

**FIRST SOUTH BANCORP, INC.**

Press Release: July 10, 2006

FOR IMMEDIATE RELEASE

Media Contacts:

Tom Vann (CEO) or Bill Wall (CFO)

Phone: (252) 946-4178

Website: [www.firstsouthnc.com](http://www.firstsouthnc.com)

**FIRST SOUTH BANCORP, INC. ANNOUNCES ITS INCLUSION IN THE NEW  
NASDAQ GLOBAL SELECT MARKET**

*(The Market with the Highest Initial Listing Standards in the World)*

Washington, North Carolina – First South Bancorp, Inc. (NASDAQ: FSBK) (the “Company”), parent holding company of First South Bank (the “Bank”) today announced that it is included in the new NASDAQ Global Select Market. The NASDAQ Global Select Market has the highest initial listing standards of any exchange in the world based on financial and liquidity requirements. Prior to the change, the Company had been listed on the NASDAQ National Market.

Beginning July 3, 2006, NASDAQ-listed companies will be classified under three listing tiers — NASDAQ Global Select Market, NASDAQ Global Market, and NASDAQ Capital Market. NASDAQ also plans to launch indexes based on these new tiers.

"First South Bancorp, Inc. is an example of an industry leader that has achieved superior listing standards, which clearly defines the essence of the NASDAQ Global Select Market," said Bruce Aust, NASDAQ Executive Vice President, Corporate Client Group. "NASDAQ is focused on leading a race to the top in terms of listing qualifications. In recognizing these companies, we are highlighting their achievement in meeting the requirements to be included in the market with the highest listing standards in the world," added Mr. Aust.

NASDAQ announced the new three tier listing classification in February 2006. All three of the new market tiers will maintain rigorous listing and corporate governance standards. Please go to [www.nasdaq.com/GlobalSelect](http://www.nasdaq.com/GlobalSelect) for additional information about the NASDAQ Global Select Market.

Tom Vann, President and Chief Executive Officer of the Company, stated, “We are pleased to be included in the new NASDAQ Global Select Market. This inclusion reflects the continued success of the Company’s operating performance, allowing us to meet and maintain the highest listing standards of any exchange in the world.”

“Being included in the NASDAQ Global Select Market further exemplifies the growing visibility of First South Bancorp’s performance among the national business and investment communities and places the Company in a peer group of the top listed companies in the world,” added Mr. Vann.

First South Bank has been serving the citizens of eastern North Carolina since 1902 and offers a variety of financial products and services, including a Leasing Company and securities brokerage services through an affiliation with a broker/dealer. The Bank operates through its main office headquartered in Washington, North Carolina, and has 26 full service branch offices and a loan production office located throughout central, eastern, northeastern and southeastern North Carolina.

NASDAQ is the largest U.S. electronic stock market. With approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market. It is home to companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology. NASDAQ is the primary market for trading NASDAQ-listed stocks. For more information about NASDAQ, visit [www.nasdaq.com](http://www.nasdaq.com) or the NASDAQ Newsroom at <http://www.nasdaq.com/newsroom/>.

(NASDAQ: FSBK)