

June 21, 2000

Mr. Milford N. Osborne
President
M. N. Osborne & Associates, Inc.
222 West Washington Street
Camden, Arkansas 71701

Dear Mr. Osborne:

We have completed our analysis of the notification, filed pursuant to the Change in Bank Control Act of 1978, for you to individually acquire up to 12.63 percent and for a family control group consisting of Edith M. Osborne, Richard Wagnon, Sheila Wagnon, and you to acquire up to an aggregate 15.38 percent of the voting shares of First Community Bancshares, Inc., Batesville, Arkansas ("Bancshares"). The Federal Reserve System does not object to the proposed transaction and consummation may proceed immediately. No judgment is expressed on the disposition of any notification, under the Bank Holding Company Act or any other statute, that you or Bancshares might file, or on the resolution of any issue such a notification might raise.

Our action on this proposal makes it possible for you to increase your individual ownership, control, or power to vote Bancshares' voting stock in the future without being required to file prior notice with the Federal Reserve System (see Section 225.42(a)(2) of Regulation Y). Notwithstanding this authorization, we would view with concern any excessive personal debt incurred by you to fund future acquisitions of Bancshares' stock. To ensure that such debt would not place an undue burden on the bank holding company as a funding source, we expect there to be no excessive dividends paid on Bancshares' stock in order to fund retirement of any future debt you may incur in connection with your ownership of Bancshares' stock. This expectation will be monitored in connection with this Reserve Bank's ongoing supervision of Bancshares.

While favorable action on this proposal would make it possible for you to increase your individual ownership, control, or power to vote shares of Bancshares's stock without prior System approval, our action does not authorize the other three members of the family group to individually acquire ownership, control, or the power to vote 25 percent or more of Bancshares' voting stock. Reaching or exceeding this threshold would require prior notice to the Federal Reserve System.

Milford N. Osborne
June 21, 2000
Page 2

Please advise us in writing when the transaction has been consummated. Such advice should include the exact number and percent of shares purchased by each member of the control group, and the date on which the purchase occurred. If the transaction has not been consummated within one year from this date, or if the terms, conditions or any of the parties to the transaction change, this Federal Reserve Bank should be consulted to determine whether any additional action or notification would be required.

The Change in Bank Control Act of 1978 requires that whenever a change in control occurs, each insured bank or bank holding company shall report promptly to the appropriate Federal banking agency any change or replacement of its chief executive officer or any director, occurring in the next 12-month period. The Act further requires a statement of the past and current business and professional affiliations of the new chief executive officer or directors. We would appreciate your cooperation in ensuring that the required information is submitted to this Federal Reserve Bank if any such changes occur for Bancshares.

Sincerely,

/s/ Dennis W. Blase

Dennis W. Blase
Assistant Vice President

Copy to: Mr. Dale Cole
Chairman, President and CEO
First Community Bancshares, Inc.
710 St. Louis Street
Batesville, Arkansas 72501

Ms. Patricia Lenfert
Assistant Regional Director
Memphis Regional Office
Federal Deposit Insurance Corporation
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Mr. John A. Bodnar
Deputy Comptroller
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Milford N. Osborne

June 21, 2000

Page 3

Ms. Jearlene Miller
Applications Manager
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The Honorable Frank White
State Bank Commissioner
State Bank Department
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