

Coburn John Cameron
 Form 4
 January 16, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Coburn John Cameron

(Last) (First) (Middle)

1117 MILITARY CUTOFF ROAD

(Street)

WILMINGTON, NC 28405

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 Cape Fear Bank CORP [CAPE]

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/15/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---------------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 01/15/2008 | | M | | 12,058 | A | \$ 6.68 |
| Common Stock | | | | | 123,186 | D | (1) |
| Common Stock | | | | | 2,065 | I | (2) By 401(k) plan |
| Common Stock | | | | | 3,193 | I | By Trust for John Cameron Coburn, Jr. |

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

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Employee Stock Option Grant (Right to Buy) | \$ 6.68 | | | | | ⁽³⁾ 06/17/2009 | Common Stock 34,453 |
| Director Stock Option (Right to Buy) | \$ 6.68 | 01/15/2008 | | M | 12,058 | 06/17/1999 06/17/2009 | Common Stock 12,058 |
| Director Stock Option Grant | \$ 3.78 | | | | | 02/21/2002 02/21/2012 | Common Stock 6,201 |
| Employee Stock Option Grant (Right to Buy) | \$ 3.78 | | | | | 02/21/2003 02/21/2012 | Common Stock 10,335 |
| Employee Stock Option Grant (Right to Buy) | \$ 9.76 | | | | | ⁽⁴⁾ 07/22/2015 | Common Stock 37,898 |
| | \$ 9.76 | | | | | 01/22/2006 07/22/2015 | 5,925 |

Director
 Stock
 Option
 Grant

Common
 Stock

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Coburn John Cameron 1117 MILITARY CUTOFF ROAD WILMINGTON, NC 28405 | X | | President and CEO | |

Signatures

John Cameron Coburn, By: William R. Lathan, Jr.,
 Attorney-in-Fact

01/16/2008

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Owned by the John Cameron Coburn Revocable Trust dated July 5, 2007.
- (2) The number of shares is based on the reporting person's 401 (k) plan statement as of June 30, 2007.
- (3) This option vests 20% annually beginning on June 17, 2000.
- (4) This option vests 25% annually beginning on July 22, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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