

FULTON FINANCIAL CORP
Form S-4/A
April 28, 2005
Table of Contents

As Filed With the Securities and Exchange Commission On April 28, 2005

Registration Statement No. 333-124053

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
FORM S-4/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FULTON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

6720
(Primary Standard Industrial
Classification Code Number)

23-2195389
(I.R.S. Employer Identification No.)

One Penn Square
Lancaster, Pennsylvania 17602

717-291-2411

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Rufus A. Fulton, Jr.

Chairman and Chief Executive Officer

One Penn Square

Lancaster, Pennsylvania 17602

717-291-2411

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

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Kimberly J. Decker, Esquire
Barley Snyder LLC
126 East King Street
Lancaster, Pennsylvania 17604-2893
Telephone: (717) 291-5201

Peter D. Hutcheon, Esquire
Douglas R. Brown, Esquire
Norris, McLaughlin & Marcus, P.A.
721 Route 202-206
Bridgewater, NJ 08807
Telephone: (908) 722-0700

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box, and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price (2)(3)	Amount of registration fee (4)
Common Stock, par value \$2.50 per share (and associated stock purchase rights)(3)			(previously paid)	

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Proxy Statement/ Prospectus

SVB FINANCIAL SERVICES, INC.
PROXY STATEMENT
FOR SPECIAL MEETING OF SHAREHOLDERS

JUNE 9, 2005

Nasdaq National Market Symbol: SVBF

FULTON FINANCIAL CORPORATION
PROSPECTUS FOR
3,413,340 SHARES OF FULTON FINANCIAL COMMON STOCK

Nasdaq National Market Symbol: FULT

This document constitutes a proxy statement of SVB Financial Services, Inc. in connection with the solicitation of proxies by the board of directors of SVB Financial for use at the special meeting of shareholders to be held at Raritan Valley Country Club, Route 28, Somerville, New Jersey 08876, on Thursday, June 9, 2005, at 2:00 p.m., local time. At the special meeting, SVB Financial shareholders will be asked to consider and vote on the following proposals:

1. To approve and adopt the Agreement and Plan of Merger, dated January 11, 2005, between SVB Financial Services, Inc. and Fulton Financial Corporation which provides, among other things, for the merger of SVB Financial with and into Fulton and the conversion of each share of common stock of SVB Financial outstanding immediately prior to the merger into either: (i) .9519 shares (subject to adjustment) of Fulton common stock; or (ii) \$21.00 in cash, with shareholders being permitted to elect to receive all stock, all cash, or a combination of stock and cash in one of the two following combinations: 80% stock/20% cash or 60% stock/40% cash (subject to proration);
2. To adjourn the special meeting if necessary to allow SVB Financial time to solicit more votes in favor of the merger agreement; and
3. To transact such other business as may properly be brought before the special meeting.

On April 13, 2005, Fulton declared a five-for-four stock dividend, payable on June 8, 2005 to shareholders or record as of May 17, 2005. As a result, effective as of June 9, 2005, the exchange ratio will be adjusted from .9519 shares of Fulton for each share of SVB owned to 1.1899 shares of Fulton for each share of SVB owned. However, as of the date of this document, April 29, 2005, the adjustment to the exchange ratio

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has not taken effect. Therefore, all information in this document relating to Fulton shares or Fulton per share information is reported on a pre-stock dividend basis.

This document also constitutes a prospectus of Fulton filed as part of a registration statement filed with the Securities and Exchange Commission relating to up to 3,413,340 shares of Fulton common stock being registered for this transaction. On April 26, 2005, the closing price of Fulton's common stock was \$21.02, making the value of .9519 shares of Fulton common stock equal to \$20.01 on that date. The closing price of SVB Financial's common stock on April 22, 2005, the last date on which trading occurred prior to April 26, 2005, when no trades occurred, was \$20.19. These prices will fluctuate between now and the closing of the merger, but the exchange ratio in the merger and the cash consideration will remain fixed despite these fluctuations. This document does not cover any resale of the Fulton stock being registered for this transaction by any shareholders deemed to be affiliates of Fulton or SVB Financial. SVB Financial and Fulton have not authorized any person to make use of this document in connection with any such resale.

SVB Financial and Fulton provided all information related to their respective companies.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

These securities are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any governmental agency.

All investors should review the Risk Factors beginning on page 15.

The date of this document is April 29, 2005. This document was first sent to shareholders on or about May 6, 2005.

Table of Contents

You should rely only on the information contained in this document or to which this document has referred you. SVB Financial and Fulton have not authorized anyone to provide you with information that is different. You should not assume that the information in this document is accurate as of any date other than the date on the front of the document.

This document may incorporate important business and financial information about Fulton and SVB Financial that is not included in or delivered with the document. This information is available without charge to security holders upon written or oral request to the following persons at either SVB Financial or Fulton:

*George R. Barr, Jr., Secretary
Fulton Financial Corporation
One Penn Square
Lancaster, PA 17602
717-291-2411*

*Elizabeth J. Balunis, Secretary
SVB Financial Services, Inc.
70 East Main Street
Somerville, NJ 08876
908-541-9500*

To obtain timely delivery of requested documents, you must request the information no later than June 1, 2005.

Table of Contents**TABLE OF CONTENTS**

	Page
SUMMARY	3
<u>Agreement to Merge (See page 21)</u>	3
<u>SVB Financial Shareholders May Elect Their Form Of Consideration (See page 29)</u>	3
<u>Shareholder Elections May Be Subject To Proration (See page 29)</u>	3
<u>SVB Financial Consideration (See page 28)</u>	3
<u>Comparative Per Share Data</u>	4
<u>Selected Financial Data</u>	6
<u>No Federal Income Tax On Shares Received In Merger (See page 39)</u>	8
<u>Share Information And Market Prices</u>	8
<u>Merger Consideration Is Fair From A Financial Point Of View According To SVB Financial's Financial Advisor (See page 24)</u>	8
<u>No Dissenters' Rights Of Appraisal (See page 41)</u>	8
<u>Your Rights As Shareholders Will Change After The Merger (See page 49)</u>	9
<u>The Companies (See page 43 for Fulton, page 47 for SVB Financial)</u>	9
<u>SVB Financial Board Recommends Shareholder Approval (See page 22)</u>	10
<u>Vote Required To Approve Merger Agreement (See page 20)</u>	11
<u>Special Meeting To Be Held June 9, 2005 (See page 19)</u>	11
<u>Record Date Set At April 20, 2005; Voting (See page 19)</u>	11
<u>Conditions That Must Be Satisfied For The Merger To Occur (See page 30)</u>	11
<u>Regulatory Approvals Required (See page 38)</u>	11
<u>Termination And Amendment Of The Merger Agreement (See page 37)</u>	12
<u>Fulton To Continue As Surviving Corporation (See page 28)</u>	12
<u>Warrant Agreement Makes Third Party Offers For SVB Financial More Expensive (See page 34)</u>	12
<u>Risk Factors (See page 15)</u>	13
<u>Financial Interests of Management In The Merger (See page 41)</u>	13
<u>Forward-Looking Information</u>	13
RISK FACTORS	15
<u>THE SPECIAL MEETING</u>	18
<u>Time, Date and Place</u>	18
<u>Matters to be Considered</u>	19
<u>Shares Outstanding and Entitled to Vote; Record Date</u>	19
<u>How to Vote Your Shares</u>	19
<u>Vote Required</u>	20
<u>Solicitation of Proxies</u>	20
<u>THE MERGER</u>	20
<u>Background of Merger</u>	21
<u>Recommendation of the SVB Financial Board of Directors and Reasons for the Merger</u>	22
<u>Opinions of SVB Financial's Financial Advisor</u>	24
<u>Compensation of Financial Advisor</u>	28
<u>Fulton's Board Of Directors' Reasons For The Merger</u>	28
<u>Effect Of The Merger</u>	28
<u>Exchange of Shares</u>	29
<u>Election</u>	29
<u>Proration</u>	29
<u>Dividends</u>	29
<u>Stock Options</u>	29
<u>Effective Date Of The Merger</u>	30
<u>Exchange Of SVB Financial Stock Certificates</u>	30
<u>Conditions To The Merger</u>	31
<u>Representations and Warranties</u>	31
<u>Conduct of SVB Financial Business Pending The Merger</u>	33
<u>No Solicitation Of Transactions</u>	34

Table of Contents

<u>Amendment: Waivers</u>	37
<u>Termination: Effect Of Termination</u>	37
<u>Management And Operations After The Merger</u>	38
<u>Employment; Severance</u>	38
<u>Employee Benefits</u>	38
<u>Regulatory Approvals</u>	38
<u>Material Contracts</u>	39
<u>Material Federal Income Tax Consequences</u>	39
<u>Accounting Treatment</u>	40
<u>NASDAQ Quotation</u>	41
<u>Expenses</u>	41
<u>Resale Of Fulton Common Stock</u>	41
<u>No Dissenters Rights</u>	41
<u>Dividend Reinvestment Plan</u>	41
<u>Financial Interests Of Management in the Merger</u>	41
<u>INFORMATION ABOUT FULTON</u>	43
<u>General</u>	43
<u>Market Price Of And Dividends On Fulton Common Stock And Related Shareholder Matters</u>	43
<u>Indemnification</u>	44
<u>Description Of Fulton Financial Common Stock</u>	44
<u>INFORMATION ABOUT SVB FINANCIAL</u>	48
<u>General</u>	48
<u>Market Price Of And Dividends On SVB Financial Common Stock And Related Shareholder Matters</u>	48
<u>ADJOURNMENT</u>	49
<u>COMPARISON OF SHAREHOLDER RIGHTS</u>	49
<u>EXPERTS</u>	52
<u>LEGAL MATTERS</u>	53
<u>OTHER MATTERS</u>	53
<u>SHAREHOLDER PROPOSALS</u>	53
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	53
<u>INCORPORATION BY REFERENCE</u>	54

EXHIBITS

A	Agreement and Plan of Merger, dated January 11, 2005, as amended	A-1
B	Warrant Agreement and Warrant, dated January 12, 2005	B-1
C	Opinion of Financial Advisor	C-1
D	Form of Election Form/Letter of Transmittal	D-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q1: What will I be voting on at the shareholders meeting?

A: You will be voting on a merger transaction in which Fulton will acquire SVB Financial.

Q2: What will happen in the merger?

A: In the merger, SVB will merge with Fulton, and Somerset Bank will become a wholly owned subsidiary of Fulton. You will receive either cash or Fulton common stock or a combination of both. See answer to Q8.

Q3: When and where will the special shareholders meeting be held?

A: The special shareholders meeting is scheduled to take place at Raritan Valley Country Club, Route 28, Somerville, New Jersey 08876 on June 9, 2005 at 2:00 p.m.

Q4: What do I need to do now?

A: After you have carefully read this document, indicate on your proxy card how you want your shares to be voted, then sign and mail it in the enclosed prepaid return envelope as soon as possible, so that your shares may be represented and voted at the special meeting to be held on June 9, 2005.

Q5: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Maybe. **Your broker will vote your shares only if you provide instructions on how to vote.** You should follow the directions provided by your broker. Without instructions, your shares will not be voted on the merger agreement.

Q6: If my shares are held in an IRA, who votes those shares?

A: You vote shares held by you in an IRA as though you held those shares directly.

Q7: Can I change my vote after I have mailed my signed proxy card?

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A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card with a later date. Third, you may vote in person at the special meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q8: What will SVB Financial shareholders receive as a result of the merger?

A: As described in the following Summary and elsewhere in this document, if you are an SVB Financial shareholder, in exchange for your shares of SVB Financial common stock, you will be entitled to elect to receive merger consideration in the form of cash, shares of Fulton common stock, or a combination of cash and Fulton common stock. The actual form of merger consideration you receive will depend on your election and, in some circumstances, on the election made by other SVB Financial shareholders.

Q9: How do SVB Financial shareholders elect the form of merger consideration they wish to receive?

A: An election form/letter of transmittal accompanies this document. You should complete the election form/letter of transmittal according to the instructions printed on the form. The form, together with the stock certificates representing your shares of SVB Financial common stock, should be sent to the exchange agent, Fulton Financial Advisors, N.A., before the election deadline, which is June 15, 2005.

Table of Contents

Q10: What if I do not complete and return the election form before the election deadline?

A: If you do not submit a properly completed election form prior to the election deadline, and proration is necessary, you will receive cash consideration or Fulton stock consideration in exchange for your shares of SVB Financial common stock depending on whether the aggregate cash or stock elections made by shareholders exceeded the relevant limit. If proration is not necessary, you will receive Fulton common stock consideration in exchange for your shares of SVB Financial common stock. After the election deadline, you will be sent a letter of transmittal with instructions on how to exchange your SVB Financial common stock certificates for the merger consideration.

Q11: Should I send in my stock certificates now?

A: **You may send your SVB stock certificates to the exchange agent with the enclosed election form/letter of transmittal at any time. However, in order to make a valid election of the consideration you want to receive, you must return your certificates and the form to the exchange agent no later than June 15, 2005.**

Q12: When do you expect to merge?

A: Fulton and SVB Financial expect to complete the merger during the third quarter of 2005. In addition to the approval of SVB Financial shareholders, Fulton must also obtain regulatory approvals. Fulton and SVB Financial expect to receive all necessary approvals no later than June 30, 2005.

Q13: Who should I contact with questions or to obtain additional copies of this document?

A: You should call either:

Elizabeth J. Balunis, Secretary
SVB Financial Services, Inc.
70 East Main Street
Somerville, NJ 08876
908-541-9500

George R. Barr, Jr., Secretary
Fulton Financial Corporation
One Penn Square
Lancaster, PA 17602
717-291-2411

Table of Contents

SUMMARY

This summary highlights selected information from this document. Because this is a summary, it does not contain all of the information that is important to you. To understand the merger fully, you should carefully read this entire document and the attached exhibits. See "Where You Can Find More Information" on page 53 for reference to additional information available to you regarding Fulton and SVB Financial.

Agreement to Merge (See page 20)

Fulton and SVB Financial entered into a merger agreement on January 11, 2005. The merger agreement provides that each share of SVB Financial common stock outstanding on the effective date of the merger will be exchanged for either: (i) .9519 shares (subject to adjustment) of Fulton common stock; or (ii) \$21.00 cash, with a shareholder being permitted to elect all stock, all cash or one of two combinations of stock and cash (80% stock/20% cash or 60% stock/40% cash), and that SVB Financial will merge with Fulton. Shareholder consideration elections are subject to proration, as described below. A copy of the merger agreement is attached to this document as Exhibit A and is incorporated herein by reference.

On April 13, 2005, Fulton declared a five-for-four stock dividend, payable on June 8, 2005 to shareholders or record as of May 17, 2005. As a result, effective as of June 9, 2005, the exchange ratio will be adjusted from .9519 shares of Fulton for each share of SVB owned to 1.1899 shares of Fulton for each share of SVB owned. However, as of the date of this document, April 29, 2005, the adjustment to the exchange ratio has not taken effect. Therefore, all information in this document relating to Fulton shares or Fulton per share information is reported on a pre-stock dividend basis.

SVB Financial Shareholders May Elect Their Form Of Consideration (See page 29)

This document is accompanied by an election form on which each shareholder may indicate their election regarding the form of merger consideration they wish to receive. Election forms must be returned to Fulton Financial Advisors, N.A., Fulton's transfer agent, no later than June 15, 2005. Any shareholder who has not returned an election form by the indicated deadline will have all of his or her SVB Financial shares converted into Fulton stock or cash in the merger, depending on whether proration is necessary and whether it is the cash consideration or the stock consideration that must be prorated. If proration is not necessary, any shareholder who has not returned an election form by the indicated deadline will have all of his or her SVB Financial shares converted into Fulton stock in the merger.

Shareholder Elections May Be Subject To Proration (See page 29)

Although the merger agreement permits each SVB Financial shareholder to elect the form of consideration he or she wants to receive in exchange for his or her shares of SVB Financial common stock, all shareholder elections are subject to proration if the total number of shares for which cash is elected is less than 20% or more than 40% of the total number of shares outstanding. If that occurs, each shareholder's election will be modified, on the same percentage basis, so that the total number of shares receiving cash consideration is equal to 20% (if too few share elections were received for cash), or 40% (if too many share elections were received for cash), as the case may be, of the total number of shares outstanding. If the total number of shares for which shareholders elect to receive cash is equal to or within the range of 20%-40% of total shares of SVB Financial outstanding, then all shareholders will receive the consideration that they elect. With respect to options, option holders may elect to receive Fulton options or cash equal to the difference between the exercise price and \$21.00 for their option shares provided that at least

20% of all SVB Financial options must be converted to cash. In the absence of an election by the holder, SVB options shall be converted to Fulton stock options. However, if holders of options elect to convert fewer than 20% of SVB Financial options into cash, such elections will be subject to proration as agreed by Fulton and SVB Financial.

SVB Financial Consideration (See page 29)

If the merger is completed, you will receive in exchange for each share of SVB Financial common stock you own, at your election, and subject to proration as explained above, either: (i) .9519 shares of Fulton common stock (subject to adjustment); or (ii) \$21.00 in cash. A shareholder may elect to receive all cash, all stock or a combination of cash and stock in one of the following two combinations: 80% stock/20% cash or 60% stock/40% cash. Fulton will not issue any fractional shares, and therefore, you will receive a cash payment for any fractional shares based on the closing market price of Fulton's common stock, which is calculated as the average of the per share closing bid and asked prices for Fulton common stock, calculated to two decimal places, for the ten (10) consecutive trading days immediately preceding the date which is two (2) business days before the effective date of the merger. On April 26, 2005, the closing price of Fulton common stock was \$21.02, making the value of .9519 shares of Fulton common stock equal to \$20.01 on that date. The closing price of SVB Financial's common stock on April 22, 2005, the last date on which a trade occurred prior to April 26, 2005, when no trades occurred was \$20.19. Because the market price of Fulton stock fluctuates, you will not know when you vote at the special meeting what Fulton shares will be worth when issued in the merger. The market prices of both Fulton and SVB Financial common stock will fluctuate prior to the merger, but the exchange ratio in the merger will remain fixed despite these fluctuations. The cash consideration of \$21.00 per share will also remain fixed. You should obtain current market quotations for Fulton common stock and SVB Financial common stock.

Table of Contents**Comparative Per Share Data**

Fulton and SVB Financial have summarized below the per share information for each company on an historical, pro forma combined and equivalent basis. You should read this information in conjunction with the historical financial statements and the related notes contained in the annual and quarterly reports and other documents Fulton and SVB Financial have filed with the SEC or that are attached to this document. See

Where You Can Find More Information on page 53. The Fulton pro forma information gives effect to the merger, assuming that .9519 shares of Fulton common stock are issued for 60% of the outstanding shares of SVB Financial common stock.

Selected Historical and Pro Forma**Combined Per Share Data (A)**

	As of or for the Year Ended December 31, 2004
Fulton	
Historical Per Common Share:	
Average Shares Outstanding (Basic)	119,435,000
Average Shares Outstanding (Diluted)	120,641,000
Book Value	\$ 9.88
Cash Dividends	\$ 0.647
Net Income (Basic)	\$ 1.28
Net Income (Diluted)	\$ 1.27
Fulton, SVB Financial Combined	
Pro Forma Per Common Share:	
Average Shares Outstanding (Basic)	121,750,402
Average Shares Outstanding (Diluted)	123,018,085
Book Value	\$ 10.13
Cash Dividends	\$ 0.647
Net Income (Basic)	\$ 1.26
Net Income (Diluted)	\$ 1.25

(A) The above pro forma per share equivalent information is based on average shares outstanding during the periods except for the book value per share which is based on period end shares outstanding. The number of shares in each case has been adjusted for stock dividends and stock splits by each institution through the periods. The equivalent pro forma per common share information is derived by applying the exchange ratio of .9519 shares of Fulton common stock, \$2.50 par value per share, for each share of SVB Financial common stock, \$2.09 par value per share, to the Fulton, SVB Financial, combined pro forma per common share information. The combined pro forma financial information assumes that 40% of SVB's shares elect to receive cash consideration of \$21.00 in exchange for each share of SVB Financial common stock. It is assumed that the funding for this cash portion of the consideration is obtained at a rate of 5.35%. The pro forma numbers do not reflect operating cost reductions or revenue enhancements which are expected to be realized after the acquisition.

Table of Contents**Selected Historical and Pro Forma****Per Share Equivalent Data (A)**

	As of or for the Year Ended	
	December 31, 2004	
SVB Financial		
Historical Per Common Share:		
Average Shares Outstanding (Basic)		4,054,000
Average Shares Outstanding (Diluted)		4,162,000
Book Value	\$	7.23
Cash Dividends	\$	0.00
Net Income (Basic)	\$	0.87
Net Income (Diluted)	\$	0.85
Equivalent Pro Forma Per Common Share:		
Book Value	\$	9.64
Cash Dividends	\$	0.616
Net Income (Basic)	\$	1.20
Net Income (Diluted)	\$	1.19

- (A) The above pro forma per share equivalent information is based on average shares outstanding during the periods except for the book value per share which is based on period end shares outstanding. The number of shares in each case has been adjusted for stock dividends and stock splits by each institution through the periods. The equivalent pro forma per common share information is derived by applying the exchange ratio of .9519 shares of Fulton common stock, \$2.50 par value per share, for each share of SVB Financial common stock, \$2.09 par value per share, to the Fulton, SVB Financial, combined pro forma per common share information. The combined pro forma financial information assumes that 40% of SVB's shares elect to receive cash consideration of \$21.00 in exchange for each share of SVB Financial common stock. It is assumed that the funding for this cash portion of the consideration is obtained at a rate of 5.35%. The pro forma numbers do not reflect operating cost reductions or revenue enhancements which are expected to be realized after the acquisition.

Table of Contents**Selected Financial Data**

The following tables show selected historical consolidated summary financial data for both Fulton and SVB Financial. This information is derived from the consolidated financial statements of Fulton and SVB Financial incorporated by reference in this document. See [Where You Can Find More Information](#) on page 53.

Fulton Financial Corporation**Selected Historical Financial Data****(In thousands, except per share data)**

FOR THE YEAR	2004	2003	2002	2001	2000
Interest income	\$ 493,643	\$ 435,531	\$ 469,288	\$ 518,680	\$ 519,661
Interest expense	135,994	131,094	158,219	227,962	243,874
Net interest income	357,649	304,437	311,069	290,718	275,787
Provision for loan losses	4,717	9,705	11,900	14,585	15,024
Other income	138,864	134,370	114,012	102,057	76,717
Other expenses	273,615	231,559	223,765	218,234	186,209
Income before income taxes	218,181	197,543	189,416	159,956	151,271
Income taxes	65,264	59,363	56,468	46,367	44,437
Net income	\$ 152,917	\$ 138,180	\$ 132,948	\$ 113,589	\$ 106,834
PER SHARE DATA					
Net income (basic)	\$ 1.28	\$ 1.23	\$ 1.17	\$ 1.00	\$ 0.95
Net income (diluted)	1.27	1.22	1.17	0.99	0.95
Cash dividends	0.647	0.593	0.531	0.481	0.430
AT YEAR END					
Total assets	\$ 11,158,351	\$ 9,767,288	\$ 8,387,778	\$ 7,770,711	\$ 7,364,804
Loans, Net of Unearned Income	7,584,547	6,159,994	5,317,068	5,373,020	5,374,659
Deposits	7,895,524	6,751,783	6,245,528	5,986,804	5,502,703
Long-term debt (1)	684,236	568,730	535,555	456,802	559,503
Shareholders' equity	1,242,290	946,936	863,742	811,454	731,171
AVERAGE BALANCES					
Shareholders' equity	\$ 1,068,464	\$ 894,469	\$ 838,213	\$ 779,014	\$ 673,971
Total assets	10,343,328	8,802,138	7,900,500	7,520,071	7,019,523

(1) On March 28, 2005, Fulton issued \$100 million aggregate principal amount of 5.35% subordinated notes due April 1, 2015 (Series A).

Table of Contents**SVB Financial Services, Inc.****Selected Historical Financial Data****(In thousands, except for per share data)**

FOR THE YEAR	2004	2003	2002	2001	2000
Interest income	\$ 21,651	\$ 20,700	\$ 20,848	\$ 19,867	\$ 17,945
Interest expense	6,152	6,262	7,471	9,030	7,972
Net interest income	15,499	14,438	13,377	10,837	9,973
Provision for loan losses	444	502	455	365	375
Other income	2,466	2,018	1,732	1,329	991
Other expenses	12,238	11,641	10,764	9,009	8,182
Income before income taxes	5,283	4,313	3,890	2,792	2,407
Income taxes	1,742	1,429	1,435	1,048	900
Net income	\$ 3,541	\$ 2,884	\$ 2,455	\$ 1,744	\$ 1,507
PER SHARE DATA					
Net income (basic)	\$ 0.87	\$ 0.71	\$ 0.62	\$ 0.46	\$ 0.41
Net income (diluted)	0.85	0.70	0.61	0.45	0.39
AT YEAR END					
Total assets	\$ 482,958	\$ 431,074	\$ 404,984	\$ 328,305	\$ 241,630
Loans, net of unearned income	299,328	268,529	235,399	207,280	177,251
Deposits	413,616	379,013	364,422	297,474	222,384
Long-term debt	6,702	6,500	6,500	4,000	0
Shareholders' equity	29,363	25,689	23,178	19,628	17,366
AVERAGE BALANCES					
Shareholders' equity	\$ 27,333	\$ 24,185	\$ 21,241	\$ 18,385	\$ 15,987
Total assets	462,991	420,214	375,815	286,329	226,320

Table of Contents**No Federal Income Tax On Shares Received In Merger (See page 39)**

SVB Financial shareholders generally will not recognize gain or loss for federal income tax purposes on the shares of Fulton common stock they receive in the merger. Fulton's attorneys have issued a legal opinion to this effect, which is included as an exhibit to the registration statement filed with the SEC for the shares to be issued in the merger. SVB Financial shareholders will be taxed on cash received in the merger, including cash received instead of any fractional shares. Tax matters are complicated, and tax results may vary among shareholders. Fulton and SVB Financial urge you to contact your own tax advisor to understand fully how the merger will affect you.

Share Information And Market Prices

Fulton common stock trades on the National Market System of the Nasdaq Stock Market under the symbol FULT. SVB Financial common stock trades on the National Market System of the Nasdaq Stock Market under the trading symbol SVBF. The table below shows the last sale price of Fulton common stock and SVB Financial common stock and the equivalent price per share of SVB Financial common stock based on the exchange ratio on January 11, 2005, the last full trading day before public announcement of the merger agreement and on April 26, 2005 for Fulton, and April 22, 2005 for SVB Financial⁽¹⁾, the most recent practicable date prior to the printing of this document.

	Historical	Pro Forma Equivalent
	Price Per Share	Price Per Share (2)
Fulton Common Stock		
Closing Price on January 11, 2005	\$ 22.18	N/A
Closing Price on April 26, 2005	\$ 21.02	N/A
SVB Financial Common Stock		
Closing Price on January 11, 2005	\$ 21.52	\$ 21.11
Closing Price on April 22, 2005 ⁽¹⁾	\$ 20.19	\$ 20.01

(1) No SVB Financial shares traded on April 26, 2005. The next prior date on which trading in SVB Financial shares occurred was April 22, 2005.

(2) Based upon the product of the conversion ratio (.9519) and the closing price of Fulton common stock.

Merger Consideration Is Fair From A Financial Point Of View According To SVB Financial's Financial Advisor (See page 23)

Danielson Associates, Inc. has given an opinion to SVB Financial's board of directors that, as of both January 11, 2005 and April 11, 2005, the merger consideration in the merger is fair from a financial point of view to SVB Financial's shareholders. The full text of Danielson's opinion is attached as Exhibit C to this document. Fulton and SVB Financial encourage you to read the opinion carefully. Pursuant to an engagement letter between SVB Financial and Danielson, in exchange for Danielson's services, Danielson received an initial fee of \$10,000 and upon the consummation of the merger, will receive 0.5% of the entire amount of the merger consideration, inclusive of the \$10,000 initial fee. SVB Financial will also reimburse Danielson for its reasonable out-of-pocket expenses.

No Dissenters Rights Of Appraisal (See page 41)

SVB Financial's shareholders are not entitled to exercise dissenters' rights under the provisions of Section 14A:11-1(1)(a)(i)(B) of the New Jersey Business Corporation Act, as amended.

Table of Contents

Your Rights As Shareholders Will Change After The Merger (See page 49)

Upon completion of the merger, you will become a shareholder of Fulton. Fulton's Articles of Incorporation and Bylaws and Pennsylvania law determine the rights of Fulton's shareholders. The rights of shareholders of Fulton differ in certain respects from the rights of shareholders of SVB Financial. The most significant of these differences include:

The most significant differences are:

Fulton has adopted a Shareholder Rights Plan, which provides Fulton's shareholders with certain stock-related rights in the event of a hostile takeover but may have the effect of discouraging such a takeover, while SVB Financial has not adopted any such plan.

Fulton's Amended and Restated Articles of Incorporation provide that holders of not less than 85% of its then outstanding voting power may remove directors without cause, while SVB Financial's directors may not be removed without cause.

Fulton's Bylaws may be amended by its Board of Directors or by holders of not less than 85% of its then outstanding voting power, while SVB Financial's Bylaws may be amended by a majority of its Board of Directors or by the approval of a majority of the votes entitled to be cast by its shareholders.

Fulton's Amended and Restated Articles of Incorporation deny shareholders the right to take action without a shareholder's meeting, while SVB Financial's Bylaws permit its shareholders to take action without a shareholder's meeting if a written consent is signed by all of its holders of outstanding stock entitled to vote at such meeting.

Fulton's Amended and Restated Articles of Incorporation provides that approval of not less than 85% of the then outstanding voting power of its capital stock is required for a business combination between Fulton and an interested shareholder of Fulton unless approved by Fulton's board, in which case approval of only 2/3 of the then outstanding voting power is required, while the Certificate of Incorporation of SVB Financial provides that all business combinations in which SVB Financial is a party are subject to the approval of at least 2/3 of votes entitled to be cast at a shareholders meeting unless approved in advance by the continuing directors of SVB Financial's board or certain consideration requirements are satisfied, in which case approval of only a majority of the votes entitled to be cast is required.

The Companies (See page 43 for Fulton, page 48 for SVB Financial)

Fulton Financial Corporation

One Penn Square

Lancaster, Pennsylvania 17602

717-291-2411

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Fulton Financial Corporation is a Pennsylvania business corporation and a registered financial holding company that maintains its headquarters in Lancaster, Pennsylvania. As a financial holding company, Fulton engages in general commercial and retail banking and trust business, and also in related financial businesses, through its bank and nonbank subsidiaries. Fulton's bank subsidiaries currently operate 219 banking offices in Pennsylvania, Maryland, Delaware, New Jersey and Virginia. As of February 28, 2005, Fulton had consolidated total assets of approximately \$11.3 billion.

The principal assets of Fulton are its thirteen wholly-owned bank subsidiaries:

Fulton Bank, a Pennsylvania bank and trust company which is not a member of the Federal Reserve System;

Lebanon Valley Farmers Bank, a Pennsylvania bank and trust company which is a member of the Federal Reserve System;

Swineford National Bank, a national banking association which is a member of the Federal Reserve System;

Lafayette Ambassador Bank, a Pennsylvania bank and trust company which is a member of the Federal Reserve System;

FNB Bank, National Association, a national banking association which is a member of the Federal Reserve System;

Hagerstown Trust Company, a Maryland trust company which is not a member of the Federal Reserve System;

Delaware National Bank, a national banking association which is a member of the Federal Reserve System;

The Bank, a New Jersey bank which is not a member of the Federal Reserve System;

The Peoples Bank of Elkton, a Maryland bank which is not a member of the Federal Reserve System;

Skylands Community Bank, a New Jersey bank which is not a member of the Federal Reserve System;

Premier Bank, a Pennsylvania bank which is a member of the Federal Reserve System;

Resource Bank, a Virginia bank which is a member of the Federal Reserve System; and

First Washington State Bank, a New Jersey bank which is not a member of the Federal Reserve System

Table of Contents

In addition, Fulton has the following wholly-owned nonbank direct subsidiaries:

Fulton Financial Realty Company, which owns or leases property to Fulton (its corporate headquarters and primary operation center) as well as three unaffiliated tenants at the corporate headquarters property;

Fulton Reinsurance Company, LTD, which engages in the business of reinsuring credit life, accident and health insurance that is directly related to extensions of credit by Fulton's bank subsidiaries;

Central Pennsylvania Financial Corp., which owns two inactive non-banking subsidiaries, as well as limited partnership interests in partnerships invested in low and moderate income housing projects for Community Reinvestment Act purposes;

FFC Management, Inc., which owns equity investments in various financial institutions, mostly commercial banks, and corporate owned life insurance policies;

Fulton Financial Advisors, National Association, a limited purpose national banking association with trust powers;

Fulton Insurance Services Group, Inc., an insurance agency;

FFC Penn Square, Inc., which holds approximately \$44 million of trust preferred securities issued by an affiliate;

Premier Capital Trust II, PBI Capital Trust, Resource Capital Trust II and Resource Capital Trust III, each of which has issued trust preferred securities; and

Virginia Financial Services, LLC, which provides management consulting services.

SVB Financial Services, Inc.

70 East Main Street

Somerville, NJ 08876

908-541-9500

SVB Financial Services, Inc., a New Jersey corporation, is the bank holding company for Somerset Valley Bank, a New Jersey state chartered bank. At December 31, 2004, SVB Financial had total consolidated assets of approximately \$483 million, deposits of approximately \$414 million and shareholders' equity of approximately \$29 million. Somerset Valley Bank has 11 branches located in Somerville, Hillsborough, Bridgewater, Manville, Bernards, Warren, Flemington, and Edison, New Jersey. Somerset Valley Bank is engaged principally in the business of taking deposits and making commercial loans, residential mortgage loans, consumer loans and home equity and property improvement loans. Somerset Valley Bank has the following wholly-owned non-bank subsidiaries:

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SVB Bald Eagle Statutory Trust I, and SVB Bald Eagle Statutory Trust II, each a Connecticut Statutory Trust created to issue trust preferred stock.

SVB Financial Board Recommends Shareholder Approval (See page 22)

The SVB Financial Board believes that the merger is in the best interests of SVB Financial and its shareholders and recommends that you vote **FOR** approval of the merger agreement.

Table of Contents

Vote Required To Approve Merger Agreement (See page 20)

Approval of the merger agreement requires the affirmative vote of the holders of at least a majority of SVB Financial's outstanding common stock. The directors and executive officers of SVB Financial and their affiliates together own about 40% of SVB Financial's outstanding common stock as of March 14, 2005. The directors and executive officers of SVB Financial have signed voting agreements with Fulton pursuant to which they have agreed to vote their shares in favor of the merger.

Brokers who hold shares of SVB Financial common stock as nominees will not have authority to vote those shares with respect to the merger unless shareholders provide them with voting instructions.

The merger does not require the approval of Fulton's shareholders.

Special Meeting To Be Held June 9, 2005 (See page 18)

SVB Financial will hold its special meeting of shareholders on Thursday, June 9, 2005, at 2:00 p.m., local time, at Raritan Valley Country Club, Route 28, Somerville, New Jersey 08876.

At the special meeting, you will vote on a proposal to approve the merger agreement under which SVB Financial would merge with Fulton, to adjourn the special meeting to solicit additional proxies, if necessary, in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement, and any other business that properly arises at the special meeting.

Record Date Set At April 20, 2005; Voting (See page 19)

You are entitled to vote at the special meeting if you owned shares of SVB Financial common stock at the close of business on April 20, 2005, the record date. On April 20, 2005, there were 4,115,554 shares of SVB Financial common stock outstanding. You will have one vote on all matters at the special meeting for each share of SVB Financial common stock you owned on April 20, 2005.

Conditions That Must Be Satisfied For The Merger To Occur (See page 31)

The following conditions must be met for Fulton and SVB Financial to complete the merger in addition to other customary conditions:

approval of the merger by SVB Financial's shareholders;

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the absence of legal restraints that prevent the completion of the merger;

receipt of a legal opinion from Fulton's legal counsel that the merger will be tax-free to SVB Financial shareholders as to shares of Fulton stock received, but not as to cash received, including cash received in lieu of fractional shares;

the continuing accuracy of the parties' representations in the merger agreement;

no material adverse change having occurred to SVB Financial or Fulton;

receipt of all required regulatory approvals; and

the continuing effectiveness of the registration statement filed with the SEC.

Regulatory Approvals Required (See page 38)

Fulton and SVB Financial cannot complete the merger unless Fulton obtains the approvals of the Federal Reserve Board and the New Jersey Department of Banking. Fulton has filed the required applications and notices seeking approval of the merger. Although Fulton and SVB Financial believe regulatory approvals will be received in a timely manner, Fulton and SVB Financial cannot be certain when or if they will be obtained.

Table of Contents

Termination And Amendment Of The Merger Agreement (See page 37)

SVB Financial and Fulton can mutually agree at any time to terminate the merger agreement without completing the merger. Either party can also terminate the merger agreement in the following circumstances:

if any condition precedent to a party's obligations under the merger agreement is unable to be satisfied by December 31, 2005, through no fault of its own; or

if the other party has materially breached a representation, warranty or covenant and has not cured such breach within thirty days of receiving written notice of the breach.

In addition, Fulton may terminate the merger agreement if SVB Financial's board of directors terminates the merger with Fulton in the exercise of its fiduciary duty with respect to a proposed acquisition of SVB Financial by someone other than Fulton. SVB Financial can also terminate the merger agreement if the closing market price for Fulton Common Stock, determined by averaging the price of Fulton's stock over a ten day period occurring just before the merger, is less than both:

\$17.65; and

80% of the ratio of the Nasdaq Bank Index over the same ten-day period compared to the Index on January 11, 2005, times the starting price of Fulton stock (\$22.06).

The ten day price determination period will occur after the payment date of the five-for-four stock dividend declared by Fulton and payable on June 8, 2005. Therefore, at the time of the price determination period, the \$17.65 floor price will be adjusted to \$14.12. The starting price of Fulton's Stock will also be adjusted from \$22.06 to \$17.648.

However, if SVB Financial is permitted to terminate on account of a reduction in Fulton stock price as explained above, Fulton may, at its option, increase the exchange ratio to a level equal to the exchange ratio times $(17.65/\text{the closing market price})$; doing so will end SVB Financial's ability to terminate the Merger Agreement under the Fulton stock price provisions.

Fulton and SVB Financial can agree to amend the merger agreement in any way, except that after the shareholders' special meeting they cannot decrease the consideration you will receive in the merger. Either party can waive any of the requirements of the other party in the merger agreement, except that neither party can waive any required regulatory approval.

Fulton To Continue As Surviving Corporation (See page 28)

Fulton will continue as the surviving corporation after the merger. The boards of directors and executive officers of Fulton and its subsidiaries will not change as a result of the merger, except that Fulton will appoint Willem Kooyker, one of SVB Financial's current directors, to its board

of directors or, in the event he is unable to serve, another member of SVB Financial's current Board that is acceptable to Fulton.

All of Somerset Valley Bank's current directors are expected to remain on the board of directors of Somerset Valley Bank following the merger.

Warrant Agreement Makes Third Party Offers For SVB Financial More Expensive (See page 35)

In connection with the merger agreement, SVB Financial granted Fulton a warrant to purchase up to 1,008,775 shares of SVB Financial common stock at an exercise price of \$22.00 per share. The warrant acts to discourage other companies from acquiring SVB Financial by making third party offers for SVB Financial more expensive. It also provides compensation to Fulton in the event that the merger fails to close because another party gains control of SVB Financial. Generally, Fulton may exercise this warrant only if another party seeks to gain control of SVB Financial. Fulton and SVB Financial do not believe that any of the events which would permit Fulton to exercise the warrant have occurred as of the date of this document.

The warrant agreement and warrant are attached to this document as Exhibit B.

Table of Contents

Risk Factors (See page 15)

Financial Interests of Management In The Merger (See page 41)

When considering the recommendation of SVB Financial's board of directors, you should be aware that some directors and executive officers have interests in the merger which may conflict with their interests as shareholders. These interests include:

Robert P. Corcoran, President and CEO of SVB Financial, and Arthur Brattlof, Executive Vice President of SVB Financial, have each entered into a new employment agreement with Somerset Valley Bank and Fulton Financial that will become effective upon completion of the merger. These employment agreements replace existing employment agreements that each of Messrs. Corcoran and Brattlof has with SVB Financial. Each of Messrs. Corcoran and Brattlof will receive change of control payments which are triggered by the merger under their existing employment agreements with Somerset Valley Bank. Keith McCarthy, Chief Operating Officer of SVB Financial, will also receive change of control payments which are triggered by the merger under his existing employment agreement;

Executive officers and directors hold options to purchase SVB Financial stock that will convert into options to purchase Fulton stock or cash. As of March 14, 2005, the difference between the aggregate exercise price and the market value of the shares underlying the options held by executive officers and directors of SVB Financial, which represents the economic value of the options, was approximately \$2,364,000;

Following the merger, Fulton will indemnify, and provide liability insurance to, officers and directors of SVB Financial; and

Following the merger, the current members of SVB Financial's board of directors, all of which are also directors of Somerset Valley Bank, will remain directors of Somerset Valley Bank, and the compensation for non-employee directors of Somerset Valley Bank will remain unchanged for three years following the effective time of the merger.

Accounting Treatment (see page 40)

Fulton will account for the merger under the purchase method of accounting for business combinations.

Forward-Looking Information

This document contains and incorporates some forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding intent, belief or current expectations about matters including statements as to beliefs, expectations, anticipations, intentions or similar words. Forward-looking statements are also statements that are not statements of historical fact. Forward-looking statements are subject to risks, uncertainties and assumptions. These include, by their nature:

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the effects of changing economic conditions in Fulton's and SVB Financial's market areas and nationally;

credit risks of commercial, real estate, consumer and other lending activities;

significant changes in interest rates;

changes in federal and state banking laws and regulations which could impact operations;

funding costs;

other external developments which could materially affect the business and operations of Fulton and SVB Financial;

Table of Contents

the ability of Fulton to assimilate SVB Financial after the merger; and

other risks detailed from time to time in SVB Financial's and Fulton's SEC filings, including Forms 10-Q and 10-K.

If one or more of these risks or uncertainties occurs, or if the underlying assumptions prove incorrect, actual results, performance or achievements in 2005 and beyond could differ materially from those expressed in, or implied by, the forward-looking statements.

Table of Contents

RISK FACTORS

An investment in Fulton common stock in connection with the merger involves the risks described below. In addition to the other information contained in this document, you should carefully consider the following risk factors in deciding whether to vote for approval of the merger agreement.

RISK FACTORS RELATED TO THE MERGER

Some SVB Financial shareholders may not receive their requested form of merger consideration.

The merger agreement provides that the merger consideration will be paid in cash, Fulton common stock or a combination of cash and Fulton common stock. In the event that the aggregate number of shares of SVB Financial common stock for which cash elections are received is greater than 40% of the number of shares of SVB Financial common stock outstanding immediately prior to the effective time of the merger, some of the shares for which elections for cash have been made will be converted into the right to receive stock consideration in the manner described under *The Merger Proration* on page 24. In addition, if the aggregate number of shares of SVB Financial common stock for which stock elections are received is greater than 80% of the number of SVB Financial Shares outstanding immediately prior to the merger, some of the shares for which elections for stock have been made will be converted into the right to receive cash consideration in the manner described under *The Merger Proration* on page 24. Accordingly, holders of SVB Financial common stock may not receive their requested form of merger consideration.

Fluctuations in the Market Price of Fulton Common Stock May Cause the Value of the Merger Consideration to Decrease, and SVB Financial's Board of Directors May Be Able to Abandon the Merger as a Result of Such a Decrease.

Upon completion of the merger, certain of your shares of SVB Financial common stock may be converted into shares of Fulton common stock, either through your election or as a result of proration. While the merger consideration has been structured to provide that SVB Financial shareholders may elect to receive .9519 shares of Fulton common stock for some or all of their shares of SVB Financial common stock which is to be converted into Fulton common stock, the value of .9519 shares of Fulton common stock at closing will not be known at the time you are required to make your election. Stock price changes may result from a variety of factors that are beyond the control of Fulton, including, among other things, changes in Fulton's business, operations and prospects, regulatory considerations and general market and economic conditions.

The aggregate market value of the Fulton common stock that you will receive in the merger is not fixed, and SVB Financial has the right to terminate the merger agreement and abandon the merger before the closing if Fulton's common stock, averaged over a 10 day period occurring just before the merger, is less than \$17.65 and has decreased by 20% more than the Nasdaq bank stock index when compared, in each instance, to the value of the index and Fulton Stock on January 11, 2005. The satisfaction of the termination condition creates a right, but not an obligation, to terminate. The opportunity to evaluate such termination provisions will take place only at the end of the transaction in accordance with its terms. In the event the termination provision conditions set forth above allow SVB Financial to terminate the Merger Agreement and SVB Financial intends to terminate, Fulton shall have the right to amend the Merger Agreement and increase the exchange ratio in lieu of terminating the Merger Agreement.

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The price of Fulton common stock may vary from its price on the date of this document, the date of the SVB Financial special meeting, the date you are required to make an election concerning the consideration you would like to receive and the date of closing. Because the date the merger is completed will be later than the date of the special meeting, the price of the Fulton common stock on the date of the special meeting may be different than the price on the date the merger is completed.

You Will Have Less Influence as a Shareholder of Fulton Than as a Shareholder of SVB Financial.

As an SVB Financial shareholder, you currently have the right to vote in the election of the board of directors of SVB Financial and on other matters affecting SVB Financial. The merger will result in the transfer of

Table of Contents

control of SVB Financial and Somerset Valley Bank to the shareholders of Fulton. Although when the merger occurs you will become a shareholder of Fulton, your percentage ownership of Fulton will be significantly smaller than your percentage ownership of SVB Financial. Because of this, you will have less influence on the management and policies of Fulton than you now have on the management and policies of SVB Financial.

RISK FACTORS RELATED TO FULTON'S BUSINESS

Changes in interest rates may have an adverse effect on Fulton's profitability.

Fulton and its subsidiary banks are affected by fiscal and monetary policies of the federal government, including those of the Federal Reserve Board, which regulates the national money supply in order to manage recessionary and inflationary pressures. Among the techniques available to the Federal Reserve Board are engaging in open market transactions of U.S. Government securities, changing the discount rate and changing reserve requirements against bank deposits. The use of these techniques may also affect interest rates charged on loans and paid on deposits.

Net interest income is the most significant component of Fulton's net income, accounting for approximately 72% of total revenues in 2004. The narrowing of interest rate spreads, the difference between interest rates earned on loans and investments and interest rates paid on deposits and borrowings, would adversely affect Fulton's earnings and financial condition. Among other things, regional and local economic conditions as well as fiscal and monetary policies of the federal government, including those of the Federal Reserve Board, may affect prevailing interest rates. Fulton cannot predict or control changes in interest rates.

During 2003 and the first half of 2004, short-term interest rates were low and Fulton's net interest income and net interest margin were negatively affected because reducing the rates paid on deposits became exceedingly difficult. During the second half of 2004, the Federal Reserve Board increased short-term interest rates. When short-term interest rates rise, Fulton generally expects improvements in net interest income. However, a flat or declining interest rate environment would adversely impact Fulton's net interest income. In addition, increasing short-term rates tend to have a detrimental impact on mortgage loan origination volumes and related mortgage-banking income.

Changes in economic conditions and the composition of Fulton's loan portfolios could lead to higher loan charge-offs or an increase in Fulton's allowance for loan losses and may reduce Fulton's income. Changes in national and regional economic conditions could impact the loan portfolios of Fulton's subsidiary banks. For example, an increase in unemployment, a decrease in real estate values or increases in interest rates, as well as other factors, could weaken the economies of the communities Fulton serves. Weakness in the market areas served by Fulton's subsidiary banks could depress its earnings and consequently its financial condition because:

customers may not want or need Fulton's products or services;

borrowers may not be able to repay their loans;

the value of the collateral securing Fulton's loans to borrowers may decline, particularly because 76.8% of our loan portfolio is secured by real estate; and

the quality of Fulton's loan portfolio may decline.

Any of the latter three scenarios could require Fulton to charge-off a higher percentage of its loans and/or increase its provision for loan and lease losses, which would reduce its income.

In addition, the amount of Fulton's provision for loan losses and the percentage of loans it is required to charge-off may be impacted by the overall risk composition of the loan portfolio. Recently, Fulton's commercial loans (including agricultural loans) and commercial mortgages have increased, comprising a greater percentage of its overall loan portfolio. These loans are inherently more risky than certain other types of loans, such as residential mortgage loans. While Fulton believes that its allowance for loan losses as of December 31, 2004 is sufficient to

Table of Contents

cover losses inherent in the loan portfolio on that date, Fulton cannot assure you that it will not be required to increase its loan-loss provision or charge-off a higher percentage of loans due to changes in the risk characteristics of the loan portfolio, thereby reducing its net income. To the extent any of Fulton's subsidiary banks rely more heavily on loans secured by real estate than the banking industry in general, a decrease in real estate values could cause higher loan losses on non-performing loans and require higher loan loss provisions.

Fluctuations in the value of Fulton's equity portfolio, or assets under management by Fulton's trust and investment management services, could have a material impact on Fulton's results of operations.

At December 31, 2004, Fulton's investments consisted of \$69.2 million of stocks of other financial institutions, \$63.4 million of FHLB and other government agency stock and \$37.4 million of mutual funds and other investments. Fulton's equity portfolio consists primarily of common stock of publicly traded financial institutions. Fulton realized net gains on the sale of equity securities of \$14.8 million and \$17.3 million in 2004 and 2003, respectively. These gains were offset by write-downs of \$137,000 in 2004 and \$3.3 million in 2003 for the impairment in value of specific equity securities. The unrealized gains on the equity portfolio represent a potential source of revenue for Fulton. The value of the securities in Fulton's equity portfolio may be affected by a number of factors, including factors that impact the performance of the U.S. securities market in general and, due to the concentration in stocks of financial institutions in Fulton's equity portfolio, specific risks associated with that sector. If the value of one or more equity securities in the portfolio were to decline significantly, this revenue could be reduced or lost in its entirety. In addition to Fulton's equity portfolio, Fulton's investment management and trust services could be impacted by fluctuations in the securities market. A portion of Fulton's trust revenue is based on the value of the underlying investment portfolios. If the value of those investment portfolios decreases, whether due to factors influencing U.S. securities markets in general, or otherwise, Fulton's revenue could be negatively impacted. In addition, Fulton's ability to sell its brokerage services is dependent, in part, upon consumers' level of confidence in the outlook for rising securities prices.

If Fulton is unable to acquire additional banks on favorable terms or if it fails to successfully integrate or improve the operations of acquired banks, Fulton may be unable to execute its growth strategies.

Fulton has historically supplemented its internal growth with strategic acquisitions of banks, branches and other financial services companies. There can be no assurance that Fulton will be able to effect future acquisitions on favorable terms or that it will be able to assimilate acquired institutions successfully. In addition, with acquisitions, Fulton may not be able to achieve anticipated cost savings or operating results. Acquired institutions also may have unknown or contingent liabilities or deficiencies in internal controls that could result in material liabilities or negatively impact Fulton's ability to complete the internal control procedures required under federal securities laws, rules and regulations or by certain laws, rules and regulations applicable to the banking industry.

If the goodwill that Fulton has recorded in connection with its acquisitions becomes impaired, it could have a negative impact on Fulton's profitability.

Applicable accounting standards require that the purchase method of accounting be used for all business combinations. Under purchase accounting, if the purchase price of an acquired company exceeds the fair value of the company's net assets, the excess is carried on the acquirer's balance sheet as goodwill. At December 31, 2004, Fulton had approximately \$364 million of goodwill on its balance sheet. Companies must evaluate goodwill for impairment at least annually. Writedowns of the amount of any impairment, if necessary, are to be charged to the results of operations in the period in which the impairment is determined. Based on tests of goodwill impairment conducted to date, Fulton has concluded that there has been no impairment, and no write-downs have been recorded. However, there can be no assurance that the future evaluations of goodwill will not result in findings of impairment and write-downs.

Fluctuations in the level of some of Fulton's defined benefit plan expense could adversely affect its earnings.

Fulton's defined benefit plan expense can be greatly impacted by the return realized on invested plan assets and thus is not entirely within Fulton's control. A downturn in the equity markets can result in an increase in expense. Such an increase occurred in 2003, when Fulton's defined benefit plan expense increased 66.9%, from \$1,812,000 to \$3,025,000. This expense increased in 2004, to \$3,072,000.

Table of Contents

The Competition Fulton Faces is Increasing and May Reduce Fulton's Customer Base and Negatively Impact Fulton's Results of Operations.

There is significant competition among commercial banks in the market areas served by Fulton's subsidiary banks. In addition, as a result of the deregulation of the financial industry, Fulton's subsidiary banks also compete with other providers of financial services such as savings and loan associations, credit un