

(7) Mr. Matz direct holdings including 2,500 vested stock options.

(8) Mr. Messer has shared voting and investment power in 20,000 shares which are held in joint tenancy with his wife, and with respect to 497 shares held by family members sharing his household.

(9) Mr. Stine has sole voting and investment power with respect to 2,500 vested stock options and shared voting and investment power with respect to 16,453 shares that are held in a trust of which he is co-trustee.

(10) Mr. Williams has sole voting and investment power with respect to 5,500 vested stock options shared voting and investment power with respect to 36,228 shares that are held in a trust of which he is co-trustee.

(11) Mr. Wagner s beneficial ownership amount does not include 25,000 shares of performance stock granted in July 2003 or 8,350 shares of restricted stock granted to Mr. Wagner in June 2004. The performance stock vests in part and in full upon the Company obtaining certain financial targets and vests in full upon a change in control of the Company. The restricted stock began vesting in annual one-third increments beginning June 14, 2005 and vests in full upon a change in control of the Company. Amounts also do not include 100,000 shares of performance stock granted to Mr. Wagner in January 2006 that vest in full upon the Company obtaining the designated financial target or upon a change in control of the Company. Amounts do not include 25,000 shares of restricted stock granted to Mr. Wagner in February 2006 that vest in full in February 2010 or upon a change in control of the Company.

(12) Mr. Borgman has shared voting and investment power with respect to 57,523 shares that are held in a trust of which he is co-trustee. Mr. Borgman s beneficial ownership amount does not include 7,500 shares of performance stock granted in July 2003 or 3,340 shares of restricted stock granted to Mr. Borgman in June 2004. The restricted performance stock vests in part and in full upon the Company obtaining certain financial targets and in full upon a change in control of the Company. The restricted stock began vesting in annual one-third increments beginning June 14, 2005 and vests in full upon a change in control of the Company. Amounts also do not include 20,000 shares of performance stock granted to Mr. Borgman in January 2006 that vest in full upon the Company obtaining the designated financial target or upon a change in control of the Company.

(13) Mr. Dyck s holdings for which he has sole voting and investment power include 8,300 vested stock options. Mr. Dyck has shared voting and investment power with respect to 1,050 shares that are held by family members sharing his household. Mr. Dyck s beneficial ownership amount does not include 3,333 shares of restricted stock granted in July 2003 or 2,500 shares of performance stock granted in to Mr. Dyck in November 2003. The performance stock vests in part and in full upon the Company obtaining certain financial targets and in full upon a change in control of the Company. The restricted stock began vesting in annual one-third increments beginning in July 2005 and vests in full upon a change in control of the Company. Amounts also do not include 25,000 shares of performance stock granted to Mr. Dyck in January 2006 that vest in full upon the Company obtaining the designated financial target or upon a change in control of the Company.

(14) Mr. Santoro has shared voting and investment power with respect to 16,905 shares that are held in joint tenancy with his wife. Mr. Santoro s beneficial ownership amount does not include 13,333 shares of restricted stock granted to Mr. Santoro in September 2003 which vests in 2006 or upon a change in control of the Company. Amount does not

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include 3,340 shares of restricted stock granted to Mr. Santoro in June 2004, which began vesting in annual one-third increments beginning June 14, 2005 and vests in full upon a change in control of the Company. Amounts also do not include 40,000 shares of performance stock granted to Mr. Santoro in January 2006 that vest in full upon the Company obtaining the designated financial target or upon a change in control of the Company.

(15) Mr. Wolff s holdings for which he has sole voting and investment power include 20,000 vested stock options. Mr. Wolff has shared voting and investment power with respect to 14,053 shares that are held in a trust of which he is co-trustee. Mr. Wolff s beneficial ownership amount does not include 6,250 shares of performance stock granted in July 2003 or 2,896 shares of restricted stock granted in June 2004 to Mr. Wolff. The performance stock vests in part and in full upon the Company obtaining certain financial targets and in full upon a change in control. The restricted stock began vesting in annual one-third increments beginning June 14, 2005 and vests in full upon a change in control of the Company. Amounts also do not include 25,000 shares of performance stock granted to Mr. Wolff in January 2006 that vest in full upon the Company obtaining the designated financial target or upon a change in control of the Company.

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CORPORATE GOVERNANCE AND BOARD COMMITTEES

The Company is committed to maintaining good corporate governance practices and adhering to the highest standards of ethical conduct. The Board regularly reviews its governance procedures and to ensure compliance with rapidly changing laws, rules and regulations that govern the Company s business. The Company s website at www.firstcommunitybancorp.com includes important information regarding Company policies and Board charters, including the Company s Corporate Governance Guidelines and its Code of Business Conduct and Ethics, as well as all of the Company s SEC filings and press releases.

During the fiscal year 2005, the board of directors of the Company met 9 times. The independent directors also met twice in executive session during 2005. Mr. Robert A. Stine presided at such meetings of the independent directors as the lead director during 2005. Mr. Stine has been re-appointed by the independent directors as lead director for 2006. No director attended less than 75% of the aggregate of the Company s board meetings or the Committee meetings on which he or she served during 2005. The board s policy regarding director attendance at the annual meeting of shareholders is that directors are welcome to attend, and that the Company will make all appropriate arrangements for directors that choose to attend. In 2005, four directors attended the 2005 annual meeting of shareholders.

Asset Liability Management (ALM) Committee

The current members of the ALM Committee are Stephen M. Dunn (Chairman), John M. Eggemeyer, Charles H. Green, Susan E. Lester and Matthew P. Wagner. The ALM Committee monitors compliance by the Company and its subsidiaries with the Company s ALM policies and receives reports from the Company s executive management ALM committee which oversees the management of the Company s investment portfolio and asset/liability strategy on a day-to-day basis. The objective of the Company s ALM policy is to manage assets and liabilities both on and off the balance sheet in order to maximize the spread between interest earned and interest paid, to maintain acceptable levels of interest rate risk and to ensure that the Company has the ability to pay liabilities as they come due and to fund continued asset growth. The executive management members responsible for managing the Company s ALM activities generally meet monthly to discuss ALM activities. The ALM Committee reviews management reports and management s recommendations for the Company s ALM strategies on a going forward basis, and oversees management s development and implementation of asset/liability pricing in order to attain the overall strategic objectives of the Company. During 2005, the ALM Committee met 4 times.

Audit Committee

The current members of the Audit Committee are Susan E. Lester, Timothy B. Matz (Chairman), Daniel B. Platt, Robert A. Stine and David S. Williams. Each member of the Audit Committee is independent as defined by the rules of the SEC, the listing standards of the Nasdaq Stock Market, Inc., or Nasdaq, and the Company s Corporate Governance Guidelines. The board has determined that each member of the Audit Committee is financially literate and that each of Ms. Susan E. Lester and Mr. Daniel B. Platt is qualified as an audit committee financial expert and that each of them has accounting or related financial management expertise, in each case in accordance with the rules of the SEC and the listing standards of Nasdaq. Information regarding the functions performed by the Audit Committee is set forth in the Report of the Audit Committee included in this document, as well as in the Audit Committee charter attached to this document as Appendix D. The charter of the Audit Committee was last amended as of February 8, 2006. The charter also may be obtained on the Company s website, at www.firstcommunitybancorp.com under the section entitled Corporate Governance. During 2005, the Audit Committee met 12 times.

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Compensation, Nominating and Governance, or CNG, Committee

The current members of the CNG Committee are Barry C. Fitzpatrick (Chairman), Charles H. Green, Timothy B. Matz, Arnold W. Messer and David S. Williams. Each member of the CNG Committee is independent as defined by the rules of the SEC, the listing standards of Nasdaq and the Company s Corporate Governance Guidelines. The CNG Committee reviews and approves or makes recommendations to the board of directors on matters concerning the salaries and benefits, including equity compensation, of the Company s executive officers. The CNG Committee also monitors compliance with the Company s Corporate Governance Guidelines and makes recommendations to the board of directors regarding the composition and size of the Board and its committees. In furtherance thereof, the CNG Committee identifies, evaluates and recommends candidates for the Company s board of directors and considers nominees for director nominated by the Company s shareholders in accordance with the Company s By-Laws. The CNG Committee operates under a charter that was last amended as of February 8, 2006, a copy of which may be obtained on the Company s website at www.firstcommunitybancorp.com under the section entitled Corporate Governance. During 2005, the CNG Committee met 8 times.

In identifying and recommending nominees for positions on the board of directors, the CNG Committee places primary emphasis on the criteria set forth under Selection of Directors in our Corporate Governance Guidelines, namely: (1) personal qualities and characteristics, accomplishments and professional reputation; (2) current knowledge and contacts in the communities in which the Company does business and in the Company s industry or other industries relevant to the Company s business; (3) ability and willingness to commit adequate time to board and committee matters; (4) the fit of the individual s skills and personality with those of other directors and potential directors in building a board that is effective, collegial and responsive to the needs of the Company; (5) diversity of viewpoints, backgrounds and experience; and (6) the ability and skill set required and other relevant experience.

The CNG Committee does not set specific, minimum qualifications that nominees must meet in order for the CNG Committee to recommend them to the board of directors, but rather believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the board of directors. Members of the CNG Committee may seek input from other members of the board in identifying possible candidates, and may, in its discretion, engage one or more search firms to assist in the recruitment of director candidates. The CNG Committee will consider candidates recommended by shareholders against the same criteria as nominees not proposed by shareholders. Shareholders who wish to submit nominees for director for consideration by the CNG Committee for election at our 2007 Annual Meeting should follow the process detailed in the section entitled Other Business Director Nominations on page 136 of this joint proxy statement-prospectus.

Executive Committee

The current members of the Executive Committee are John M. Eggemeyer (Chairman), Stephen M. Dunn, Barry C. Fitzpatrick, Timothy B. Matz and Matthew P. Wagner. The Executive Committee reviews and makes recommendations to the board of directors with respect to strategic, acquisition and other opportunities for the Company and is authorized to act on behalf of the board when it is impractical for the full board to meet. In addition, the Executive Committee is a forum to review other significant matters not addressed by the other board committees and to make appropriate recommendations to the board of directors. During 2005, the Executive Committee met 6 times.

Family Relationships

There are no family relationships among any of the directors or executive officers of the Company.

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REPORT OF THE AUDIT COMMITTEE

The role of the Audit Committee is to (i) assist board oversight of (a) the integrity of the Company s financial statements, (b) the Company s compliance with legal and regulatory requirements, (c) the independent auditors qualifications and independence, and (d) the performance of the independent auditors and the Company s internal audit function; (ii) decide whether to appoint, retain or terminate the Company s independent auditors and to pre-approve all audit, audit-related and other services, if any, to be provided by the independent auditors; and (iii) prepare this Report. The board has determined, upon recommendations from the CNG Committee, that each member of the Audit Committee is financially literate and that each of Ms. Susan E. Lester and Mr. Daniel B. Platt is qualified as an audit committee financial expert and that each of them has accounting or relating financial management expertise, in each case in accordance with the rules of the SEC and the listing standards of Nasdaq.

The Audit Committee operates pursuant to a written charter that was last amended and restated in February 2006. The Audit Committee Charter is attached to this document as Appendix D. As set forth in such charter, management of the Company is responsible for the preparation, presentation and integrity of the Company s consolidated financial statements, the Company s accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and audit management s assessment of the effectiveness of internal control over financial reporting.

During 2005, the Audit Committee performed all of its duties and responsibilities under the Audit Committee Charter. The Audit Committee has reviewed and discussed the audited consolidated financial statements as of and for the year ended December 31, 2005 with management and the independent auditors. The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, and has discussed with the independent auditors the independent auditors independence.

Based upon the reports and discussions described above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee s Charter, the Audit Committee recommended to the board that the audited consolidated financial statements of the Company for 2005 be included in its Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

Susan E. Lester

Timothy B. Matz, *Chairman*

Daniel B. Platt

Robert A. Stine

David S. Williams

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SUMMARY OF THE FIRST COMMUNITY 2003 STOCK INCENTIVE PLAN

A summary of First Community s 2003 Stock Incentive Plan, or the Plan, appears below. It does not purport to be complete and is qualified in its entirety by reference to the provisions of the Plan itself. The complete text of the amended and restated Plan is attached hereto as Appendix E.

Introduction

In May 2003, the Company s shareholders approved the Plan, authorizing the issuance of up to 2,500,000 shares of common stock as equity compensation in the form of restricted stock, performance stock, stock options and stock appreciation rights, or SARs, as further described and under the conditions set forth in the Plan. In May 2004, the Company s shareholders approved an amendment and restatement of the Plan modifying the definitions of certain performance goals and discretion of the CNG Committee with respect thereto, for grants of performance stock.

The Company requests that shareholders approve an amendment to the Plan to increase the authorized number of shares for issuance under the Plan from 2,500,000 shares to 3,500,000 shares. The Plan has been instrumental in promoting the success of the Company by providing additional means to attract, motivate and retain key employees, non-employee directors and consultants of the Company through grants of equity compensation for high levels of individual performance and improved financial performance of the Company. The board of directors continues to believe that the ability of the Company to offer restricted stock awards, performance stock awards and other forms of equity compensation are valuable tools for attracting, motivating and retaining key employees, non-employee directors and consultants and therefore recommends adoption of the Proposal.

The material features of the Plan are described below. However, this summary is subject to, and qualified in its entirety by, the full text of the Plan, a copy of which is attached hereto as Appendix E.

Background

As of the record date, there were 20,179,786 shares of Company common stock issued and outstanding, excluding an aggregate of 917,037 shares issuable upon exercise of vested stock options and upon the vesting of currently unvested shares of restricted stock and performance stock. Only 92,909 shares of Company common stock, or approximately 3.7% of shares authorized under the Plan, remain available for future grants of equity compensation. If the Plan Amendment is approved, an additional 1,000,000 shares will be authorized under the Plan and available for future grants of restricted stock, performance stock, stock options and SARs (collectively Awards) pursuant to the terms of the Plan.

Administration and Eligibility

The Plan is administered by the CNG Committee. Employees of the Company and its subsidiaries and non-employee directors of the Company are eligible to participate. Awards may also be granted to consultants or advisors who perform or agree to perform bona fide services for the Company, except that options intended to qualify as incentive stock options within the meaning of Section 422 of the Code, or ISOs, may only be granted to employees. The CNG Committee determines which eligible participants receive Awards, the nature, price, number of shares and other terms of such Awards, and the form and terms of Award agreements. See Kinds of Awards below. The CNG Committee is authorized to

construe and interpret the Plan and all decisions, determinations and interpretations of the CNG Committee are final and binding on all participants and any other holder of Awards.

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Maximum Shares

Under the Plan, the total number of shares of common stock subject to Awards may not exceed 2,500,000. If the Plan Amendment is approved, the total number of shares that may be issued under the Plan pursuant to Awards will increase to 3,500,000. The maximum number of shares for which either options or SARs may be granted to a single participant in any single year is 250,000, in each case. These limitations are subject to adjustment in the event of certain changes in the capitalization of the Company. See Adjustments and Extraordinary Events below. Upon termination, cancellation, forfeiture or expiration of any unexercised Award under the Plan, the number of shares with respect to which Awards may be granted under the Plan will be increased by the number of shares to which such unexercised Award pertained. In addition, to the extent that shares issued under the Plan are repurchased by the Company at their original purchase price, such shares will again be available for grant under the Plan, except that the aggregate number of shares issuable upon the exercise of ISOs may not exceed 2,500,000 shares (subject to the adjustments described below under Adjustments and Extraordinary Events). This amount will increase to 3,500,000 if the Plan Amendment is approved.

Terms of Awards and Transferability

The CNG Committee will determine the vesting and, where applicable, the expiration date of Awards, but Awards that provide for the right to acquire stock may not remain outstanding more than 10 years after the grant date (or, as discussed below, 5 years in the case of certain employee ISOs).

Generally, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution and may be exercised, during the lifetime of the participant, only by the participant. However, the CNG Committee may permit a participant to transfer any of such participant s Awards, other than incentive stock options, to one or more of the participant s immediate family members or to trusts established in whole or in part for the benefit of the participant and/or one or more of such immediate family members, to the extent that neither the transfer of such Award to the immediate family member or trust, nor the ability of a participant to make such a transfer, shall have adverse consequences to the Company or the participant by reason of Section 162(m) of the Internal Revenue Code. See Termination of Employment, Death or Disability below.

Term of Plan

The Plan will terminate on April 17, 2010 unless terminated earlier by the board of directors.

Kinds of Awards Performance Stock Awards and Restricted Stock Awards

Under the Plan, the CNG Committee as the administrator of the Plan may grant performance stock awards and restricted stock awards. Performance stock awards are granted subject to a risk of forfeiture which lapses as the participant vests in the stock granted. The participant vests in the common stock underlying such performance stock award, in whole or in part, if certain goals established by the CNG Committee, as the administrator of the Plan, are achieved over a designated period of time, but in no event more than 10 years. If the performance goals are not satisfied within the designated period of time, the performance stock will automatically be forfeited and immediately returned to the Company. In contrast to restricted stock awards, there is no waiting period for vesting upon attainment of the performance goals. Under the Plan, at the discretion of the CNG Committee, the performance goals may be based upon the attainment of one or more of the following business criteria,

determined either in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies: net income; return on average assets, or ROA; cash ROA; return on average equity, or ROE; cash ROE; earnings per share, or EPS; cash EPS; stock price; and efficiency ratio. When establishing performance goals for a performance stock award, the CNG Committee may exclude any or all extraordinary items as determined under U.S. generally accepted accounting principles including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items, and the cumulative effects of

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accounting changes. The CNG Committee may also adjust the performance goals for any performance cycle as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles, or such other factors as the CNG Committee may determine. The CNG Committee may also grant performance stock awards that vest over the passage of time, but for which vesting is accelerated upon the attainment of specified performance goals.

The CNG Committee may also grant restricted stock awards under the Plan. The participant vests in the common stock underlying such restricted stock award at such times and under such conditions as are determined by the CNG Committee and set forth in the restricted stock award agreement. The Company intends that restricted stock awards will vest over specified periods of time and will not require the satisfaction of any performance conditions in order to vest.

Upon the vesting of a performance stock award or a restricted stock award, the participant has the rights of a shareholder with respect to the voting of the common stock underlying such Award, subject to the conditions contained in the Award agreement. The Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the shares of common stock underlying a restricted stock award or performance stock award. On the occurrence of a vesting event (as described below under Adjustments and Extraordinary Events), all unvested performance stock awards and restricted stock awards that are outstanding on such date will become vested.

Kinds of Awards Stock Options

Under the Plan, the CNG Committee may from time to time grant stock options, either ISOs or non-ISOs, to acquire shares of the Company s common stock to eligible participants. As required by the Code and applicable regulations, ISOs are subject to certain limitations not applicable to non-ISOs. The exercise price of all stock options will be determined by the CNG Committee, but may not be less than the fair market value of the Company s common stock on the date of grant. The exercise price for any ISO granted to any eligible employee owning more than 10% of the total combined voting power of all classes of the Company s stock may not be less than 110% of the fair market value of the Company s common stock on the date of grant. In addition, the term of such option may not exceed five years from the date of grant. The fair market value of the Company s common stock is the closing price (or the closing bid, if no sales were reported) as quoted on the Nasdaq National Market for the market trading day immediately prior to the date of grant. The exercise price may be adjusted in the event of changes in the capitalization of the Company. See Adjustments and Extraordinary Events below. The aggregate fair market value (determined at the date of grant) of common stock subject to all ISOs held by an employee that vest in any single calendar year cannot exceed $100,000.

All options will be exercisable and will vest at such times and under such conditions as determined by the CNG Committee and set forth in the relevant stock option agreement. In the case of a participant, however, who is not an officer of the Company, a non-employee director or a consultant, such option will vest at a rate of at least 20% per year. On the occurrence of a vesting event (as described below under Adjustments and Extraordinary Events), all options that are outstanding on such date will become exercisable whether they are vested or not.

The type of consideration to be received and the method of payment for shares of common stock to be issued upon exercise of a stock option is determined by the CNG Committee and may consist of cash, check, recourse note carrying a market interest rate (that may or may not be secured in the discretion of the CNG Committee), delivery of previously acquired Company common stock which has been held for a meaningful period of time (e.g., six months) before exercise or any combination of the foregoing. Any shares so delivered to the Company shall be valued at their fair market value on the exercise date. Notwithstanding the foregoing, a method of payment may not be used if it causes the Company to: (i) recognize compensation expense for financial reporting purposes; (ii) violate Section 402 of the Sarbanes-Oxley Act of 2002 or any regulations adopted pursuant thereto; or (iii) violate Regulation O, promulgated by the Board of Governors of the Federal Reserve System.

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In 2003, following the adoption of the Plan, the Company replaced the practice of granting stock options with grants of restricted stock and performance stock and the Company has not granted any new stock options since such time. The Company currently has no plans to issue stock options as equity compensation but may do so in the future.

Kinds of Awards Stock Appreciation Rights (SARs)

Under the Plan, the CNG Committee may from time to time grant SARs, provided that no participant may be granted in any calendar year SARs that pertain to more than 250,000 shares. The exercise price of all SARs will be determined by the CNG Committee, but may not be less than the fair market value of the Company s common stock on the date of grant. Upon exercise of a SAR, the participant (or any person having the right to exercise the SAR after his or her death) shall receive an amount equal to the amount by which the fair market value of a share on the date of surrender exceeds the exercise price of such SAR. The Company will pay this amount in the form of common stock, cash or any combination thereof, as determined by the CNG Committee.

All SARs will be exercisable and will vest at such times and under such conditions as determined by the CNG Committee and set forth in the relevant SAR agreement. On the occurrence of a vesting event (as described below under Adjustments and Extraordinary Events), all SARs that are outstanding on such date will become exercisable whether they are vested or not.

Deferral of Awards

If a Plan participant is also a participant in the Directors Deferred Compensation Plan, or the Deferred Plan, the Plan provides that restricted stock awards, performance stock awards and SARs may be deferred by the participant into the Deferred Plan. In the event such Awards are deferred, the vesting of the Award will occur on the same terms had the Award not been deferred, however, any shares deliverable to the participant upon vesting shall be held in the Deferred Plan until a distribution is made to the participant thereunder.

Termination of Employment, Death or Disability

Termination of Service. Upon termination of service other than due to death, disability or cause, the participant may exercise his or her option or SAR on or prior to the date that is three months following the date of termination to the extent that such participant was entitled to exercise such option or SAR on the date of termination (but in no event later than the expiration of the term of such option or SAR).

Disability of Participant. Upon termination of service due to disability, the participant may exercise his or her option or SAR on or prior to the date that is twelve months following the date of termination to the extent that such participant was entitled to exercise such option or SAR on the date of termination (but in no event later than the expiration of the term of such option or SAR).

Death of Participant. In the event that a participant should die while in service, the participant s option or SAR may be exercised by the participant s estate or by a person who has acquired the right to exercise the option or SAR by bequest or inheritance, but only on or prior to the date that is twelve months following the date of death, and only to the extent that the participant was entitled to exercise the option or SAR at the

date of death (but in no event later than the expiration date of the term of such option or SAR). Restricted stock awards and performance stock awards granted on or after November 2, 2005 accelerate vesting and vest in full upon such participant s death.

Cause. In the event of termination of a participant s service due to cause, the participant s option or SAR shall terminate on the date of termination.

Reversion of Unexercised Shares. If, on the date of termination or death, the participant is not entitled to exercise all of his or her option or SAR, the shares of common stock covered by the unexercisable portion of the

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option or SAR shall revert back to the Plan. If, after the date of termination or death, the participant or, in the case of death, the participant s estate or any person who acquires the right to exercise the option or SAR by bequest or inheritance does not exercise his or her option or SAR within the applicable period of time, the option or SAR shall terminate, and the shares of common stock covered by such option or SAR shall revert back to the Plan.

Adjustments and Extraordinary Events

The Plan provides that if there is any increase or decrease in the number of issued and outstanding shares of common stock resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Company s common stock, or any other increase or decrease in the number of issued and outstanding shares of the Company s common stock, effected without the receipt of consideration by the Company, then the limitations on the number of shares reserved for delivery under the Plan, the limitations on the number of stock options or SARs which may be granted in any one calendar year, the number of shares that pertain to each outstanding Award and the exercise price of each option and SAR will be proportionately adjusted.

Under the Plan, if a Vesting Event takes place, then all outstanding options and SARs on the date of the Vesting Event become exercisable on such date (whether or not previously vested) and all restricted stock awards and performance stock awards become fully vested. A Vesting Event means the earlier of a Change in Control or the termination of a participant s service (other than for cause) following shareholder approval of any matter, plan or transaction which would constitute a Change in Control. The Plan defines a Change in Control to mean (i) the consummation of a plan of dissolution or liquidation of the Company; (ii) the individuals who, as of the effective date thereof, are members of the Board, or the Incumbent Board, cease for any reason to constitute at least two-thirds of the members of the Board; *provided, however,* that if the election, or nomination for election by the Company s shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of the Plan, be considered a member of the Incumbent Board; *provided, further, however,* that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened Election Contest (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act) other than the Board, or a Proxy Contest, including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; (iii) the consummation of a plan of reorganization, merger or consolidation involving the Company, except for a reorganization, merger or consolidation where (A) the shareholders of the Company immediately prior to such reorganization, merger or consolidation own directly or indirectly at least seventy percent (70%) of the combined voting power of the outstanding voting securities of the Company resulting from such reorganization, merger or consolidation, or the Surviving Company in substantially the same proportion as their ownership of voting securities of the Company immediately prior to such reorganization, merger or consolidation, and (B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such reorganization, merger or consolidation constitute at least two-thirds of the members of the board of directors of the Surviving Company, or a Company beneficially owning, directly or indirectly, a majority of the voting securities of the Surviving Company; (iv) the sale of all or substantially all the assets of the Company to another person; or (v) the acquisition of beneficial ownership of stock representing more than fifty percent (50%) of the voting power of the Company then outstanding by another person.

The board of directors of the Company may at any time amend, alter, suspend or discontinue the Plan in its discretion, but no amendment, alteration, suspension or discontinuation may be made which would impair the rights of any participant under any grants made without his or her consent. In addition, to the extent necessary and desirable to comply with Section 422 of the Code (or any other applicable law or regulation, including the requirements of any stock exchange or national market system upon which the Company s common stock is then listed), the Company will obtain shareholder approval of any amendment to the Plan in such a manner and to such a degree as is required.

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Cancellation and Regrant of Awards

The CNG Committee has the authority to effect, at any time and from time to time, with the consent of the affected participant, the cancellation of any or all outstanding options or SARs and to grant in substitution new options or SARs covering the same or a different number of shares of common stock but with an exercise price based on the fair market value on the new date of grant of the option or SAR. The CNG Committee shall also have the authority to effect, at any time and from time to time, with the consent of the affected participant, the cancellation of any or all outstanding restricted stock awards and performance stock awards and to grant in substitution new restricted stock awards or performance stock awards, as the case may be, covering the same or a different number of shares of common stock. Furthermore, the CNG Committee may not, without first obtaining shareholder approval, take any action that would be considered a repricing under any applicable accounting, stock exchange or other rule or regulation, to effect an offer to exchange outstanding awards for cash or any other type of Award permitted under the Plan. Except with respect to participants subject to Section 162(m) of the Internal Revenue Code, shares underlying any Award that is cancelled will be deemed outstanding and available for re-grant under the Plan.

Federal Income Tax Consequences

Incentive Stock Options. For federal income tax purposes, the holder of an ISO will not be subject to tax upon the grant or exercise of the ISO. Under certain circumstances, the exercise of an ISO may be subject to alternative minimum tax. If such person retains the stock for a period on or after the later of two years after the option is granted and one year after the option is exercised, any gain upon the subsequent sale of the stock will be taxed as a long-term capital gain. A participant who disposes of shares acquired upon the exercise of an ISO prior to the expiration of two years after the option is granted or one year after the option is exercised, generally, will realize ordinary income as of the date of exercise equal to the difference between the exercise price and fair market value of the stock on the date of exercise. To the extent ordinary income is recognized by the participant because the participant s disposition of the ISO shares does not meet the holding period requirements, the Company may deduct a like amount as compensation.

Nonqualified Stock Options. Generally, a holder of a non-qualified stock option will not realize taxable income on the grant of such option, but will realize ordinary income at the time of exercise of the option equal to the difference between the option exercise price and the fair market value of the stock on the date of exercise. The Company will be eligible to take a corresponding deduction equal to the income realized by the holder of the option.

Stock Appreciation Rights. The recipient of a SAR will not be taxed upon the grant of such right, but will realize ordinary income, at the time the right is exercised, equal to the amount of cash and/or the fair market value of stock received. The Company will be entitled to a corresponding deduction at the time of exercise equal to the income realized by the recipient.

Restricted Stock Awards and Performance Stock Awards. Generally, a participant who has been granted a restricted stock award or a performance stock award will not realize taxable income at the time of grant, but will realize ordinary income upon lapse of the restrictions in an amount equal to fair market value of the shares on the date of lapse. The Company will be entitled to a corresponding income tax deduction equal to the amount of ordinary income that the participant recognizes in connection with such Award.

Deferred Awards. In the event a SAR, restricted stock award or performance stock award is deferred into the Directors DCP by a participant in the Plan, the participant will defer any tax owed on such Award, as described above, until such time as the Award is distributed to the participant. The Company will be entitled to a corresponding deduction upon such distribution.

Payment of Withholding Taxes. To the extent permitted under Section 402 of the Sarbanes-Oxley Act of 2002 and applicable regulations, the CNG Committee may, in its discretion, allow any holder of non-qualified

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stock options, SARs or unvested shares to satisfy all or part of the withholding taxes incurred by such participant in connection with the exercise of their options or SARs or the vesting of their shares through the surrender or withholding of vested shares of common stock.

For more complete information concerning the Plan, please refer to Appendix E.

The Awards, if any, which may be made in the future under the Plan are not determinable.

The actual amount of any Awards granted under the Plan for the fiscal year ending December 31, 2006 are not presently determinable, as such amounts are dependent on the discretion of the CNG Committee.

The following table summarizes the benefits that were received by the Named Executive Officers, as well as any other employee or group of employees under the Plan, for the fiscal year ended December 31, 2005.

	2003 Stock Incentive Plan	
Name and Position	**Dollar Value ($) [1]**	**Number of Awards [2]**
Matthew P. Wagner President and Chief Executive Officer		
Robert M. Borgman President and Chief Executive Officer First National Bank		
Robert G. Dyck Executive Vice President and Chief Credit Officer		
Victor R. Santoro Executive Vice President and Chief Financial Officer		
Jared M. Wolff Executive Vice President, General Counsel and Secretary		
All Non-Executive Officer Directors as a Group		
All Executive Officers as a Group	600,900	10,000
All Non-Executive Officer Employees as a Group	4,356,525	72,500

(1) Value calculated based on closing price of $60.09 on March 14, 2006.
(2) All awards granted in 2005 were restricted stock awards vesting incrementally over three or four years. The awards also vest in full upon a change in control, and with respect to 20,000 shares granted on or after November 2, 2005, upon the death of the grantee.

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COMPENSATION OF DIRECTORS

On February 4, 2004, based on recommendations from the CNG Committee, the board of directors approved the following compensation to be granted to non-employee directors of the Company for service on the board during their term:

Chairman of the Board	$ 84,000
Each other non-employee director	$ 42,000

No increase in compensation to the directors was made in 2005. On February 8, 2006, based on recommendations from the CNG Committee, the board of directors approved the following compensation to be granted to non-employee directors of the Company for service on the board during their term:

Chairman of the Board	$ 100,000
Each other non-employee director	$ 50,000

The compensation paid to directors for service on the board is paid quarterly. The Company does not pay a per board meeting fee or a per committee meeting fee. The Company reimburses directors for their reasonable travel, lodging, food and other expenses incurred in connection with their service on the board of directors.

Directors Deferred Compensation Plan

The Company has adopted a Directors Deferred Compensation Plan, or the Deferred Plan, that allows all directors of the Company and its subsidiaries, including employee directors of the Company and its subsidiaries, to elect by written notice to defer payment of all or a portion of their directors fees, in the case of outside directors, or base salary, bonus or other compensation in the case of employee directors, for the next succeeding calendar year into the Deferred Plan. The Deferred Plan permits participants to elect to have deferred amounts invested in a money market account or common stock of the Company. The Deferred Plan has been designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. Participation in the Deferred Plan is voluntary and participants may not change their investment elections once made.

The Company has established a rabbi trust, or the Trust, that maintains a separate bookkeeping account for each of the participants in the Deferred Plan and holds the deferred amounts. U.S. Bank, N.A. has been appointed trustee of the Trust and record keeper of the Deferred Plan. All deferred amounts are deemed invested in a money market fund or deemed invested in shares of common stock of the Company depending on the election made by the participant. The value of a participant s account is measured by the value of and income from Company common stock as well as by the value of interest received from funds invested in a money market account. Full power to construe, interpret and administer the Deferred Plan is vested with an administrative committee, which consists of certain executive officers of the Company and is chaired by the chief financial officer of the Company, or the Administrative Committee.

The Deferred Plan allows amendments to be made by the board from time to time, provided that no such amendment may (without a director s consent) alter rights to payments of amounts already credited or delay the time at which deferred amounts are scheduled to be paid. The Company intends to maintain the Deferred Plan and Trust in a manner that will allow ongoing availability of the exemption under SEC Rule 16b-3 (unless a ruling is received indicating that such exemption is not necessary) and therefore currently intends to submit to shareholders for

approval any amendments which would materially increase the benefits available or the number of shares of common stock which may be issued under the Deferred Plan, or which would materially modify the requirements for participation in the Deferred Plan.

The Company pays all administrative expenses of the Deferred Plan for its participants as well as the applicable portion of the trustee s and administrator s fees and expenses. Fees paid for administration of the Deferred Plan in 2005 were $7,380.

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Not later than the next regularly scheduled meeting of the Administrative Committee following a participant s termination of service, the Administrative Committee must direct the trustee to commence distribution of the amounts payable to such participant under the Deferred Plan and direct the trustee of the Trust (described below) as to the form of payment (whether in cash or in Company common stock). Amounts due under the Deferred Plan are paid in a lump sum or in annual installments, consistent with the method of payment selected by the participant at the time of his or her deferral election.

In the event of death, a participant s payment shall be made to the persons named in the last written instrument signed by the participant and received by the Administrative Committee prior to the participant s death, and in the event the participant fails to name any person, the amounts shall be paid to the estate or the appropriate participants.

The Company contributes deferred amounts into the Trust, which was established to aid in the accumulation of assets for the payment of amounts deferred. The Company may, in its discretion, contribute to the Trust an amount equal to the amounts deferred by the participants. As of March 14, 2006, the Deferred Plan had assets of $7.3 million and no accrued liabilities.

If the Company becomes insolvent, the trustee is required to cease payments from the Trust and dispose of Trust assets pursuant to the direction of a court of competent jurisdiction.

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EXECUTIVE OFFICERS

The following table sets forth, as to each of the persons who currently serves as an executive officer of the Company, such person s age, current position and the period during which such person has served in such position. Following the table is a description of each executive officer s principal occupation during the past five years.

Name	Age	Position	Year hired by the Company or Subsidiary
Christopher D. Blake	46	President of the Eastern Region Pacific Western National Bank	2002
Robert M. Borgman	58	President and Chief Executive Officer First National Bank	2000
Mark Christian	42	Executive Vice President, Manager of Operations and Systems of the Company	2000
Robert G. Dyck	49	Executive Vice President and Chief Credit Officer of the Company	2001
William A. Hanna	61	President of the Los Angeles Pacific Western National Bank	2006
Lynn M. Hopkins	38	Executive Vice President of the Company; Chief Financial Officer Pacific Western National Bank and First National Bank	2002
William T. Powers	65	President of the Desert Region Pacific Western National Bank	2000
Victor R. Santoro	57	Executive Vice President and Chief Financial Officer of the Company	2003
Michael L. Thompson	60	Executive Vice President Human Resources of the Company	2001
Matthew P. Wagner	49	President and Chief Executive Officer of the Company	2000
Jared M. Wolff	36	Executive Vice President, General Counsel and Secretary of the Company	2002

Christopher D. Blake is President of the Eastern Region and a director of Pacific Western National Bank. Mr. Blake joined Pacific Western National Bank in October 1994 and served as Chief Credit Officer until being appointed Chief Operating Officer in December 1999. He became President of the Eastern Region when the bank was acquired by the Company on January 31, 2002.

Robert M. Borgman is President and Chief Executive Officer and a director of First National Bank. Prior to assuming his current position in July 2003, Mr. Borgman was Executive Vice President and Chief Credit Officer of the Company, and Executive Vice President, Chief Credit Officer and a director of First National Bank since the Company s formation in May 2000. Prior to joining the Company, Mr. Borgman was Executive Vice President and Chief Credit Officer of Western Bancorp from August 1997 to November 1999. Prior to joining Western Bancorp, Mr. Borgman was the founder, President and Chief Executive Officer of National Business Finance, Inc., a national commercial finance and factoring organization headquartered in Denver, Colorado, from July 1987 to August 1997.

Mark Christian is Executive Vice President, Manager of Operations and Systems, of the Company. He also serves as a director of each of Pacific Western National Bank and First National Bank. Prior to May 2005 when he assumed his current position, Mr. Christian was Senior Vice President, Operations and Systems, of the Company. Mr. Christian joined the Company in May 2000 with its acquisition of Rancho Santa Fe National Bank, where he had been Senior Vice President of Operations, since 1997.

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Robert G. Dyck is Executive Vice President and Chief Credit Officer of the Company; Executive Vice President, Chief Credit Officer and a director of Pacific Western Bank; and Executive Vice President and a director of First National Bank. Prior to becoming Chief Credit Officer of the Company in November 2003, Mr. Dyck was Senior Vice President and Chief Credit Officer of Pacific Western National Bank since January 2001. Mr. Dyck was Senior Vice President and Chief Credit Officer of First Professional Bank from January 2000 to December 2000, when it was acquired by the Company. Mr. Dyck served as Senior Vice President and Senior Credit Officer for Western Bancorp from April 1997 to November 1999.

William A. Hanna is President of the Los Angeles Region of Pacific Western National Bank. He also serves as a director of Pacific Western National Bank. Prior to joining the Company in January 2006, he was President and Chief Executive Officer of Cedars Bank from July 1987 to January 2006 when Cedars Bank was acquired by the Company. Mr. Hanna also served as Chairman of Cedars Bank from October 2004 to January 2006.

Lynn M. Hopkins is Executive Vice President of the Company and Executive Vice President, Chief Financial Officer and a director of each of First National Bank and Pacific Western National Bank. Prior to joining the Company in January 2002, Ms. Hopkins was a Senior Vice President and Controller of California Community Bancshares, Inc., a California-based bank holding company, from February 2000 through December 2001 and, in addition, served as Chief Financial Officer of its wholly-owned subsidiary, Bank of Orange County, from July 2000 through December 2001. From August 1998 to January 2000, Ms. Hopkins was the Controller of Western Bancorp and the Chief Financial Officer of Southern California Bank. Prior to Western Bancorp, Ms. Hopkins was a Senior Manager with KPMG LLP in the financial services assurance practice.

William T. Powers is President of the Desert Region of Pacific Western National Bank. He also serves as a director of Pacific Western National Bank. He formerly served as the President and Chief Executive Officer of First Community Bank of the Desert, a position he held from October 1993 to January 2002, when the bank was merged with Pacific Western National Bank and First Professional Bank, N.A.

Victor R. Santoro is Executive Vice President and the Chief Financial Officer of the Company, and Executive Vice President and a director of each of First National Bank and Pacific Western National Bank. Prior to joining the Company in September 2003, Mr. Santoro was with KPMG LLP, where he had been a partner since 1980, focusing primarily on clients in the banking industry.

Michael L. Thompson is Executive Vice President Human Resources of the Company, and Executive Vice President Human Resources and a director of each of First National Bank and Pacific Western National Bank. Prior to joining the Company in September 2000, Mr. Thompson was an Independent Consultant from November 1999 to September 2000. Mr. Thompson served as Senior Vice President Human Resources of Western Bancorp from December 1998 to November 1999. Prior to joining Western Bancorp, Mr. Thompson was Senior Vice President of Human Resources for Citizens Business Bank from April 1989 to December 1998.

Matthew P. Wagner is President and Chief Executive Officer and a director of the Company. Mr. Wagner is also Chairman of the Board, President and Chief Executive Officer of Pacific Western National Bank and Vice Chairman of the Board of First National Bank. Prior to joining the Company in September 2000, Mr. Wagner was President and Chief Executive Officer of Western Bancorp from October 1996 to November 1999.

Jared M. Wolff is Executive Vice President, General Counsel and Secretary of the Company and Executive Vice President, General Counsel, Secretary and a director of each of First National Bank and Pacific Western National Bank. Prior to joining the Company in October 2002, Mr. Wolff was associated with the Los Angeles office of the law firm Sullivan & Cromwell LLP, from January 2001 through September 2002.

From October 1998 to August 2000, Mr. Wolff was Executive Vice President, Operations for eNutrition, Inc., a California retailer of nutritional supplements. From October 1997 to September 1998, Mr. Wolff was an investment banker in the Los Angeles office of Credit Suisse First Boston Corporation. Mr. Wolff is a member of the bars of the State of California and the State of New York.

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EXECUTIVE COMPENSATION

The following table sets forth for fiscal years 2005, 2004 and 2003 the compensation for the CEO and for each of the four most highly compensated executive officers of the Company during fiscal 2005, other than the CEO, serving as executive officers at the end of fiscal 2005. These five persons are referred to collectively as the Named Executive Officers.

		Annual Compensation			Long-Term Compensation		
					Awards		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation[1] ($)	Restricted Stock Awards ($)[2]	Securities Underlying Options/SARs (#)	All Other Compensation[3] ($)
Matthew P. Wagner	2005	$ 450,000	$ 675,000	$ 72,584	$		$ 735
	2004	441,667	-0-	98,323	450,000		735
President and Chief Executive Officer	2003	400,000	180,000	45,919	3,190,000		656
Robert M. Borgman	2005	225,000	180,000	31,189			2,107
	2004	225,000	-0-	38,863	180,000		2,182
President and Chief Executive Officer First National Bank	2003	182,708	81,000	20,244	957,000		128,782
Robert G. Dyck	2005	162,500	198,000	40,983			576
	2004	150,000	120,000	24,713			525
Executive Vice President and Chief Credit Officer	2003	130,833	50,000	8,375	516,000		381
Victor R. Santoro	2005	287,500	360,000	41,267			2,107
	2004	225,000	-0-	65,170	180,000		106,069
Executive Vice President and Chief Financial Officer	2003	74,279	35,000	11,500	1,362,000		
Jared M. Wolff	2005	207,500	252,000	31,055			439
	2004	191,667	-0-	55,099	156,000		336
Executive Vice President, General Counsel and Secretary	2003	175,000	120,000	21,375	797,500		

(1) Other annual compensation includes amounts for dividends on unvested restricted stock holdings, automobile allowances, and club memberships. The amounts shown for Mr. Wagner include: for 2005, $59,500 in dividends, $1,286 in automobile allowances, and $11,798 in club memberships; for 2004, $90,261 in dividends, $1,198 in automobile allowances and $6,864 in club memberships; and for 2003, $37,500 in dividends, $1,619 in automobile allowances and $6,800 in club memberships. The amounts shown for Mr. Borgman include: for 2005, $21,875 in dividends, $1,190 in automobile allowances, and $8,124 in club memberships; for 2004, $27,629 in dividends, $4,276 in automobile allowances, and $6,958 for club memberships; and for 2003, $11,250 in dividends, $4,809 in automobile allowances and $4,185 in club memberships. The amounts shown for Mr. Dyck include: for 2005, $9,967 in dividends, $12,000 in automobile allowances, and $19,016 in club memberships; for 2004, $12,713 in dividends and $12,000 in automobile allowances; and for 2003, $1,875 in dividends and $6,500 in automobile allowances. The amounts shown for Mr. Santoro include: for 2005, $26,557 in dividends, $12,000 in automobile allowances, and $2,710 in club memberships; for 2004, $33,170 in dividends, $12,000 in automobile allowances, and $20,000 for club memberships; and for 2003, $7,500 in dividends and $4,000 in automobile allowances. The amounts shown for Mr. Wolff include: for 2005, $18,365 in dividends, $10,000 in automobile allowances, and $2,690 in club memberships; for 2004, $23,099 in dividends, $12,000 in automobile allowances, and $20,000 for

club memberships; and for 2003, $9,375 in dividends and $12,000 in automobile allowances.

(2) In June 2004, in lieu of cash bonuses the Company awarded shares of restricted stock to Mr. Wagner (12,525 shares), Mr. Borgman (5,010), Mr. Santoro (5,010), and Mr. Wolff (4,345). These shares of restricted stock vest in annual one-third increments beginning June 14, 2005. In 2003, the Company awarded shares of performance stock to Mr. Wagner (100,000 shares), Mr. Borgman (30,000 shares), Mr. Dyck (10,000 shares) and Mr. Wolff (25,000 shares). The vesting of such shares is dependent upon the achievement of certain earnings per share targets. Half of the shares of performance stock vested in March 2005, and one-half of the remaining performance stock vested in March 2006 and the remainder is

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expected to vest in March 2007. In 2003, the Company awarded 5,000 shares of restricted stock to Mr. Dyck which vest over a four year period. In 2003, the Company awarded 40,000 shares of restricted stock to Mr. Santoro which began vesting in annual one-third increments in September 2004. The restrictions on all the shares of performance stock and restricted stock lapse and the stock would immediately vest upon a change in control of the Company.

Dividends on the unvested performance stock and the unvested restricted stock are paid at the same rate as that paid on the Company s outstanding common stock when declared by the board of directors. The amounts of such dividends paid are included in Other Annual Compensation in the above table.

The following table presents the number and value of unvested performance stock and unvested restricted stock awards held as of December 31, 2005, using the closing market price of the Company s common stock of $54.37 per share on that date:

Named Executive Officer	Performance Shares Held	Restricted Shares Held	Total Performance and Restricted Shares Held	Market Value as of December 31, 2005
Matthew P. Wagner	50,000	8,350	58,350	$ 3,172,490
Robert M. Borgman	15,000	3,340	18,340	997,146
Robert G. Dyck	5,000	3,333	8,333	453,065
Victor R. Santoro		16,673	16,673	906,511
Jared M. Wolff	12,500	2,896	15,396	837,081

(3) Represents Company paid life insurance premiums for all named executive officers and reimbursed moving expenses of $127,198 for Mr. Borgman in 2003 and $103,962 for Mr. Santoro in 2004.

Options/SARs Grants in Last Fiscal Year

The Company did not make any grants of options or stock appreciation rights to its Named Executive Officers during the last fiscal year.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

The following table lists the aggregate number of shares acquired on exercise of options and the value realized during 2005, as well as the aggregate number of unexercised options and the value of unexercised in-the-money options as of December 31, 2005.

	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#)	Value of Unexercised In-the-Money Options/SARs at FY-End ($)[1]

Name			Exercisable	Unexercisable	Exercisable	Unexercisable
Matthew P. Wagner	41,500	$ 1,205,783	200,000		$ 5,960,000	
Robert M. Borgman			20,000		640,800	
Robert G. Dyck			8,300		228,748	
Victor R. Santoro						
Jared M. Wolff			20,000		474,200	

(1) Values are based on the fair market value of Company common stock on December 30, 2005 of $54.37, as reported on Nasdaq, minus the grant price. The actual amount which a Named Executive Officer may realize will depend upon the market price of the Company s common stock at the time shares obtained upon exercise of such options are sold.

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Long-Term Incentive Plan (LTIP) Awards in Last Fiscal Year

The Company did not make any LTIP awards to its Named Executive Officers during the last Fiscal year.

Repricing of Options/SARs.

The Company has not adjusted or amended the exercise price of stock options previously awarded to any of its Named Executive Officers during the last fiscal year. The Company has not granted any SARs.

Defined Benefit Plans

The Company has no tax-qualified defined benefit plan or actuarial plan for any of its employees.

Employment Agreements

The Company does not have any employment agreements with its Named Executive Officers.

Termination of Employment and Change-in-Control Arrangements

Retirement Agreements

The Company does not have any retirement agreements with its Named Executive Officers.

Executive Severance Pay Plan

The Company has an Executive Severance Pay Plan, or the Severance Plan, pursuant to which certain executives of the Company and its subsidiaries, including the Named Executive Officers, will be entitled to receive a severance payment from the Company under certain circumstances. The eligible participants are entitled to a severance payment from the Company if, within 24 months after a Change in Control (as defined in the Severance Plan), their employment with the Company or one of its subsidiaries terminates for any reason other than (1) death, (2) disability, (3) termination by the Company or one of its subsidiaries for Just Cause (as defined in the Severance Plan), (4) retirement in

accordance with the normal policy of the Company, (5) voluntary termination by such executive other than for Good Reason (as defined in the Severance Plan) or (6) the sale of the Company or the bank subsidiary which employed the executive if the executive has been offered employment with the purchaser on substantially the same terms and conditions under which such executive was employed prior to the sale. The amount of the severance payment under the Severance Plan will be equal to such executive s compensation (including base salary and target bonus) multiplied by a multiplier ranging from 1 to 3 depending on the executive s employee grade. In addition, if an executive becomes eligible for a severance payment, such executive will also be entitled to certain welfare benefits, as defined in the Severance Plan, for the applicable severance period set forth in the Severance Plan. In order to become eligible for severance payments under the Severance Plan, the executive must also execute and deliver a release in favor of the Company.

Under the Severance Plan, a Change in Control is defined as: (1) any person or group acquiring beneficial ownership of more than fifty percent (50%) of the aggregate voting securities of the Company or any successor to the Company; (2) the individuals who, as of the most recent date of the Severance Plan, are members of the board, or the Existing Directors, cease, for any reason, to constitute more than fifty percent (50%) of the number of authorized directors of the Company as determined in the manner prescribed by the Company s articles of incorporation and bylaws; provided, however, that if the election, or nomination for election, by the Company s shareholders of any new director was approved by a vote of at least fifty percent (50%) of the Existing Directors, such a new director shall be considered an Existing Director; provided, further, however, that no individual shall be considered an Existing Director if such individual initially assumed office as a result of either an actual or threatened Election Contest or other actual or threatened solicitation of proxies by or on behalf of anyone other

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than the board, or a Proxy Contest, including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or (iii) the consummation of (x) a merger, consolidation or reorganization to which the Company is a party, whether or not the Company is the person surviving or resulting therefrom, or (y) a sale, assignment, lease, conveyance or other disposition of all or substantially all of the assets of the Company, in one transaction or a series of related transactions, to any individual or entity other than the Company, where any such transaction or series of related transactions as is referred to in clause (x) or clause (y) above in this subparagraph (iii), or a Transaction, does not otherwise result in a Change in Control pursuant to subparagraph (i) of this definition of Change in Control; provided, however, that no such Transaction shall constitute a Change in Control under this subparagraph (iii) if the persons who were the shareholders of the Company immediately before the consummation of such Transaction are the beneficial owners, immediately following the consummation of such Transaction, of fifty percent (50%) or more of the aggregate voting securities of the entity surviving or resulting from any merger, consolidation or reorganization referred to in clause (x) above in this subparagraph (iii) or the entity to whom the assets of the Company are sold, assigned, leased, conveyed or disposed of in any transaction or series of related transactions referred in clause (y) above in this subparagraph (iii).

The Severance Plan was last amended and approved by the CNG Committee of the board of directors of the Company on February 4, 2005.

Equity Compensation Plan Information

On May 28, 2003, the Company s shareholders approved the 2003 Stock Incentive Plan, or the Plan, which amended and restated the Company s 2000 Stock Incentive Plan. On May 26, 2004, the Company s shareholders approved certain amendments to the Plan to modify the terms pursuant to which the administrator of the Plan could grant awards. The Plan provides for the issuance of performance and restricted stock grants, stock appreciation rights and options to purchase up to 2,500,000 shares of the Company s common stock. The Company has proposed to increase the shares authorized for issuance under to Plan from 2,500,000 to 3,500,000. Please refer to the Proposal 4: Proposal to Increase the Shares Available under First Community s 2003 Stock Incentive Plan beginning on page 106.

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Performance Graph

The Company s common stock trades on the Nasdaq National Market® under the symbol FCBP. Prior to June 1, 2000, trading in the Company s common stock (as Rancho Santa Fe National Bank) occurred solely over the counter and was not extensive. Consequently, sales price information prior to that date consists largely of quotations by dealers making a market in the Company s common stock and may not represent actual transactions. As a result, the sales price information for the Company s common stock in the preceding graph for the period prior to June 1, 2000 reflects inter-dealer prices without any adjustments for mark-ups, mark-downs or commissions. In addition, trading in the Company s common stock prior to June 1, 2000 was limited in volume and may not be a reliable indication of its market value.

The preceding graph shows the yearly cumulative total return on the Company s common stock with a comparable return on the indicated index for the last five fiscal years. The total return on the Company s common stock is determined based on the change in the price of the Company s common stock and assumes reinvestment of all dividends and an original investment of $100. The total return on the indicated index also assumes reinvestment of dividends and an original investment in the index of $100.

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REPORT OF THE COMPENSATION, NOMINATING AND GOVERNANCE COMMITTEE

ON EXECUTIVE COMPENSATION

The Compensation, Nominating and Governance Committee, or CNG Committee, of the board of directors during 2005 consisted of Barry C. Fitzpatrick (Chairman), Charles H. Green, Timothy B. Matz, Arnold W. Messer and David S. Williams. Each member of the CNG Committee is independent as defined by the rules of the SEC, the listing standards of Nasdaq and the Company s Corporate Governance Guidelines.

In addition to its responsibilities to make recommendations for nominees to the Company s board and its committees and to oversee the governance and evaluation process of the board and its committees, it is the duty of the CNG Committee to administer the Company s compensation system and various incentive plans, including the 2003 Plan and the Executive Incentive Plan. The CNG Committee reviews and approves compensation levels of members of executive management, evaluates the performance of the executive management team and considers executive management succession and related matters. With respect to the compensation of the CEO, the CNG Committee evaluates and recommends such compensation to the board for approval. The CNG Committee reviews with the board all material aspects of compensation for the Company s executive officers

Compensation Philosophy. The primary goal of the Company s compensation philosophy is to link a substantial portion of executive compensation (including the compensation of the CEO) to the profitability of the Company. The CNG Committee achieves this goal by tying meaningful grants of equity compensation and an annual bonus to what it believes are the most significant measures of profitability: diluted earnings per share, or EPS, and in some cases EPS adjusted to exclude certain extraordinary charges as well as the effects of noncash expense items, or Cash EPS. The target goals for annual bonuses as well as for long term incentive awards, such as performance stock grants, are generally based on substantial increases in either EPS or Cash EPS performance.

The second goal of the compensation philosophy is to attract and retain highly competent executives. The CNG Committee achieves this objective by setting base compensation and incentives at competitive levels and by awarding meaningful stock-based awards. The CNG Committee reviews executive compensation levels paid by competitors of a similar asset size to the Company, based on available data. The CNG Committee intends to pay at the highest end of the compensation scale, but only if the Company achieves financial performance at the high end of the peer group.

Components of Compensation. The Company compensates its executive officers (including the CEO) in three ways: base compensation, cash bonus and stock-based awards.

Base Compensation The CNG Committee reviews the base compensation of the CEO and of the executive officers reporting to him. The CNG Committee makes compensation recommendations for the CEO to the full board. Based on recommendations from the CEO, the CNG Committee evaluates and determines compensation levels for the other members of the Company s executive management team. The CNG Committee reviews banking-related salary survey data, and may request an opinion from outside compensation consultants, before making any significant adjustment to overall base compensation. In 2005, the CNG Committee engaged a compensation consultant to evaluate the components of CEO and executive compensation, and provide a basis of comparison to peer institutions. The CNG Committee does not tie its base compensation decisions to any particular formulas, measurements or criteria, but members take into account the Company s performance and compensation levels paid by comparable competitors.

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Annual Cash Bonus Pursuant to the Company s Executive Incentive Plan, annual cash bonuses are paid to executives based on the achievement of certain EPS goals. The following are the bonus percentages applicable to EPS targets that were approved for the Company s executives for 2005:

	Achievement Level		
Award Opportunities	**90% of EPS Target**	**100% of EPS Target**	**Over 100% of EPS Target**
CEO (Grade 1)	60% of Base Salary	100% of Base Salary	CNG Committee/Board Discretion
Other Executive Officers	50% of Base Salary	80% of Base Salary	CNG Committee Discretion
(Grades 2, 3, A)			

Not all eligible executive officers will necessarily receive a bonus and not all eligible executive officers will necessarily receive the same bonus. Additional amounts may be paid as bonuses to members of the Company s executive management team who are deemed by the CNG Committee to have achieved superior performance during the fiscal year. The Company exceeded its 2005 EPS target for cash bonus payments under the Executive Incentive Plan. In consideration of the extraordinary financial performance of the Company during the year and the contribution of executive officers toward this performance, the CNG Committee and the board, in the case of the CEO, authorized cash bonuses for executive officers in excess of the amounts designated for achieving the 2005 EPS target.

Stock-Based Awards Recommendations of executive management for the grant of stock-based awards to officers of the Company under the Company s 2003 Stock Incentive Plan, or the Plan, are generally submitted to the CNG Committee during the third quarter of each fiscal year, though such awards may be granted at other times at the discretion of the CNG Committee upon recommendation from executive management. In considering whether to recommend the grant of an award and the size of the grant to be awarded, executive management considers, with respect to the officer, the salary level, the contributions expected toward the growth and profitability of the Company and survey data indicating grants made to similarly situated officers at comparable financial institutions. The CNG Committee decides whether to approve the grant of stock-based awards, and the terms of such grant, after discussion with executive management presenting the grant proposals. Prior to 2003, the primary equity awards granted were stock options. Following the approval of the Plan at the 2003 Annual Meeting of Shareholders in May 2003, the Company chose to grant restricted and performance stock-based awards in lieu of granting stock options as future incentive compensation.

In 2003, the CNG Committee made certain long-term incentive grants of restricted stock and performance stock to a number of members of senior management, including all of the Company s executive officers. The performance stock grants vest over a seven year period, in whole or in part, based upon the achievement of certain financial targets. The restricted stock grants generally vest in full in thirds over three to four years. Prior to vesting, recipients of restricted stock and performance stock grants are entitled to receive dividends on the shares underlying the grants at the same rate paid to shareholders generally. The CNG Committee made these grants as additional incentives to the Company s senior officers to improve performance, enhance retention and ultimately increase shareholder value. Half of the performance stock vested in March 2005 and an additional quarter vested in March 2006. The remaining shares of restricted performance stock granted in 2003 are currently expected to vest in March 2007.

In January 2006, the CNG Committee, with authorization from the board in the case of the CEO, made additional grants of performance stock to the CEO and executive officers. The 2006 grants have an expiration date of March 31, 2013 and will vest in full upon the Company achieving the EPS target prior to the expiration of the grants. In February 2006, the CNG Committee recommended, and the board approved, a restricted stock grant for the CEO which will vest in full in four years.

Annually, the CNG Committee reviews all components of compensation payable to the CEO and to executive officers, in terms of current compensation, long-term and incentive compensation, and payouts upon a change in

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control of the Company, and all other perquisites payable, including reimbursement of business expenses, to ensure that the compensation system is meeting the goals of the Company s compensation philosophy.

2005 Performance. The Company achieved record results in 2005. In addition to announcing four acquisitions, two of which were completed in 2005 (one was completed in January 2006 and the remaining acquisition is expected to be completed in the second quarter of 2006), the Company had over $120 million in organic loan growth, with net earnings totaling $50.4 million for the year, an increase of 38.5% over 2004.

Further, the Company increased its net interest margin for the year ended December 31, 2005 14.2% over 2004 despite the potential for margin pressure due to rising interest rates. The Company exceeded its EPS target for payout of cash bonuses under the Executive Incentive Plan, as well as the Cash EPS target for the vesting of an additional twenty-five percent of the performance stock granted in 2003.

2005 CEO and Executive Compensation. The CNG Committee reviewed the compensation of Matthew P. Wagner, the CEO, and each of the other nine highest paid executive officers for 2005. The compensation of the CEO and the four most highly compensated officers is set forth under Executive Compensation. It reported to the Board that in the CNG Committee s opinion, the compensation paid to those officers for 2005 was reasonable in view of the Company s consolidated performance and the contribution of those officers to that performance. In doing so, the CNG Committee also took into account how the compensation compared to that paid by competing companies as well as economic conditions in the Company s service area. The CNG Committee recommended an increase in the CEO s base salary for 2006. Certain executive officers received increases in base salary for 2006.

Statement Regarding Deductibility. Under Internal Revenue Code Section 162(m), the Company s tax deduction may be limited to the extent total compensation paid to the Company s chief executive officer or to any of the four other highest-paid executive officers exceeds $1 million in any one tax year. The deduction limit does not apply to payments which qualify as performance-based provided certain requirements are met, including receipt of shareholder approval. Regulations under Section 162(m) also permit stock options to be excluded from compensation if certain conditions are met, but restricted stock and restricted stock awards (other than performance stock and performance stock awards) may not be exempt if the aggregate compensation of the executive officer would exceed the limit. The CNG Committee believes that all options and performance stock granted under the Plan, including under the 2000 Stock Incentive Plan (as predecessor to the Plan), meet these conditions. Generally, it is the intent of the CNG Committee to structure the Company s cash and stock-based compensation programs so that compensation payments and stock-based awards are tax deductible. However, the CNG Committee reserves the discretion to make payments or stock-based awards which are not tax deductible.

SUBMITTED BY THE COMPENSATION, NOMINATING AND GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

Barry C. Fitzpatrick, *Chairman*

Charles H. Green

Timothy B. Matz

Arnold W. Messer

David S. Williams

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INDEPENDENT AUDITOR FEES

The following is a description of fees billed to the Company by KPMG LLP during the last two fiscal years:

Audit Fees: Audit fees include fees for the annual audit of the Company s consolidated financial statements, review of interim financial statements included in the Company s quarterly reports on Form 10-Q, review of registration statements filed with the Securities and Exchange Commission, and the issuance of consents and comfort letters. The aggregate audit fees billed to the Company by KPMG LLP for the years ended December 31, 2005 and 2004 totaled approximately $837,000 and $720,260, respectively.

Audit-Related Fees: Audit-related fees billed to the Company by KPMG LLP consisted primarily of certain due diligence services related to acquisition and analysis conducted by KPMG in connection with such due diligence and the audit of certain employee benefit plans. The aggregate audit-related fees billed to the Company by KPMG LLP for the years ended December 31, 2005 and 2004 totaled approximately $259,244 and $25,557, respectively.

Tax Fees: Tax fees include corporate tax compliance, planning and advisory services. The aggregate tax fees billed to the Company by KPMG LLP for the years ended December 31, 2005 and 2004 totaled approximately $205,084 and $201,394, respectively.

All Other Fees: There were no other fees billed to the Company by KPMG LLP for the year ended December 31, 2005 or 2004.

Pre-Approval Policies and Procedures: The Audit Committee has adopted a policy that requires advance approval by the Audit Committee of all audit, audit-related, tax services and all other services performed by the independent auditor. During 2005, the Audit Committee pre-approved all audit services, non-audit services, audit-related services and tax services performed for the Company by KPMG LLP. In approving any non-audit services, the Audit Committee considered whether the provision of such services would be compatible with maintaining KPMG s independence.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

John M. Eggemeyer was appointed to the Board of Rancho Santa Fe National Bank on February 27, 1995 and was appointed Chairman of the Board on that date. Mr. Eggemeyer became chairman of the board of the Company upon the Company s formation on May 31, 2000. Pursuant to an agreement, dated November 2, 2005, with Castle Creek Financial, LLC of which Mr. Eggemeyer is chief executive officer, the Company named Castle Creek Financial as the Company s exclusive financial advisor, or the Castle Creek Contract. The Castle Creek Contract may be cancelled by either party upon thirty (30) days notice, and provides for the payment of the following fees upon the consummation of certain transactions: (a) 2% of the aggregate consideration paid in the event the Company is sold; and (b) in the event of an acquisition of another financial institution by the Company: 1.5% of the aggregate value of the transaction if the aggregate value is $20 million or less; if the aggregate value is over $20 million, $300,000 plus 1.0% of the amount of the transaction in excess of $20 million. Castle Creek Financial is also entitled to reimbursement of its reasonable expenses incurred on behalf of the Company. Castle Creek Financial and its affiliates received approximately $1,239,000 of aggregate fees and expenses from the Company in 2005 for financial advice related to the acquisitions of First American Bank and Pacific Liberty Bank. Castle Creek also received other advisory fees and expenses incurred on behalf of the Company of approximately $31,500 for 2005 under the Castle Creek Contract.

The Castle Creek Contract is reviewed annually by independent members of the board of directors. In approving the Castle Creek Contract, the board concluded that the contract was in the best interests of the Company and its shareholders and was on terms comparable to those prevailing for similar transactions with other persons not having any relationship with the Company. On November 2, 2005, the independent directors of the Board voted to renew the Castle Creek Contract for an additional one year term.

Certain directors and executive officers, entities associated with them and members of their immediate families were customers of and had banking transactions, including loans, with the Company s subsidiary banks in the ordinary course of business during fiscal 2005. Such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. These loans did not involve more than the normal risk of collection or present other unfavorable features. The Company expects its subsidiary banks to have banking transactions with such persons in the future.

Since July 2001, the Company has engaged Martin J. Wolff & Co., Inc. as its insurance broker to help the Company evaluate and obtain certain insurance products for the Company and its subsidiaries, including its group health insurance coverage, life and disability insurance and other insurance benefit products. Martin J. Wolff, the chairman of Martin J. Wolff & Co., Inc., is the father of Jared M. Wolff, the Company s executive vice president, general counsel and secretary who joined the Company in October 2002. Jared Wolff was previously associated with the law firm of Sullivan & Cromwell LLP, which firm has been outside counsel to the Company since its formation in 2000. During 2005, the Company purchased comprehensive group insurance, disability insurance, executive life insurance and other insurance products from Martin J. Wolff & Co., Inc. totaling approximately $3.6 million in premiums. To the best knowledge of the Company, Martin J. Wolff & Co., Inc. received approximately $199,000 in commissions from such purchases. Jared Wolff is not involved in the analysis, negotiation or acquisition of group health, disability, executive life or other insurance products purchased by the Company from Martin J. Wolff & Co., Inc. In the opinion of the Company s management, the transactions are in the best interests of the Company and its shareholders and have occurred on terms comparable to those available from other providers of similar products who have no relationship with the Company.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company s directors and executive officers, and persons who own more than 10% of a registered class of the Company s equity securities, to file reports of ownership of, and transactions in, the Company s equity securities with the SEC. Such directors, executive officers and 10% shareholders are also required to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on a review of the copies of such reports received by the Company, and on written representations from certain reporting persons, the Company believes that all Section 16(a) filing requirements applicable to its directors, executive officers and 10% shareholders were complied with during 2005.

OTHER BUSINESS

Except as set forth herein, management has no knowledge of any other business to come before the annual meeting. If, however, any other matters of which management is now unaware properly come before the annual meeting, it is the intention of the persons named in the proxy to vote the proxy in accordance with the recommendations of management on such matters, and discretionary authority to do so is included in the proxy.

Shareholder Proposals

Business must be properly brought before an annual meeting in order to be considered by shareholders. To be considered for inclusion in the First Community s proxy statement for the 2007 Annual Meeting of Shareholders, a shareholder proposal must be submitted in writing to First Community s Secretary on or before November 17, 2006 and must satisfy the other requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

Any proposal submitted for the proxy materials will be subject to the rules and regulations of the SEC concerning shareholder proposals. The notice of a proposal must also contain the following items:

- The shareholder s name, address, and beneficial ownership of shares of First Community;
- The text of the proposal to be presented;
- A brief written statement of the reasons why such stockholder favors the proposal; and
- Any material interest of such stockholder in the proposal.

Director Nominations

Pursuant to Section 1.12 of Article I of First Community s bylaws, nominations for the election of directors may be made by a shareholder entitled to vote for the election of directors by submitting a notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of First Community not less than 60 days nor more than 90 days prior to the date of the meeting of the shareholders of First Community called for the election of directors. Director nominations proposed by shareholders to be made at the 2007 annual meeting must be received by our corporate secretary no earlier than January 20, 2007 and no later than February 19, 2007. Pursuant to First Community s bylaws and the rules and regulations of the SEC, the notice stating a desire to nominate any person for election as a director of First Community must contain the following items:

The stockholder s name, address, and beneficial ownership of shares of First Community;

The name of the person to be nominated;

The name, age, business address, residential address, and principal occupation or employment of each nominee;

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The nominee s signed consent to serve as a director of First Community, if elected;

The number of shares of First Community s stock beneficially owned by each nominee;

A description of all arrangements and understandings between the shareholder and nominee pursuant to which the nomination is to be made; and

Such other information concerning the nominee as would be required in a proxy statement soliciting proxies for the election of the nominee under the rules of the SEC.

A copy of First Community specifying the requirements will be furnished to any shareholder upon written request to the Secretary.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders of First Community interested in communicating with a director or with the directors as a group, or persons interested in communicating complaints concerning accounting, internal controls or auditing matters to the Audit Committee, may do so by writing care of the Corporate Secretary, First Community Bancorp, 120 Wilshire Blvd., Santa Monica, CA 90401. The board of directors has adopted a process for handling correspondence received by First Community and addressed to members of the board. Under that process, the Corporate Secretary of First Community reviews all such correspondence and forwards to the board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the board or committees thereof, or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by First Community that is addressed to members of the board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are brought to the attention of First Community s General Counsel and/or other members of First Community s management review committee and handled in accordance with procedures established by the Audit Committee with respect to such matters. These procedures include the ability to post reports anonymously via an Internet-based tool or via a toll-free hot-line available to employees and advisors for purposes of reporting alleged or suspected wrongdoing.

INCORPORATION BY REFERENCE

The sections in this joint proxy statement-prospectus entitled Report of Compensation, Nominating and Governance Committee on Executive Compensation , Performance Graph and Report of the Audit Committee do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates any such Reports or the performance graph by reference therein.

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APPENDIX A

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

FIRST COMMUNITY BANCORP

AND

FOOTHILL INDEPENDENT BANCORP

DATED AS OF DECEMBER 14, 2005

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of December 14, 2005 (this Agreement), by and among First Community Bancorp, a California corporation (Acquiror), and Foothill Independent Bancorp, a Delaware corporation (the Company).

WHEREAS, the Company operates as a one-bank holding company for its wholly-owned Subsidiary, Foothill Independent Bank, a California state-chartered bank (the Company Bank);

WHEREAS, Acquiror operates as a multi-bank holding company for its wholly-owned Subsidiaries (collectively, the Acquiror Banks);

WHEREAS, the respective Boards of Directors of Acquiror and the Company deem it in the best interests of their respective corporations and shareholders to merge the Company with and into Acquiror (the Holding Company Merger) upon the terms and subject to the conditions of this Agreement and in accordance with the California General Corporation Law (the CGCL) and the General Corporation Law of the State of Delaware (the DGCL), respectively, and the merger of Company Bank with and into one of the Acquiror Banks (the Bank Merger);

WHEREAS, the parties to this Agreement desire that, upon the terms and subject to the conditions set forth in this Agreement, Acquiror shall acquire all of the outstanding capital stock and options of the Company for an aggregate consideration of $238.0 million dollars;

WHEREAS, the Holding Company Merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code);

WHEREAS, as an inducement for each party to enter into this Agreement, each of the directors and certain of the officers of the Company (the Company Affiliated Shareholders) and the directors and certain of the officers of Acquiror (the Acquiror Affiliated Shareholders) have executed and delivered (or will within ten (10) days following the date hereof execute and deliver) to Acquiror and the Company, respectively, agreements in the form of *Exhibit A* (each a Voting Agreement and collectively, the Voting Agreements), providing that, among other things, the Company Affiliated Shareholders and Acquiror Affiliated Shareholders will, subject to the terms and conditions therein, vote their Company Shares and Acquiror Shares, respectively, in favor of the transactions contemplated hereby; and

WHEREAS, as an inducement for Acquiror to enter into this Agreement, each of the Company Affiliated Shareholders has executed and delivered to Acquiror a non-solicitation agreement with Acquiror in the form of Exhibit B (each a Non-Solicitation Agreement and collectively, the Non-Solicitation Agreements).

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

The Merger

Section 1.1. The Merger. Upon the terms and subject to satisfaction or waiver of the conditions set forth in this Agreement, and in accordance with the CGCL and DGCL, respectively, the Company, at the Effective Time, shall be merged with and into Acquiror. As a result of the Holding Company Merger, the separate corporate existence of the Company shall cease and Acquiror shall continue as the surviving corporation of the Holding Company Merger (sometimes referred to as the Surviving Corporation) pursuant to the laws of the state of California.

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Section 1.2. Closing. The consummation of the Holding Company Merger (the Closing) shall take place on the second Business Day after the satisfaction or waiver of the conditions set forth in Articles VIII, IX and X, respectively (excluding conditions that, by their nature, cannot be satisfied until, but will be satisfied or waived as of, the Closing Date, but subject to the satisfaction or waiver of those conditions), unless this Agreement has been theretofore terminated pursuant to its terms or unless another time or date is agreed to in writing by the parties hereto (the actual date of the Closing being referred to herein as the Closing Date). The Closing shall be held at the offices of Stradling Yocca Carlson & Rauth, 660 Newport Center Drive, Suite 1600, Newport Beach, California 92660, unless another place is agreed to in writing by the parties hereto. As soon as practicable on or after the Closing Date, the parties hereto shall cause the Holding Company Merger to be consummated by filing with the Secretary of State of California this Agreement, duly executed, or another agreement of merger complying with Section 1101 of the CGCL (the Agreement of Merger), together with the officers certificates prescribed by Section 1103 of the CGCL and by filing with the Secretary of State of Delaware a certificate of merger relating to the Holding Company Merger (the Certificate of Merger), in such form as required by, and executed in accordance with the relevant provisions of, the DGCL. The Holding Company Merger shall become effective on the date on which the later of the following filings shall have been completed: (i) the Agreement of Merger and officers certificates have been duly filed with the Secretary of State of California and (ii) the Certificate of Merger has been duly filed with the Secretary of State of Delaware (the date and time of such filing, or if another date and time is specified in such filing, such specified date and time, being the Effective Time). Subject to the prior written consent of the Company (which it shall not unreasonably withhold), Acquiror may, at any time prior to the Effective Time, change the method of effecting the acquisition of the Company and the Company Bank (including, without limitation, the provisions of this Article II and including, without limitation, by electing not to merge the Company or Company Bank with Acquiror or any of its existing Subsidiaries, but rather with a merger subsidiary of Acquiror) to the extent permitted by applicable law and if and to the extent it deems such change to be necessary, appropriate or desirable; *provided, however*, that no such change shall (i) alter or change the amount or kind of Merger Consideration, (ii) adversely affect the tax treatment of the Company s shareholders as a result of receiving the Merger Consideration, (iii) materially impede or delay consummation of the Holding Company Merger or other transactions to be consummated pursuant to this Agreement, or (iv) otherwise be materially prejudicial to the interests of the shareholders of the Company.

Section 1.3. Effect of the Merger. At the Effective Time, the effect of the Holding Company Merger shall be as provided in the applicable provisions of the CGCL and DGCL, respectively. Without limiting the generality of the foregoing, at the Effective Time, except as otherwise provided herein, all the property, rights, privileges, powers and franchises of the Company and Acquiror shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Acquiror shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.4. Articles of Incorporation; Bylaws. At the Effective Time, the Articles of Incorporation and Bylaws of the Surviving Corporation shall be the Articles of Incorporation and Bylaws of Acquiror as they exist immediately before the Effective Time, and in each case until thereafter changed or amended as provided therein or pursuant to applicable Law.

Section 1.5. Directors and Officers of Surviving Corporation. At the Effective Time, the initial directors of the Surviving Corporation shall be the directors of Acquiror and one director from the Company, George Langley, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation. The initial officers of the Surviving Corporation shall be the officers of Acquiror, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation.

Section 1.6. Bank Merger. Immediately after the Holding Company Merger, the Company Bank will merge with and into Pacific Western National Bank, all of the outstanding capital stock of which is directly owned by Acquiror, or another of the Acquiror Banks.

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ARTICLE II

Consideration; Conversion of Securities; Exchange of Certificates

Section 2.1. Conversion of Securities. At the Effective Time, by virtue of the Holding Company Merger and without any action on the part of Acquiror, the Company or the holders of any of the following securities:

(a) *Conversion Generally*.

(i) each Company Share issued and outstanding immediately prior to the Effective Time shall be converted into and shall become exchangeable for the right to receive Acquiror Common Stock as provided in Section 2.1(b); and

(ii) all of the Company Shares that were outstanding immediately prior to the Effective Time shall no longer be outstanding and shall cease to exist, and each certificate previously representing any such Company Shares shall thereafter represent the right to receive the Merger Consideration into which such Company Shares were converted in the Holding Company Merger.

(b) *Conversion of Company Shares*. Subject to the other provisions of this Article II, each Company Share issued and outstanding immediately prior to the Effective Time of the Holding Company Merger shall, by virtue of the Holding Company Merger, be converted into the right to receive a number of shares of Acquiror Common Stock equal to the Exchange Ratio (the Merger Consideration). For purposes of this Agreement:

(i) The term Acquiror Average Closing Price means the average of the closing prices of Acquiror Shares quoted on the Nasdaq National Market as reported in The Wall Street Journal on each of the last fifteen (15) trading days ending on the day which is the second trading day preceding the Closing Date (the Acquiror Measuring Period), whether or not trades occurred on those days.

(ii) Acquiror Initial Price means $52.47.

(iii) Base Company Common Stock Value means the quotient of:

(A) (1) $235,000,000 *minus* (2) the Aggregate Option Consideration *divided by*

(B) the total number of Company Shares outstanding as of the Effective Time.

(iv) Exchange Ratio means that number, rounded to four decimal places, derived by dividing the Base Company Common Stock Value by the Acquiror Average Closing Price, provided that (i) if the Acquiror Average Closing Price is less than the Minimum Adjustment Price, the Exchange Ratio shall be equal to the result of dividing the Base Company Common Stock Value by the Minimum Adjustment Price or (ii) if the Acquiror Average Closing Price is greater than the Maximum Adjustment Price, the Exchange Ratio shall be shall be equal to the result of dividing the Base Company Common Stock Value by the Maximum Adjustment Price, in each case as may be adjusted pursuant to Section 2.2.

(v) Maximum Adjustment Price means $59.03.

(vi) Minimum Adjustment Price means $45.91.

(c) *Acquiror Capital Stock*. Each outstanding share of Acquiror capital stock shall remain an outstanding share of Acquiror capital stock and shall not be converted or otherwise affected by the Holding Company Merger.

Section 2.2. Change in Acquiror Shares. If between the date of this Agreement and the Effective Time, the outstanding Acquiror Shares shall have been changed into a different number of Acquiror Shares or a different class by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of a class of shares or the like, the Merger Consideration payable per Company Share shall be correspondingly and appropriately adjusted to reflect such event.

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Section 2.3. Fractional Shares. Notwithstanding any other provision hereof, no fractional shares of Acquiror Common Stock shall be issued to holders of Company Shares in the Holding Company Merger. In lieu thereof, each such holder entitled to a fraction of a share of Acquiror Common Stock (after taking into account all certificates delivered by such holder and the aggregate number of Company Shares represented thereby) shall receive, at the time of surrender of the certificate or certificates representing such holder s Company Shares, an amount in cash equal to the Acquiror Average Closing Price multiplied by the fraction of a share of Acquiror Common Stock to which such holder otherwise would be entitled. No such holder shall be entitled to dividends, voting rights, interest on the value of, or any other rights in respect of a fractional share. Fractional shares shall be determined on an aggregate basis for each Company shareholder and not on a per share or per certificate basis.

Section 2.4. Surrender and Exchange of Certificates.

(a) *Exchange Agent*. Acquiror shall deposit with U.S. Stock Transfer Corporation or such other exchange agent, bank or trust company as may be mutually agreed upon by the parties (the Exchange Agent) such certificates of Acquiror Common Stock (the Acquiror Stock Certificates) representing the number of whole shares of Acquiror Common Stock issuable in the Holding Company Merger pursuant to Section 2.1 above and Acquiror shall also make available to the Exchange Agent sufficient cash to make all cash payments in lieu of fractional shares pursuant to Section 2.3 (together with the Acquiror Stock Certificates, the Exchange Fund).

(b) *Exchange Procedures.* Acquiror shall cause the Exchange Agent, promptly after the Effective Time (and in no event later than five (5) Business Days following the Effective Time), to mail to each holder of record of a certificate or certificates that immediately prior to the Effective Time represented outstanding Company Shares (the Company Stock Certificates) that were converted into the right to receive the Merger Consideration pursuant to Section 2.1, (i) a letter of transmittal (which shall specify that delivery shall be effected and risk of loss and title to the Company Stock Certificates shall pass only upon delivery of the Company Stock Certificates to the Exchange Agent and shall be in such form and have such other customary provisions as Acquiror and the Company may reasonably specify) and (ii) instructions for completion and use in effecting the surrender of the Company Stock Certificates in exchange for the Merger Consideration. Upon surrender of a Company Stock Certificate for cancellation to the Exchange Agent, together with such letter of transmittal duly executed in accordance with the instructions contained therein, the holder of such Company Stock Certificate shall be entitled to receive in exchange therefor an Acquiror Stock Certificate representing the number of whole shares of Acquiror Common Stock that such holder has the right to receive pursuant to this Article II (together with payment of cash in lieu of fractional shares which such holder has the right to receive pursuant to Section 2.3) and the Company Stock Certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of Company Shares that is not registered in the transfer records of the Company, the Merger Consideration may be issued to a transferee of the record holder of such Company Shares if the Company Stock Certificate representing such Company Shares is presented to the Exchange Agent accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.4, each Company Stock Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration provided for in Section 2.1 hereof.

(c) *Return of Acquiror Stock Certificates*. Any portion of the Merger Consideration which remains undistributed to the holders of Company Shares for six (6) months after the Effective Time shall be delivered to Acquiror upon demand, and any holders of Company Shares who have not theretofore surrendered their Company Stock Certificates, or any of them, as provided in this Section 2.4, shall thereafter look only to Acquiror for the Merger Consideration to which they are entitled, without any interest thereon.

(d) *Distributions and Voting with Respect to Unexchanged Company Shares*. Until surrendered for exchange in accordance with the provisions of this Section 2.4, each certificate theretofore representing shares of Company Shares shall from and after the Effective Time represent for all purposes only the right

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to receive Acquiror Shares and cash in lieu of fractional shares as set forth in this Agreement. Notwithstanding any other provision of this Agreement, no dividends or other distributions in respect of Acquiror Shares with a record date after the Effective Time shall be paid to any person holding a Company Stock Certificate until such Company Stock Certificate has been surrendered for exchange as provided for in this Section 2.4. Subject to applicable Laws and the immediately preceding sentence, following surrender of any such Company Stock Certificate, there shall be paid to the holder of the Acquiror Stock Certificate issued in exchange therefor, without interest, at the time of such surrender, the amount of dividends or other distributions with a record date on or after the Effective Time theretofore payable with respect to the Acquiror Shares represented thereby, as well as any dividends with respect to the Company Shares represented by the surrendered Company Stock Certificate declared prior to the Effective Time but theretofore unpaid. Former shareholders of record of the Company shall not be entitled to vote after the Effective Time at any meeting of Acquiror shareholders until such holders have exchanged their certificates representing Company Shares for certificates representing Acquiror Shares in accordance with the provisions of this Agreement.

(e) *Transfers*. On or after the Effective Time, there shall be no transfers of Company Shares on the stock transfer books of the Company.

(f) *No Liability*. None of Acquiror, the Exchange Agent or the Company shall be liable to any holder of Company Shares for any Merger Consideration deposited with the Exchange Agent which is properly delivered to a public official pursuant to any abandoned property, escheat or similar Law.

(g) *Lost Certificates*. If any Company Stock Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Company Stock Certificate to be lost, stolen or destroyed and, if reasonably required by Acquiror, the posting by such person of a bond, in such reasonable amount as Acquiror may direct, as indemnity against any claim that may be made against it with respect to such Company Stock Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Company Stock Certificate the Merger Consideration to which the holder thereof is entitled, without any interest thereon.

(h) *Withholding*. Acquiror or the Exchange Agent shall be entitled to deduct and withhold from the Merger Consideration otherwise payable pursuant to this Agreement to any holder of Company Shares such amounts as Acquiror or the Exchange Agent is required to deduct and withhold under applicable Law with respect to the making of such payment. To the extent that amounts are so withheld by Acquiror or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Company Shares in respect of whom such deduction and withholding was made by Acquiror or the Exchange Agent.

Section 2.5. Effect of Merger on Company Options. The outstanding options, warrants or other right to purchase shares of Company Common Stock (collectively, the Company Options) shall be treated as follows in connection with the Holding Company Merger:

(a) The Company Board shall prior to the anticipated Closing Date declare (an Acceleration Declaration) each Company Option that is then outstanding but that is not then exercisable to be fully vested and exercisable as of the date of such Acceleration Declaration, but subject to the condition that the Holding Company Merger shall be consummated.

(b) Immediately prior to the Effective Time, each outstanding Company Option will be cancelled and terminated by the Company in exchange for an amount of cash, without interest, equal to the number of Company Shares that may be purchased under such Company Option multiplied by the Option Spread (the Option Consideration) less applicable Taxes required to be withheld with respect to such payment. The Option Spread for a Company Option will be equal to the arithmetic difference between (y) the exercise price of the Company Option and (z) the product of the Exchange Ratio and the Acquiror Average Closing Price. The Company s obligations with respect to the cancellation of the Company Options are contained in Section 6.10.

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ARTICLE III

Representations and Warranties of the Company

Except as set forth in a disclosure schedule delivered by the Company to Acquiror prior to the execution of this Agreement (the Company Disclosure Schedule), which identifies exceptions by specific Section references (provided that any information set forth in any one section of the Company Disclosure Schedule shall be deemed to apply to each other applicable Section or subsection thereof if its relevance to the information called for in such Section or subsection is reasonably apparent), the Company hereby represents and warrants to Acquiror as follows:

Section 3.1. Organization and Qualification of Company and Subsidiaries. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and is a registered bank holding company under the BHCA. Each Subsidiary of the Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation. The Company Bank is a California state chartered bank and is duly licensed by the California Commissioner of Financial Institutions as a commercial bank and is a member of the Federal Reserve System and its deposits are insured by the FDIC through the Bank Insurance Fund in the manner and to the fullest extent provided by law. Each of the Company and its Subsidiaries has the requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its respective properties and to carry on its business as it is now being conducted. Each of the Company and its Subsidiaries is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company.

Section 3.2. Certificate of Incorporation and Bylaws; Corporate Books and Records. The copies of the Company s Certificate of Incorporation, as amended (the Company Certificate), and Bylaws, as amended (the Company Bylaws), that are listed as exhibits to the Company s Form 10-K for the year ended December 31, 2004 are complete and correct copies thereof as in effect on the date hereof. The Company is not in violation of any of the provisions of the Company Certificate or the Company Bylaws. True and complete copies of all minute books of the Company and each of its Subsidiaries, containing minutes of meetings held and actions taken by their respective Boards of Directors or any committees thereof during the period from January 1, 2003 to the date hereof, have been made available by the Company to Acquiror. All material actions of the Company Board are reflected in such books.

Section 3.3. Capitalization.

(a) The authorized capital stock of the Company consists of 25,000,000 shares of Company Common Stock, par value $0.001 per share. As of the date hereof, (i) 8,519,892 shares of Company Common Stock are issued and outstanding, all of which are validly issued and fully paid, nonassessable and free of preemptive rights (and were not issued in violation of preemptive rights), (ii) no shares of Company Common Stock are held in the treasury of the Company or by its Subsidiaries and (iii) 858,622 shares of Company Common Stock are issuable (and such number is reserved for issuance) upon exercise of Company Options outstanding as of the date hereof (the Company Option Shares). All of the issued and outstanding shares of capital stock or other equity securities of the Company have been issued in compliance with applicable federal and state securities laws.

(b) Except for the Company Options, the shareholder Rights issued pursuant to the Rights Agreement, and arrangements and agreements set forth in Section 3.3(b) of the Company Disclosure Schedule, there are no (i) options, warrants or other rights, agreements, arrangements or

commitments of any character to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound relating to the issued or unissued capital stock or other Equity Interests of the Company or any of its

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Subsidiaries, or (ii) securities convertible into or exchangeable for such capital stock or other Equity Interests, or obligating the Company or any of its Subsidiaries to issue or sell any shares of its capital stock or other Equity Interests, or (iii) securities convertible into or exchangeable for such capital stock of, or other Equity Interests in, the Company or any of its Subsidiaries. The Company has provided Acquiror with a true and complete list, as of the date hereof, of the prices at which outstanding Company Options are exercisable, the number of Company Option Shares outstanding at each such price and the date of grant, expiration date and type (qualified or non-qualified under Section 422 of the Code) of each such Company Option. All of the Company Option Shares, upon their issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights and will not be issued in violation of preemptive rights.

(c) Except for the Voting Agreements, and except as set forth in Section 3.3(c) of the Company Disclosure Schedule, there are no outstanding contractual obligations of the Company or any of its Subsidiaries (i) restricting the transfer of, (ii) affecting the voting rights of, (iii) requiring the repurchase, redemption or disposition of, or containing any right of first refusal with respect to, (iv) requiring the registration for sale of, or (v) granting any preemptive or antidilutive right with respect to, any shares of Company Common Stock or any capital stock of, or other Equity Interests in, the Company or any of its Subsidiaries. To the knowledge of the Company, other than the Voting Agreements and Company Rights Agreement, there are no proxies, voting agreements, voting trusts, rights plans, anti-takeover plans or registration rights agreements with respect to any shares of the capital stock, equity or voting interests in the Company.

(d) The Company does not have outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or that are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company on any matter.

Section 3.4. Subsidiaries. The Company has no Subsidiaries other than those listed in Section 3.4 of the Company Disclosure Schedule, and there are no Subsidiaries of such Subsidiaries. The Company owns all of the issued and outstanding capital stock of each of its Subsidiaries, free and clear of any pledges, security interests, options, liens, claims or other encumbrances of any kind (collectively, the Liens). All of the issued and outstanding shares of capital stock of each of the Company s Subsidiaries have been validly issued and are fully paid and non-assessable. There are no outstanding contractual obligations of the Company or any of its Subsidiaries to make any investment in any of its Subsidiaries or any other person. None of the Company s Subsidiaries has (i) any arrangements or commitments obligating any of them to issue shares of any of its capital stock or any securities convertible into or having the right to purchase shares of any of its capital stock, or (ii) any bonds, debentures, notes or other obligations outstanding that entitle the holders thereof to vote (or that are convertible into or exercisable for securities having the right to vote) on any matters on which its shareholders may vote. Except as set forth on Section 3.4 of the Company Disclosure Schedule, the Company does not, directly or indirectly, beneficially own any equity securities or similar interests of any person or any interests of any person or any interest in a partnership or joint venture of any kind.

Section 3.5. Authority.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by action of the Company (other than the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding Company Shares entitled to vote thereon). This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by Acquiror, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors rights and to general equitable principles (regardless of whether such enforceability is considered in equity or at law).

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(b) By resolutions duly adopted at a meeting of the Company Board duly called and held on December 13, 2005, by the unanimous vote of the Company Board required to do so pursuant to the Company Certificate and the applicable provisions of the DGCL, the Company Board has duly (i) declared this Agreement advisable and determined that the transactions contemplated hereby (including the Holding Company Merger) are fair to and in the best interests of the Company and its shareholders, (ii) approved and adopted this Agreement and the Company Voting Agreements by the affirmative vote of a majority of the members of the Company Board, and (iii) resolved to recommend that the shareholders of the Company vote for the adoption of this Agreement (the Company Board Approval). A true and correct copy of such resolutions, certified by the Company s corporate secretary, will be furnished to Acquiror and none of such resolutions has been rescinded or revoked, in whole or in part, or modified in any way. The Company Board Approval constitutes approval of this Agreement for purposes of Section 203 of the DGCL and represents the only action necessary to ensure that the restrictions of Section 203 of the DGCL do not apply to the execution and delivery of this Agreement, the Company Voting Agreements or the consummation of the Holding Company Merger.

Section 3.6. No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 3.6(a) of the Company Disclosure Schedule, the execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, (i) conflict with or violate any provision of the Company Certificate or Company Bylaws or any equivalent organizational documents of any of its Subsidiaries, (ii) conflict with or violate any Law applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (assuming that all consents, approvals, authorizations and permits described in Section 3.6(b) have been obtained and all filings and notifications described in Section 3.6(b) have been made and any waiting periods thereunder have terminated or expired) or (iii) require any consent or approval under, result in any breach of or any loss of any benefit under, constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of the Company or any of its Subsidiaries pursuant to, any Company Material Contract (as defined in Section 3.14 herein), lease with respect to real estate or Company Permit, except, with respect to clauses (ii) and (iii), for any such conflicts, violations, breaches, losses, defaults, or failures to obtain any consent or approval, or other occurrences which would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company.

(b) The execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except with respect to any required Government Approvals.

Section 3.7. Permits; Compliance With Law.

(a) Each of the Company and its Subsidiaries is in possession of all authorizations, licenses, permits, certificates, approvals and clearances of any Governmental Entity necessary for it to own, lease and operate its properties or to carry on its business substantially in the manner described in the Company SEC Filings and substantially as it is being conducted as of the date hereof (the Company Permits), and all such Company Permits are valid and in full force and effect and, to the Company s knowledge, no suspension or cancellation of any of them is threatened, except where the failure to have, or the suspension or cancellation of, or failure to be valid or in full force and effect of, any of the Company Permits would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company.

(b) None of the Company or any of its Subsidiaries is in default or violation of (a) any Company Permits or (b) any Laws applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, including, without limitation, the Equal

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Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Bank Secrecy Act and all other fair lending laws and other laws relating to discriminatory business practices, except in each case for any such defaults or violations that would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company. Bank Secrecy Act means the Currency and Foreign Transaction Reporting Act (31 U.S.C. Section 5311 et seq.), as amended. Community Reinvestment Act means the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.), as amended. Equal Credit Opportunity Act means the Equal Credit Opportunity Act (15 U.S.C. Section 1691 et seq.) as amended. Fair Housing Act means the Fair Housing Act (420 U.S.C. Section 3601 et seq.), as amended. Home Mortgage Disclosure Act means the Home Mortgage Disclosure Act (12 U.S.C. Section 2801 et seq.), as amended. National Labor Relations Act means the National Labor Relations Act, as amended.

(c) The Company and each of its Subsidiaries have adopted such procedures and policies as are, in the reasonable judgment of Company management, necessary or appropriate to comply with Title III of the USA Patriot Act and, to the knowledge of the Company, is in such compliance. USA Patriot Act means the USA Patriot Act (Pub. L. No. 107 56).

(d) Other than customary and ordinary periodic examinations by federal and state regulatory agencies, including, without limitation, the FRB and DFI, or except as set forth in Section 3.7(d) of the Company Disclosure Schedule, no investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the knowledge of the Company, threatened, nor has the Company nor any of its Subsidiaries received since January 1, 2003, any notification or communication from any Governmental Entity (A) asserting that the Company or any of its Subsidiaries is not in compliance, in any material respect, with any of the Laws which such Governmental Entity enforces or (B) threatening to revoke any Company Permit (nor, to the Company s knowledge, do any grounds for any of the foregoing exist).

Section 3.8. SEC Filings; Financial Statements; Regulatory Reports.

(a) The Company has timely filed and will timely file all registration statements, prospectuses, forms, reports, definitive proxy statements, schedules and other documents and filings required to be filed by it under the Securities Act or the Exchange Act, as the case may be, since January 1, 2003 (the Applicable Date) (collectively, including those filed or furnished subsequent to the date of this Agreement, the Company SEC Filings). None of the Company s Subsidiaries is required to file periodic reports with the SEC pursuant to the Exchange Act. Each Company SEC Filing (i) as of the time it was filed, complied or will comply in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), and the rules and regulations promulgated thereunder, as the case may be, and (ii) did not or will not, at the time it was or is filed (or if subsequently amended or superseded by a Company SEC Filing then on the date of such subsequent filing), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The Company s consolidated financial statements (including, in each case, any notes thereto) contained in the Company SEC Filings, were or will be prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto or, in the case of interim consolidated financial statements, where information and footnotes contained in such financial statements are not required to be in compliance with GAAP), and in each case such consolidated financial statements fairly presented, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and the consolidated Subsidiaries of the Company as of the respective dates thereof and for the respective periods covered thereby (subject, in the case of unaudited statements, to normal year-end adjustments which were not and which are not expected to be, individually or in the aggregate, material to the Company and its consolidated Subsidiaries taken as a whole).

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(c) Except as and to the extent adequately provided for, in the aggregate, on the consolidated balance sheet of the Company and its consolidated Subsidiaries as of September 30, 2005 (the Company Balance Sheet), between September 30, 2005 and the date hereof, neither the Company nor any of its consolidated Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on a balance sheet or in notes thereto prepared in accordance with GAAP, except for liabilities or obligations (i) that, in the aggregate, are adequately provided for in the Company Balance Sheet, (ii) incurred in the ordinary course of business since September 30, 2005 and the date hereof that would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company, or (iii) incurred or provided for in this Agreement.

(d) The Company is in compliance with the applicable listing and corporate governance rules and regulations of the NASDAQ, except where the failure to be in such compliance would not have, individually or in the aggregate, a Material Adverse Effect with respect to the Company. Except as permitted by the Exchange Act, including Sections 13(k)(2) and (3) or rules of the SEC (including extensions of credit pursuant to Regulation O), since the enactment of the Sarbanes-Oxley Act, neither the Company nor any of its Affiliates has made, arranged or modified (in any material way) any extensions of credit in the form of a personal loan to any executive officer or director of the Company. For purposes of this Agreement, the term Affiliate when used with respect to any party shall mean any person who is an affiliate of that party within the meaning of Rule 405 promulgated under the Securities Act.

(e) Each required form, report and document containing financial statements that the Company has filed with or furnished to the SEC since January 1, 2003 was accompanied by the certifications required to be filed or furnished by the Company s chief executive officer and chief financial officer pursuant to the Sarbanes-Oxley Act, and at the time of filing or submission of each such certification, such certification (i) was true and accurate and complied in all material respects with the Sarbanes-Oxley Act, (ii) did not contain any qualifications or exceptions to the matters certified therein, except as otherwise permitted under the Sarbanes-Oxley Act or the rules and regulations thereunder, and (iii) has not been modified or withdrawn. Neither the Company nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, content, form or manner of filing or furnishing of such certifications. As of the end of the period covered by the most recently filed periodic report under the Exchange Act, the Company s disclosure controls and procedures (as defined in Sections 13a-15(e) and 15d-15(e) of the Exchange Act) were effective to provide reasonable assurance that material information, relating to the Company and its consolidated Subsidiaries, required to be included in any of the Company SEC Filings, were made known to Company management, including its Chief Executive Officer and Chief Financial Officer, respectively, on a timely basis.

(f) Each of the Company and its Subsidiaries has filed all material documents and reports relating to each of the Company and its Subsidiaries required to be filed with the FRB, the FDIC (in the case of any Subsidiary of the Company, if applicable), the DFI or any other Governmental Entity having jurisdiction over its business or any of its assets or properties (each a Regulatory Authority and collectively, the Regulatory Authorities). All such reports conform or will conform in all material respects with the requirements promulgated by such Regulatory Authorities and as of their respective dates, such documents and reports did not and will not contain any untrue statement of a material fa