

FULTON FINANCIAL CORP
Form S-4/A
January 14, 2004
Table of Contents

As Filed With the Securities and Exchange Commission On January 14, 2004

Registration Statement No. 333-111148

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

FORM S-4

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

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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:

Paul G. Mattaini, Esquire

Kimberly J. Decker, Esquire

Barley, Snyder, Senft & Cohen, LLC

126 East King Street

Lancaster, Pennsylvania 17604-2893

T. Richard Litton, Jr., Esquire

Jeffrey A. D. Cohen, Esquire

Kaufman & Canoles, P.C.

150 West Main Street

Norfolk, VA 23510

Table of Contents

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. "

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)(3)	Proposed Maximum Aggregate Offering Price (2)(3)	Amount Of Registration Fee
Common Stock, par value \$2.50 per share (and associated stock purchase rights)(4)	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

RESOURCE BANKSHARES CORPORATION
PROXY STATEMENT
FOR SPECIAL MEETING OF SHAREHOLDERS
February 26, 2004

Nasdaq National Market Symbol: RBKV

FULTON FINANCIAL CORPORATION
PROSPECTUS FOR
9,495,927 SHARES OF FULTON FINANCIAL COMMON STOCK
Nasdaq National Market Symbol: FULT

This document constitutes a proxy statement of Resource Bankshares Corporation in connection with the solicitation of proxies by the board of directors of Resource for use at the special meeting of shareholders to be held at the Courtyard Marriott, 3737 Atlantic Avenue, Virginia Beach, VA 23451, on Thursday, February 26, 2004, at 9:30 a.m., local time. At the special meeting, Resource shareholders will be asked to consider and vote on the following proposals:

1. To approve and adopt the Agreement and Plan of Merger, dated August 25, 2003, as amended, between Resource and Fulton Financial Corporation which provides, among other things, for the merger of Resource with and into Fulton and the conversion of each share of common stock of Resource outstanding immediately prior to the merger into 1.4667 shares (subject to adjustment) of Fulton common stock, plus cash in lieu of any fractional share interest;
2. To adjourn the special meeting if necessary to allow Resource 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.

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 9,495,927 shares of Fulton common stock being registered for this transaction. On January 13, 2004 the closing

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price of Fulton's common stock was \$20.971, making the value of 1.4667 shares of Fulton common stock equal to \$30.758 on that date. The closing price of Resource's common stock on that date was \$30.71. These prices will fluctuate between now and the closing of the merger, but the exchange ratio in the merger 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 Resource. Resource and Fulton have not authorized any person to make use of this document in connection with any such resale.

Resource 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 January 16, 2004. This document was first sent to shareholders on or about January 20, 2004.

You should rely only on the information contained in this document or to which this document has referred you. Resource 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.

The document incorporates important business and financial information about Fulton and Resource 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 Resource or Fulton:

George R. Barr, Jr., Secretary

Debra C. Dyckman, Secretary

Fulton Financial Corporation

Resource Bankshares Corporation

One Penn Square

3720 Virginia Beach Boulevard

Lancaster, PA 17602

Virginia Beach, VA 23452

717-291-2411

757-463-2265

To obtain timely delivery of requested documents, you must request the information no later than February 19, 2004.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>SUMMARY</u>	2
<u>Agreement to Merge (See page 20)</u>	2
<u>Each Resource Share Will Be Exchanged For 1.4667 Shares Of Fulton Common Stock (See page 33)</u>	2
<u>Comparative Per Share Data</u>	2
<u>Selected Financial Data</u>	5
<u>No Federal Income Tax On Shares Received In Merger (See page 42)</u>	9
<u>Share Information And Market Prices</u>	9
<u>Exchange Ratio Is Fair From A Financial Point Of View According To Resource s Financial Advisors (See page 23)</u>	9
<u>No Dissenters Rights of Appraisal (See page 44)</u>	10
<u>Your Rights As Shareholders Will Change After The Merger (See page 53)</u>	10
<u>The Companies (See page 46 for Fulton, page 51 for Resource)</u>	10
<u>Resource Board Recommends Shareholder Approval (See page 22)</u>	12
<u>Vote Required To Approve Merger Agreement (See page 20)</u>	12
<u>Special Meeting To Be Held February 26, 2004 (See page 18)</u>	13
<u>Record Date Set At January 16, 2004; Voting (See page 19)</u>	13
<u>Conditions That Must Be Satisfied For The Merger To Occur (See page 34)</u>	13
<u>Regulatory Approvals Required (See page 41)</u>	13
<u>Termination And Amendment Of The Merger Agreement (See page 40)</u>	13
<u>Fulton To Continue As Surviving Corporation (See page 32)</u>	14
<u>Warrant Agreement Makes Third Party Offers For Resource More Expensive (See page 38)</u>	14
<u>Financial Interests of Management In The Merger (See page 44)</u>	14
<u>Forward-Looking Information</u>	15
<u>RISK FACTORS</u>	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 Resource Board of Directors and Reasons for the Merger</u>	22
<u>Compensation of Financial Advisors</u>	32
<u>Fulton s Board Of Directors Reasons For The Merger</u>	32
<u>Effect Of The Merger</u>	32
<u>Exchange Ratio</u>	33
<u>Effective Date Of The Merger</u>	33
<u>Exchange Of Resource Stock Certificates</u>	33
<u>Conditions To The Merger</u>	34
<u>Representations and Warranties</u>	34
<u>Business Pending The Merger</u>	35
<u>Dividends</u>	37
<u>No Solicitation Of Transactions</u>	37
<u>Warrant Agreement and Warrant</u>	38
<u>Amendment; Waivers</u>	40
<u>Termination; Effect Of Termination</u>	40
<u>Management And Operations After The Merger</u>	41
<u>Employment; Severance</u>	41
<u>Employee Benefits</u>	41

Regulatory Approvals
Material Contracts

41
42

Table of Contents

<u>Material Federal Income Tax Consequences</u>	42
<u>Accounting Treatment</u>	43
<u>NASDAQ Listing</u>	44
<u>Expenses</u>	44
<u>Resale Of Fulton Common Stock</u>	44
<u>Dissenters Rights</u>	44
<u>Dividend Reinvestment Plan</u>	44
<u>Financial Interests Of Management in the Merger</u>	44
<u>INFORMATION ABOUT FULTON</u>	46
<u>General</u>	46
<u>Market Price Of And Dividends On Fulton Common Stock And Related Shareholder Matters</u>	46
<u>Indemnification</u>	47
<u>Description Of Fulton Financial Common Stock</u>	47
<u>INFORMATION ABOUT RESOURCE</u>	51
<u>General</u>	51
<u>Market Price Of And Dividends On Resource Common Stock And Related Shareholder Matters</u>	51
<u>ADJOURNMENT</u>	52
<u>COMPARISON OF SHAREHOLDER RIGHTS</u>	53
<u>EXPERTS</u>	55
<u>LEGAL MATTERS</u>	55
<u>OTHER MATTERS</u>	55
<u>SHAREHOLDER PROPOSALS</u>	56
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	56
<u>INCORPORATION BY REFERENCE</u>	56
EXHIBITS	
A Agreement and Plan of Merger, dated August 25 2003, as amended	A-1
B Warrant Agreement and Warrant, dated August 25, 2003	B-1
C Opinions of the Financial Advisors	C-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q1: 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 February 26, 2004.

Q2: 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.

Q3: 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.

Q4: Can I change my vote after I have mailed my signed proxy card?

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.

Q5: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, Fulton will send you written instructions for exchanging your stock certificates. Fulton will request that you return your Resource stock certificates at that time.

Q6: When do you expect to merge?

A: Fulton and Resource expect to complete the merger no later than the second quarter of 2004. In addition to the approval of Resource shareholders, Fulton must also obtain regulatory approvals. Fulton and Resource expect to receive all necessary approvals no later than the second quarter of 2004.

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Q7: Who should I call with questions or to obtain additional copies of this document?

A: You should call either:

Debra C. Dyckman, Secretary
Resource Bankshares Corporation
3720 Virginia Beach Boulevard
Virginia Beach, VA 23452
757-463-2265

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 56 for reference to additional information available to you regarding Fulton and Resource.*

Agreement to Merge (See page 20)

Fulton and Resource entered into a merger agreement on August 25, 2003, and the merger agreement was amended on August 28, 2003. The merger agreement provides that each share of Resource common stock outstanding on the effective date of the merger will be exchanged for 1.4667 shares (subject to adjustment) of Fulton common stock, and Resource will merge with Fulton. A copy of the merger agreement is attached to this document as Exhibit A and is incorporated herein by reference. On August 4, 2003, Resource declared a 3 for 2 stock split in the form of a 50% stock dividend, payable on September 5, 2003, to shareholders of record on August 15, 2003. All amounts relating to Resource common stock and the exchange ratio in this document have been restated to reflect this stock dividend.

Each Resource Share Will Be Exchanged For 1.4667 Shares Of Fulton Common Stock (See page 33)

If the merger is completed, you will receive 1.4667 shares of Fulton common stock for each share of Resource common stock you own. Fulton will not issue any fractional shares, and therefore, you will receive a cash payment for any fractional shares based on the market price of Fulton common stock during a period leading up to completion of the merger. On January 13, 2004, the closing price of Fulton common stock was \$20.971, making the value of 1.4667 shares of Fulton common stock equal to \$30.758 on that date. The closing price of Resource's common stock on that date was \$30.71. Because the market price of Fulton stock fluctuates, you will not know when you vote at the special meeting what the shares will be worth when issued in the merger. The market prices of both Fulton and Resource common stock will fluctuate prior to the merger, but the exchange ratio in the merger will remain fixed despite these fluctuations. You should obtain current market quotations for Fulton common stock and Resource common stock.

Comparative Per Share Data

Fulton and Resource 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 Resource have filed with the SEC or attached to this document. See *Where You Can Find More Information* on page 56. The Fulton pro forma information gives effect to the merger, assuming that 1.4667 shares of Fulton common stock are issued for each outstanding share of Resource common stock.

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

Fulton	As of or for the Year Ended December 31, 2002	As of or for the Nine Months Ended September 30, 2003
Historical Per Common Share:		
Average Shares Outstanding (Basic)	107,767,800	106,412,000
Average Shares Outstanding (Diluted)	108,474,450	107,189,000
Book Value	\$ 8.14	\$ 8.54
Cash Dividends	\$ 0.558	\$ 0.463
Net Income (Basic)	\$ 1.23	\$ 0.96
Net Income (Diluted)	\$ 1.23	\$ 0.96
Fulton, Resource Combined Pro Forma Per Common Share:		
Average Shares Outstanding (Basic)	114,548,667	114,758,422
Average Shares Outstanding (Diluted)	115,672,754	116,074,420
Book Value	\$ 9.39	\$ 9.57
Cash Dividends	\$ 0.558	\$ 0.463
Net Income (Basic)	\$ 1.22	\$ 0.97
Net Income (Diluted)	\$ 1.21	\$ 0.96

(A) The above combined pro forma per share information is based on average shares outstanding during the period except for the book value per share which is based on period end shares outstanding. Financial information reflects the acquisition of Resource accounted for under the purchase method of accounting applied to historical financial information as of September 30, 2003, and for the year and nine months ended December 31, 2002 and September 30, 2003, respectively. Per share dividends reflect Fulton's historic payment history. Net income utilized in the calculation of income per share does not reflect any anticipated expense savings, revenue enhancements or capital restructuring anticipated by Fulton as a result of the merger.

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

Resource	As of or for the Year Ended		As of or for the Nine
	December 31, 2002		Months Ended
			September 30,
			2003
Historical Per Common Share:			
Average Shares Outstanding (Basic)		4,623,213	5,690,613
Average Shares Outstanding (Diluted)		4,907,823	6,058,103
Book Value	\$	7.08	\$ 9.46
Cash Dividends	\$	0.37	\$ 0.34
Net Income (Basic)	\$	1.37	\$ 1.53
Net Income (Diluted)	\$	1.29	\$ 1.44
Equivalent Pro Forma Per Common Share:			
Book Value	\$	13.78	\$ 14.04
Cash Dividends	\$	0.819	\$ 0.679
Net Income (Basic)	\$	1.79	\$ 1.42
Net Income (Diluted)	\$	1.77	\$ 1.41

(A) The above pro forma per share equivalent information is based on average shares outstanding during the period 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 1.4667 shares of Fulton common stock, \$2.50 par value per share, for each share of Resource common stock, \$1.50 per share par value per share, to the Fulton, Resource combined pro forma per common share information.

Table of Contents**Selected Financial Data**

The following tables show selected historical consolidated summary financial data for both Fulton and Resource. This information is derived from the consolidated financial statements of Fulton and Resource incorporated by reference in this document. See [Where You Can Find More Information](#) on page 56.

Fulton Financial Corporation**Selected Historical Financial Data**

(In thousands, except per share data)

FOR THE YEAR	2002	2001	2000	1999	1998
Interest income	\$ 469,288	\$ 518,680	\$ 519,661	\$ 465,221	\$ 450,195
Interest expense	158,219	227,962	243,874	199,128	199,430
Net interest income	311,069	290,718	275,787	266,093	250,765
Provision for loan losses	11,900	14,585	15,024	9,943	6,848
Other income	115,783	102,744	76,980	68,002	65,999
Other expenses	225,536	218,921	186,472	177,026	173,274
Income before income taxes	189,416	159,956	151,271	147,126	136,642
Income taxes	56,468	46,367	44,437	42,499	41,635
Net income	\$ 132,948	\$ 113,589	\$ 106,834	\$ 104,627	\$ 95,007

PER SHARE DATA

Net income (basic)	\$ 1.23	\$ 1.05	\$ 1.00	\$ 0.97	\$ 0.88
Net income (diluted)	1.23	1.04	1.00	0.96	0.88
Cash dividends	0.558	0.505	0.452	0.406	0.366

AT YEAR END

Total assets	\$ 8,387,778	\$ 7,770,711	\$ 7,364,804	\$ 6,787,424	\$ 6,433,612
Loans, Net of Unearned Income	5,317,068	5,373,020	5,374,659	4,882,606	4,420,481
Deposits	6,245,528	5,986,804	5,502,703	5,051,512	5,048,924
Long-term debt	535,555	456,802	559,503	460,573	358,696
Shareholders' equity	863,742	811,454	731,171	662,749	654,070

AVERAGE BALANCES

Shareholders' equity	\$ 838,213	\$ 779,014	\$ 673,971	\$ 663,841	\$ 633,056
Total assets	7,900,500	7,520,071	7,019,523	6,533,632	6,093,496

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

	Nine Months Ended September 30	
	2003	2002
FOR THE PERIOD		
Interest income	\$ 323,257	\$ 353,842
Interest Expense	99,470	120,116
Net interest income	223,787	233,726
Provision for loan losses	7,515	9,830
Other income	103,712	84,802
Other expenses	173,497	168,005
Income before income taxes	146,487	140,693
Income taxes	44,000	41,652
Net income	\$ 102,487	\$ 99,041
PER SHARE DATA		
Net income (basic)	\$ 0.96	\$ 0.92
Net income (diluted)	0.96	0.91
Cash dividends	0.463	0.415
AT PERIOD END		
Total assets	\$ 9,280,289	\$ 8,103,690
Net loans	5,844,788	5,329,501
Deposits	6,834,167	6,259,204
Long-term debt	594,841	450,896
Shareholders' equity	927,476	853,193
AVERAGE BALANCES		
Average shareholders' equity	\$ 884,400	\$ 834,431
Average total assets	8,576,394	7,808,880

Table of Contents**Resource Bankshares Corporation****Selected Historical Financial Data****(In thousands, except for per share data)**

FOR THE YEAR	2002	2001	2000	1999	1998
Interest income	\$ 35,798	\$ 32,692	\$ 28,413	\$ 21,381	\$ 19,746
Interest expense	19,425	21,659	18,975	12,435	11,336
Net interest income	16,373	11,033	9,437	8,946	8,410
Provision for loan losses	1,550	195	1,100	4,667	150
Other income	24,176	20,144	11,890	6,811	7,943
Other expenses	30,312	24,521	14,109	12,168	11,565
Income before income taxes	8,687	6,461	6,118	(1,078)	4,638
Income taxes	2,358	1,918	1,886	(387)	1,591
Net income	\$ 6,329	\$ 4,543	\$ 4,233	\$ (691)	\$ 3,047

PER SHARE DATA

Net income (basic)	\$ 1.37	\$ 1.05	\$ 1.09	\$ (.18)	\$.83
Net income (diluted)	1.29	.99	1.04	(.18)	.75
Cash dividends	.37	.32	.28	.27	.16

AT YEAR END

Total assets	\$ 715,167	\$ 564,850	\$ 404,494	\$ 306,690	233,460
Loans, net of unearned income	432,744	344,936	288,513	255,671	188,522
Deposits	516,449	411,504	330,645	260,469	206,219
Long-term debt	110,200	80,200	39,500	23,700	14,500
Shareholders' equity	32,167	28,779	19,672	15,870	17,789

AVERAGE BALANCES

Shareholders' equity	\$ 29,367	\$ 24,252	\$ 17,544	\$ 17,733	\$ 16,749
Total assets	615,577	476,490	349,998	272,516	240,668

Table of Contents**Resource Bankshares Corporation****Selected Historical Financial Data****(In thousands, except per share data)**

	Nine Months Ended	
	September 30,	
FOR THE PERIOD	2003	2002
Interest income	\$ 31,035	\$ 26,160
Interest expense	13,476	14,631
Net interest income	17,559	11,529
Provision for loan losses	150	975
Other income	25,583	17,043
Other expenses	30,479	21,439
Income before income taxes	12,513	6,158
Income taxes	3,087	1,817
Net income	\$ 8,706	\$ 4,341
PER SHARE DATA		
Net income (basic)	\$ 1.53	\$.93
Net income (diluted)	1.44	.88
Cash dividends	.34	.28
AT PERIOD END		
Total assets	\$ 851,436	647,361
Loans, net of unearned income	537,227	421,246
Deposits	637,605	464,725
Long-term debt	100,200	107,200
Shareholders' equity	56,912	30,736
AVERAGE BALANCES		
Average shareholders' equity	\$ 48,268	\$ 29,047
Average total assets	788,486	595,591

Table of Contents**No Federal Income Tax On Shares Received In Merger (See page 42)**

Resource 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. Resource shareholders will be taxed on cash received instead of any fractional share. Tax matters are complicated, and tax results may vary among shareholders. Fulton and Resource 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**. Resource common stock trades on the National Market System of the Nasdaq Stock Market under the trading symbol **RBKV**. The table below shows the last sale prices of Fulton common stock, Resource common stock and the equivalent price per share of Resource common stock based on the exchange ratio on August 22, 2003 and January 13, 2004.

On August 22, 2003, the last full trading day before public announcement of the merger agreement, the per share closing price for Fulton common stock was \$20.47. Based on such closing price for such date and the conversion ratio of 1.4667 shares of Fulton common stock for each share of Resource common stock, the pro forma value of the shares of Fulton common stock to be received in exchange for each share of Resource common stock was \$30.02.

On August 22, 2003, the last full trading day before public announcement of the merger agreement, the per share closing price for Resource common stock was \$25.10.

The foregoing historical and pro forma equivalent per share market information is summarized in the following table.

	Historical Price Per Share	Pro Forma Equivalent Price Per Share ⁽¹⁾
Fulton Common Stock		
Closing Price on August 22, 2003	20.47	N/A
Closing Price on January 13, 2004	20.971	N/A
Resource Common Stock		
Closing Price on August 22, 2003	25.11	30.02
Closing Price on January 13, 2004	30.71	30.758

⁽¹⁾ Based upon the product of the conversion ratio (1.4667) and the closing price of Fulton common stock.

Exchange Ratio Is Fair From A Financial Point Of View According To Resource's Financial Advisors (See page 23)

Ryan Beck & Co. and Scott & Stringfellow, Inc. have each given an opinion to Resource's board of directors that, as of both August 22, 2003 and January 14, 2004, the exchange ratio in the merger is fair from a financial point of view to Resource's shareholders. The full text of these opinions are attached as Exhibit C to this document. Fulton and Resource encourage you to read these opinions carefully. Pursuant to separate engagement letters between Resource and each of the financial advisors, in exchange for their services, each financial advisor has received a non-refundable retainer of \$100,000 and will receive a fee of \$950,000 that is contingent on and payable at the merger closing. Resource has also agreed to indemnify the financial advisors, their subsidiaries, their

Table of Contents

affiliates and each of their officers, directors, employees, agents, and security holders, against liabilities, including liabilities under federal securities laws, incurred in connection with their services to Resource, except for liabilities resulting from the gross negligence or willful misconduct of these individuals and entities.

No Dissenters' Rights Of Appraisal (See page 44)

Resource's shareholders are not entitled to exercise dissenters' rights under the provisions of Section 13.1-730 of the Virginia Stock Corporation Act, as amended.

Your Rights As Shareholders Will Change After The Merger (See page 53)

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 Resource. The most significant of these differences include:

Resource shareholders may call a special meeting while Fulton shareholders may not;

Major transactions may be approved by a majority of Resource's shares but need the affirmative vote of two-thirds of Fulton's shares; and

Fulton has a shareholders rights plan. Resource does not.

The Companies (See page 46 for Fulton, page 51 for Resource)

Fulton Financial Corporation

One Penn Square

Lancaster, Pennsylvania 17602

717-291-2411

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 21 directly-held bank and nonbank subsidiaries. Fulton's bank subsidiaries currently operate 134 banking offices in Pennsylvania, 16 banking offices in Maryland, 12 banking offices in Delaware, and 36 banking offices in New Jersey. As of September 30, 2003, Fulton had consolidated total assets of approximately \$9.3 billion.

The principal assets of Fulton are its eleven 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;

Table of Contents

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; and

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

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

Fulton Financial Realty Company, which leases 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;

Drovers Capital Trust I, which has issued and outstanding approximately \$7.5 million of trust preferred securities;

Premier Capital Trust II, which has issued and outstanding approximately \$15.0 Million of trust preferred securities; and

PBI Capital Trust, which has issued and outstanding approximately \$10.0 Million of trust preferred securities.

Table of Contents

Resource Bankshares Corporation

3720 Virginia Beach Boulevard

Virginia Beach, VA 23452

757-463-2265

Resource, a Virginia corporation, is the financial holding company for Resource Bank, a Virginia state chartered bank. At September 30, 2003, Resource had total consolidated assets of approximately \$851.4 million, deposits of approximately \$637.6 million and shareholders' equity of approximately \$56.9 million. Resource Bank has six branches located in Virginia Beach, Chesapeake, Newport News, Richmond and Herndon, Virginia. Resource 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. Resource has the following wholly-owned non-bank subsidiaries:

Resource Capital Trust I, Resource Capital Trust II, and Resource Capital Trust III, each of which was formed for the purposes of issuing trust preferred securities; and

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

Resource also owns a 9.9% interest in Old Dominion Investors, LP, which owns five moderate income housing developments.

Resource Bank has the following wholly-owned subsidiaries:

CW and Company of Virginia, a title abstract and real estate closing company;

Dominion Investment Group, LLC, which sells non-deposit investment products;

Resource Service Corporation, a non-operating subsidiary; and

PRC Title, LLC, a title agency.

Resource Bank also owns a 5.5% interest in Bankers Investments, LLC, which sells non-deposit investment products and a 3.31% interest in Bankers Insurance, LLC, which sells insurance products.

Resource Service Corporation owns 49% of Financial Planners Mortgage, LLP and 51% of Homebanc, LLP, each of which is a limited partnership that participates in residential one to four family loan production.

Resource Board Recommends Shareholder Approval (See page 22)

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

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 Resource's outstanding common stock. The directors and executive officers of Resource and their affiliates together own about 22% of Resource's outstanding common stock as of January 13, 2004, excluding options. The directors and executive officers of Resource 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 Resource 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.

Table of Contents

Special Meeting To Be Held February 26, 2004 (See page 18)

Resource will hold its special meeting of shareholders on Thursday, February 26, 2004, at 9:30 a.m., local time, at the Courtyard Marriott, 3737 Atlantic Avenue, Virginia Beach, Virginia 23451.

At the special meeting, you will vote on a proposal to approve the merger agreement under which Resource 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 January 16, 2004; Voting (See page 19)

You are entitled to vote at the special meeting if you owned shares of Resource common stock at the close of business on January 16, 2004, the record date. On January 16, 2004, there were 6,049,850 shares of Resource common stock outstanding. You will have one vote on all matters at the special meeting for each share of Resource common stock you owned on January 16, 2004.

Conditions That Must Be Satisfied For The Merger To Occur (See page 34)

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

approval of the merger by Resource's shareholders;

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 Resource shareholders, except for any 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 Resource 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 41)

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

Termination And Amendment Of The Merger Agreement (See page 40)

Resource 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 unsatisfied on June 30, 2004, through no fault of its own, provided that this date may be extended until September 30, 2004, if closing has not occurred because regulatory approval has not then been received; or

Table of Contents

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 Resource's board of directors exercises its fiduciary duty with respect to a proposed acquisition of Resource by someone other than Fulton.

Fulton and Resource 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 32)

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 to its board of directors one of Resource's current directors;

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

Warrant Agreement Makes Third Party Offers For Resource More Expensive (See page 38)

In connection with the merger agreement, Resource granted Fulton a warrant to purchase up to 1,485,000 shares of Resource common stock at an exercise price of \$25.106 per share. The warrant acts to discourage other companies from acquiring Resource by making third party offers for Resource more expensive. It also provides compensation to Fulton in the event that the merger fails to close because another party gains control of Resource. Generally, Fulton may exercise this warrant only if another party seeks to gain control of Resource. Fulton and Resource 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.

Financial Interests of Management In The Merger (See page 44)

When considering the recommendation of Resource'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:

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The following current executive officers of Resource have entered into new employment agreements with Resource Bank that will become effective upon completion of the merger: Lawrence N. Smith, T. A. Grell, Jr., Harvard R. Birdsong, II, Debra C. Dyckman and James M. Miller. These employment agreements will replace existing employment agreements that each of these officers has with Resource;

Executive officers and directors hold options to purchase Resource stock that will convert into options to purchase Fulton stock. As of January 13, 2004, the difference between the aggregate exercise price and the market value of the shares underlying the options held by executive officers and directors of Resource, which represents the economic value of the options, was approximately \$8,590,203.38;

As of January 13, 2004, Resource's executive officers and directors owned, in the aggregate, approximately 1,323,128 shares of common stock of Resource. Consequently, these executive officers and directors will receive, in the aggregate, approximately 1,940,632 shares of Fulton common stock in the merger;

Table of Contents

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

Following the merger, the current members of Resource's board of directors will remain directors of Resource Bank, and the compensation for non-employee directors of Resource Bank will remain unchanged for three years following the effective time of the merger.

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:

the effects of changing economic conditions in Fulton's and Resource'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 Resource;

the ability of Fulton to assimilate Resource after the merger; and

other risks detailed from time to time in Resource'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 2004 and beyond could differ materially from those expressed in, or implied by, the forward-looking statements.

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

Fluctuations in the Market Price of Fulton Common Stock May Cause the Value of the Merger Consideration to Decrease and Resource's Board of Directors Does Not Have the Ability to Abandon the Merger as a Result of Such a Decrease.

Upon completion of the merger, your shares of Resource common stock will be converted into shares of Fulton common stock. While the merger consideration has been structured to provide that Resource shareholders will receive 1.4667 shares of Fulton common stock for each of their shares of Resource common stock, the value of 1.4667 shares of Fulton common stock at the time of the merger is uncertain. Stock price changes may result from a

Table of Contents

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 Resource will not have the right to terminate the merger agreement and abandon the merger before the closing due to a decrease in the market value of Fulton's common stock.

The price of Fulton common stock may vary from its price on the date of this document, the date of the Resource special meeting 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 Resource.

As a Resource shareholder, you currently have the right to vote in the election of the board of directors of Resource and on other matters affecting Resource. The merger will transfer control of Resource to Fulton and to the shareholders of Fulton. When the merger occurs, you will become a shareholder of Fulton with a percentage ownership of Fulton that is significantly smaller than your percentage ownership of Resource. 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 Resource.

Future Results for Fulton Could Differ Materially from its Historical Results or Forward-Looking Statements in its Filings with the SEC.

Fulton's filings with the Securities and Exchange Commission include descriptions of a number of factors affecting its performance which shareholders of Resource should consider. Resource shareholders should review these filings with these factors in mind. Fulton believes the most material of these factors can be summarized as follows:

If market interest rates remain at historically low levels, Fulton's earnings may be negatively affected. Net interest income is the most significant component of Fulton's net income, accounting for approximately 75% of total revenues both in 2002 and for the nine months ended September 30, 2003. The ability to manage net interest income over a variety of interest rate and economic environments is important to the success of a financial institution. Net interest income growth is generally dependent upon balance sheet growth and maintaining or growing the net interest margin. Fulton's net interest income has been impacted by a series of reductions to short-term interest rates enacted by the Federal Reserve Board (FRB) over the past two years. These rate reductions resulted in significant decreases to Fulton's prime lending rate as well as a decline in the general interest rate environment. The rate reductions initially had a negative impact on Fulton's net interest income and net interest margin as its assets, particularly floating rate loans, repriced to lower rates more quickly than its time deposits. During 2002, however, Fulton's longer-term liabilities repriced to lower rates resulting in an increase to Fulton's net interest margin. The positive impact of the time deposit repricing on the net interest margin peaked in mid-2002. Rate cuts by the FRB in late 2002 and 2003 contributed to a downward trend in the margin over the last quarter of 2002 and during 2003. However, Fulton's average prime lending rate decreased from 4.75% in the third quarter of 2002 to 4.00% in the third quarter of 2003 as a result of the FRB reducing short-term interest rates in November, 2002 and June, 2003. These reductions in an already low interest rate environment negatively impacted Fulton's net interest margin as average yields on earning-assets decreased further than the average cost of deposits. The average yield on earning assets decreased 128 basis points (a 20.3% decline) during the period while the cost of interest-bearing liabilities decreased 75 basis points (a 28.4% decline). This resulted in a 71 basis point decrease (from 4.33% to 3.62%) in net interest margin compared to the same period in 2002. If rates remain low in the future, the net interest margin may continue to trend lower.

Market Conditions and the Composition of Fulton's Loan Portfolios Could Increase the Risk in its Loan Portfolio and Require a Higher Loan Loss Allowance. The credit risk associated with lending activities is accounted for by Fulton through its allowance and provision for loan losses. The

Table of Contents

provision is the expense recognized in the income statement to adjust the allowance to its proper balance, as determined through the application of Fulton's allowance methodology procedures. These procedures include the evaluation of the risk characteristics of the portfolio and documentation in accordance with applicable accounting standards. Management of Fulton believes that the allowance balance at September 30, 2003 is sufficient to cover losses inherent in the loan portfolio on that date and is appropriate based on applicable accounting standards. However, trends that could indicate the need for a higher provision include the general national and regional economies and the continued growth in Fulton's commercial loan and commercial mortgage portfolios, which are inherently more risky.

Fulton's Investment in Equity Securities Exposes It To Negative Movements in the Stock Prices of the Companies Whose Stock It Owns. Equity market price risk is the risk that changes in the values of equity investments could have a material impact on the financial position or results of operations of Fulton. Fulton's equity investments consist primarily of common stocks of publicly traded financial institutions. Although the carrying value of equity investments accounted for only 1.0% of Fulton's total assets, the unrealized gains on the portfolio represent a potential source of revenue and, if values were to decline significantly, this revenue source could be lost. Management of Fulton continuously monitors the fair value of its equity investments and evaluates current market conditions and operating results of the companies. Periodic sale and purchase decisions are made based on this monitoring process. Certain of Fulton's equity investments have shown negative returns in tandem with the general performance of equity markets. Fulton has evaluated, based on current accounting guidance, whether the decreases in value of any of these investments constitute other than temporary impairment which would require a write-down through a charge to earnings. In the first and third quarters of 2003, Fulton recorded a write-down for specific equity securities which were deemed to exhibit other than temporary impairment in value. If the performance of certain equity securities does not improve over the next twelve months, additional impairment charges may be necessary. In addition to its equity portfolio, Fulton's investment management and trust services could be impacted by fluctuations in the securities markets. A portion of Fulton's trust revenue is based on the value of the underlying investment portfolios. If securities markets contract, Fulton's revenue could be negatively impacted. In addition, the ability of Fulton to sell its brokerage services is dependent, in part, upon consumers' level of confidence in the outlook for rising securities prices.

Fulton May Not Be Able to Supplement Its Growth With Acquisitions in the Future and Future Evaluations of Goodwill Recorded in Connection With Acquisitions May Require Write-Downs. 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 Fulton will be able to assimilate acquired institutions successfully. Applicable accounting standards adopted recently require that the purchase method of accounting be used for all business combinations and eliminated the use of pooling of interests for transactions initiated subsequent to June 30, 2001. 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. Goodwill is to be evaluated 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. There can be no assurance that the future evaluations of goodwill will not result in findings of impairment and write-downs.

The Level of Some of Fulton's Non-Interest Expenses is Beyond Its Control and Could Adversely Affect Its Earnings. Fulton strives to control its level of non-interest expenses. However, some of these expenses are beyond Fulton's control. For example, Fulton's defined benefit plan expense increased 83.2% in 2002. This expense is greatly impacted by the return realized on invested plan assets. With the recent turndown in the equity markets, these returns have lagged the growth in the projected benefit obligation, resulting in an increase in expense. If this trend continues, Fulton's expense may continue to grow.

Table of Contents

The Competition Fulton Faces is Increasing and May Have a Negative Impact on Fulton's Performance. The banking and financial services industries are highly competitive. Within its geographical region, Fulton's subsidiaries face direct competition from other commercial banks, varying in size from local community banks to larger regional and national banks, and credit unions. With the growth in electronic commerce and distribution channels, Fulton's banks also face competition from banks not physically located in Fulton's geographic markets.

The competition in the industry has also increased as a result of the passage of various legislation. Under such legislation, banks, insurance companies or securities firms may affiliate under a financial holding company structure, allowing expansion into non-banking financial services activities that were previously restricted. These include a full range of banking, securities and insurance activities, including securities and insurance underwriting, issuing and selling annuities and merchant banking activities. While Fulton does not currently engage in all of these activities, the ability to do so without separate approval from the Federal Reserve Board enhances the ability of Fulton and financial holding companies in general to compete more effectively in all areas of financial services.

As a result of this legislation, there is more competition for customers who were traditionally served by the banking industry. While the legislation increased competition, it also provided opportunities for Fulton to expand its financial services offerings. Fulton also competes through the variety of products that it offers and the quality of service that it provides to its customers. However, there is no guarantee that these efforts will insulate Fulton from competitive pressure which could impact its pricing decisions for loans, deposits and other services and ultimately impact financial results.

The Supervision and Regulation to Which Fulton is Subject Can be a Competitive Disadvantage. Fulton is a registered financial holding company and its subsidiary banks are depository institutions whose deposits are insured by the Federal Deposit Insurance Corporation. Fulton and its subsidiaries are subject to various regulations and examinations by regulatory authorities. In general, various statutes establish the corporate governance and eligible business activities of Fulton, certain acquisition and merger restrictions, limitations on inter-company transactions such as loans and dividends, and capital adequacy requirements, among other regulations. While these statutes are generally designed to minimize potential loss to depositors and the FDIC insurance funds, they do not eliminate risk and compliance with such statutes increases Fulton's expense, requires management's attention and can be a disadvantage from a competitive standpoint with respect to non-regulated competitors.

Monetary and Fiscal Policy May Affect Fulton's Earnings and Are Not Predictable. 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. The effect of monetary policies on the earnings of Fulton cannot be predicted.

THE SPECIAL MEETING

The board of directors of Resource is providing this document to holders of Resource common stock to solicit your proxy for use at the special meeting of Resource shareholders and any adjournments or postponements of the special meeting.

Time, Date and Place

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The special meeting of Resource s shareholders will be held at 9:30 a.m., local time, on Thursday, February 26, 2004, at the Courtyard Marriott, 3737 Atlantic Avenue, Virginia Beach, Virginia 23451.

Table of Contents

Matters to be Considered

The purposes of the special meeting are to consider, approve and adopt the merger agreement, if necessary, to approve a proposal to adjourn the special meeting if more time is needed to solicit proxies, and to transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting. At this time, Resource's board of directors is unaware of any other matters that may be presented for action at the special meeting.

A vote for approval of the merger agreement is a vote for approval of the merger of Resource into Fulton and for the exchange of Resource common stock for Fulton common stock. If the merger is completed, Resource common stock will be cancelled and you will receive 1.4667 shares (subject to adjustment for stock splits, stock dividends and similar matters) of Fulton common stock in exchange for each share of Resource common stock that you hold. Fulton will pay cash in lieu of issuing any fractional share interests to you.

Shares Outstanding and Entitled to Vote; Record Date

The close of business on January 16, 2004 has been fixed by Resource's board of directors as the record date for the determination of holders of Resource common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, 6,049,850 shares of Resource common stock were outstanding and entitled to vote. Each share of Resource common stock entitles the holder to one vote at the special meeting on all matters properly presented at the special meeting.

How to Vote Your Shares

Shareholders of record may vote by mail or by attending the special meeting and voting in person. If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the special meeting, you must bring a letter from the broker, bank or other nominee confirming that you are the beneficial owner of the shares.

Any shareholder executing a proxy may revoke it at any time before it is voted by:

delivering to the Secretary of Resource prior to the special meeting a written notice of revocation addressed to Debra C. Dyckman, Corporate Secretary, Resource Bankshares Corporation, 3720 Virginia Beach Boulevard, Virginia Beach, Virginia 23452;

delivering to Resource prior to the special meeting a properly executed proxy with a later date; or

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attending the special meeting and voting in person.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

Each proxy returned to Resource (and not revoked) by the holder of Resource common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted **FOR** approval and adoption of the merger agreement, **FOR** adjournment of the special meeting if necessary to allow Resource time to solicit more votes in favor of the merger agreement and, as to any other proposal properly brought before the special meeting, in their discretion.

At this time, Resource's board of directors is unaware of any matters, other than set forth above, that may be presented for action at the special meeting or any adjournment or postponement of the special meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters. The persons named as proxies by a shareholder may propose and vote for one or more adjournments or

Table of Contents

postponements of the special meeting to permit additional solicitation of proxies in favor of approval and adoption of the merger agreement.

Vote Required

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Resource common stock, must be present in person or by proxy before any action may be taken at the special meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum but will not be counted in the voting on a proposal. On all matters to come before the special meeting, each share of common stock is entitled to one vote.

Under Resource's Articles of Incorporation, the affirmative vote of a majority of the outstanding shares of Resource common stock, in person or by proxy, is necessary to approve and adopt the merger agreement on behalf of Resource.

Resource intends to count shares of Resource common stock present in person at the special meeting but not voting, and shares of Resource common stock for which it has received proxies but with respect to which holders of such shares have abstained on any matter, as present at the special meeting for purposes of determining whether a quorum exists. Because approval and adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Resource common stock, such nonvoting shares and abstentions will not be counted in determining whether or not the required number of shares have been voted to approve and adopt the merger agreement. Therefore, they will effectively act as a vote against the merger. In addition, under applicable rules, brokers who hold shares of Resource common stock in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote shares held for such customers in favor of the approval of the merger agreement without specific instructions to that effect from such customers. Accordingly, shares held by customers who fail to provide instructions with respect to their shares of Resource common stock to their broker will not be voted for or against the merger. However, failing to vote effectively acts as a vote against the merger agreement. Such broker non-votes, if any, will be counted as present for determining the presence or absence of a quorum for the transaction of business at the special meeting or any adjournment or postponement thereof.

The directors and executive officers of Resource collectively owned approximately 25% of the outstanding shares of Resource common stock as of the record date for the special meeting (inclusive of stock options exercisable within 60 days). Resource's directors and executive officers have entered into voting agreements with Fulton pursuant to which they have agreed to vote all of their shares in favor of the merger agreement.

Solicitation of Proxies

Resource will pay for the costs of mailing this document to its shareholders, as well as all other costs incurred by it in connection with the solicitation of proxies from its shareholders on behalf of its board of directors with the exception of printing this document, the cost of which will be paid by Fulton. In addition to solicitation by mail, the directors, officers and employees of Resource and its subsidiaries may solicit proxies from shareholders of Resource in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement by Resource for their actual expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of Resource common stock held of record by such persons, and Resource will reimburse such firms, custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith. **You should not send in your stock certificates**

with your proxy card. As described below under the caption "The Merger - Exchange of Resource Stock Certificates" on page 33, you will receive materials for exchanging shares of Resource common stock shortly after the merger.

THE MERGER

The following information is intended to summarize the material aspects of the merger agreement. This description is only a summary. We have attached the full merger agreement and the warrant agreement to this

Table of Contents

document as Exhibits A and B, and we incorporate each in this document by reference. We urge you to read the merger agreement carefully.

The merger agreement provides that:

Resource will merge into Fulton; and

You, as a shareholder of Resource, will receive 1.4667 shares (subject to adjustment for stock splits, stock dividends and similar events) of Fulton common stock for each share of Resource common stock that you own, if the merger is completed.

The board of directors of Resource has unanimously approved and adopted the merger agreement and believes the merger is in your best interests. Resource's board of directors recommends that you vote **FOR** the merger agreement.

Background of Merger

In early July 2003, Resource engaged Ryan Beck & Co. and Scott & Stringfellow, Inc. on an informal basis to survey the market with respect to specific opportunities available to Resource as either an acquiror or acquiree. Based on those discussions, the financial advisors kept Resource apprised of potential acquisition opportunities for Resource, and prepared an information memorandum relating to Resource which was distributed to several potential acquirors, including Fulton.

Based on a favorable initial response received by the financial advisors from Fulton, a meeting between representatives of Resource and Fulton was held on August 7, 2003, in Virginia Beach, Virginia. Rufus Fulton and Scott Smith, CEO and President of Fulton, respectively, and Lawrence Smith and Ted Grell, CEO and President of Resource, respectively, attended the meeting. Jacob Savage of Scott & Stringfellow also attended the meeting. During the meeting, the parties discussed the potential merger, including pricing, in general terms.

From August 8, 2003 through August 12, 2003, there were several telephone discussions between Resource and the financial advisors and, in turn, between the financial advisors and representatives of Fulton relating to a potential offer by Fulton to purchase Resource.

On August 12, 2003, Fulton delivered to the financial advisors a formal non-binding offer to acquire Resource in a stock merger with a proposed exchange ratio of 1.42 shares of Fulton common stock for each outstanding share of Resource common stock.

On August 13, 2003, a meeting of Resource's board of directors was held during which Resource's management advised the board of Fulton's offer. During the meeting, representatives of the financial advisors provided a detailed analysis of Fulton's offer and provided the board with background information concerning Fulton. A representative of Kaufman & Canoles, P.C., Resource's outside legal counsel, was also present at the meeting and answered the board's legal questions concerning the Fulton offer. After a lengthy discussion, the board authorized Resource's management, the financial advisors and Kaufman & Canoles to continue the negotiations and to counteroffer with an exchange ratio of 1.4667. Immediately after the discussion with Resource's board of directors, the financial advisors contacted Fulton with Resource's counteroffer, and Fulton accepted the revised terms and agreed to move forward with its due diligence of Resource.

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From August 14, 2003 through August 18, 2003, there were a series of due diligence conference calls and telephone discussions among the parties, including Kaufman & Canoles and the financial advisors, concerning due diligence and the potential merger.

On August 19, 2003 and August 20, 2003, representatives of Resource, the financial advisors, and Kaufman & Canoles traveled to Lancaster, Pennsylvania to conduct due diligence regarding Fulton's operations and to discuss the draft merger agreement which had been proposed by Fulton on August 15, 2003. During this visit, on August 20, 2003, a mutual confidentiality agreement was entered into by Resource and Fulton.

Table of Contents

On August 21, 2003 and August 22, 2003, representatives of Fulton traveled to Virginia Beach, Virginia to conduct due diligence with regard to Resource.

On August 15, 2003, the initial draft of the proposed merger agreement was provided to Resource by Fulton and Barley Snyder, Senft, and Cohen, LLC, outside counsel to Fulton. From August 17, 2003 through August 25, 2003, Kaufman & Canoles, in consultation with Resource and the financial advisors, negotiated the terms and conditions of the merger agreement with Fulton and its outside counsel.

On August 22, 2003, Resource's board of directors held a special meeting to discuss the merger agreement, with representatives of the financial advisors and Kaufman & Canoles attending the meeting. A representative of Kaufman & Canoles presented in detail each section of the merger agreement and related documents, pointed out provisions that were still under final negotiation and answered questions raised by members of Resource's board. Representatives of each of the financial advisors presented their financial analyses and each delivered their opinion that the exchange ratio agreed to by Resource and Fulton was fair to Resource shareholders from a financial point of view. Representatives of the financial advisors then provided their general analysis of the transaction and answered questions raised by members of Resource's board of directors regarding the presentation. At the conclusion of the presentations, Resource's board of directors approved the transaction with Fulton, and approved the form of merger agreement that had been presented to the board.

From August 23 through August 25, 2003 there was continued due diligence, negotiation and execution of various employment agreements and other documents related to the merger agreement, and finalization of the merger agreement. On August 25, 2003, the parties executed the merger agreement and various collateral agreements, including an agreement signed by each member of Resource's board of directors and each of Resource's executive officers agreeing not to transfer his or her shares of Resource common stock and agreeing to vote such shares in favor of the merger.

On August 25, 2003, Resource and Fulton each issued a press release announcing the potential merger and the execution by the parties of the merger agreement.

Recommendation of the Resource Board of Directors and Reasons for the Merger

After careful consideration, Resource's board of directors determined that the merger is fair to, and in the best interests of, Resource and its shareholders. Accordingly, the Resource board of directors unanimously approved the merger agreement and unanimously recommends that Resource shareholders vote **FOR** approval and adoption of the merger agreement.

In approving the merger agreement, the Resource board consulted with Ryan Beck & Co. and Scott and Stringfellow, Inc., Resource's financial advisors, with respect to the financial aspects and fairness of the exchange ratio from a financial point of view and with its legal counsel as to its legal duties and the terms of the merger agreement. In arriving at its determination, the Resource board also considered all material factors, including the following:

The relationship of the consideration to be received in the merger to recent historical market prices for Resource's common stock. Resource's board of directors also considered the form of consideration to be paid to Resource shareholders, taking into account that Resource shareholders will participate in the future prospects of the combined businesses of Resource and Fulton.

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Presentations from and the opinions delivered by each of Ryan Beck & Co. and Scott & Stringfellow, Inc. dated August 22, 2003, that, based upon and subject to the considerations and assumptions as stated in the opinions, the consideration to be received by Resource shareholders in the merger is fair, from a financial point of view, to Resource shareholders. A copy of the opinions of Resource's financial advisors are attached to this document as Exhibit C, and incorporated herein by reference. You should read these

Table of Contents

opinions in their entirety. Resource's board of directors was aware that the financial advisors would become entitled to certain fees in connection with the merger.

The current and historical financial condition and results of operations of Resource, as well as the prospects and strategic objectives of Resource, including the risks involved in achieving those prospects and objectives, and the current and expected conditions of the financial services industry in which Resource's businesses operate.

The current and historical financial condition and results of operations of Fulton, as well as the prospects and strategic objectives of Fulton, including the risks involved in achieving those prospects and objectives, and the current and expected conditions in the financial services industry in which Fulton's businesses operate.

The fact that the combination of the businesses of Resource and Fulton is expected to lead to potential cost saving and other synergies.

The presentation of Resource's management and its financial advisors, and the view of Resource's board of directors, with respect to trends in the industry in which Resource's businesses operate and the strategic alternatives available to it, including Resource remaining an independent company, the possibility of acquisitions or mergers with other companies in this industry and other transactions, as well as the risk and uncertainties associated with the strategic alternatives available to Resource.

The anticipated timing and consummation of the transactions contemplated by the merger agreement.

The obligations of Resource and Fulton to consummate the merger being subject to customary conditions.

The likelihood of obtaining required regulatory approvals without undue conditions or delay.

The generally tax-free nature of the merger.

The discussion and factors considered by Resource's board of directors are not intended to be exhaustive, but include all material factors considered. In approving the merger agreement, Resource's board did not assign any specific or relative weights to any of the foregoing factors, and individual directors may have weighted factors differently. All of the material factors concerning the proposed merger that the Resource board considered supported the board's decision to recommend the transaction to its shareholders. Resource's board of directors is not aware of any factor that failed to support its determination.

Opinions of Resource's Financial Advisors

Ryan Beck & Co. and Scott & Stringfellow, Inc., Resource's financial advisors, began working with Resource in July 2003, and on August 25, 2003, Resource entered into written engagement agreements with the financial advisors to act as Resource's financial advisors with respect to an evaluation of alternative courses of action to maximize long-term shareholder value including a potential sale of the company. The financial advisors, as a customary part of their businesses, are continually engaged in the valuation of banks, bank holding companies, savings and loan associations, savings banks and savings and loan holding companies in connection with mergers, acquisitions and other securities-related transactions. The financial advisors have knowledge of, and experience with, the banking market in which Resource operates and banking organizations within this market, and were selected by Resource because of their knowledge of, experience with, and reputation in the financial services industry.

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On August 22, 2003, the Resource board held a meeting to evaluate the proposed merger with Fulton. In their capacity as Resource's financial advisors, the financial advisors participated in the negotiations with respect to the pricing and other terms and conditions of the merger, but the decision as to whether to accept the Fulton proposal and the pricing of the merger was made by the board of directors of Resource. At this meeting, the financial advisors rendered oral opinions to Resource's board and reconfirmed the opinions in writing as of August 25, 2003, that based on and subject to the assumptions, factors, and limitations as set forth in the attached opinions and as described below,

Table of Contents

the consideration offered to Resource shareholders is fair from a financial point of view. No limitations were imposed by the Resource board of directors upon the financial advisors with respect to the investigations made or procedures followed by them in arriving at their opinions.

The full text of the financial advisors' opinions, which set forth assumptions made and matters considered, are attached as Exhibit C to this document. You are urged to read the attached financial advisors' opinions in their entirety. The financial advisors' opinions are directed only to the financial fairness of the consideration to be paid to Resource shareholders and do not constitute recommendations as to how you should vote at the special meeting. We have not considered, nor are we expressing any opinions herein with respect to, the price at which Fulton's common stock will trade following consummation of the merger. The summary of the financial advisors' opinions set forth in this document is qualified in its entirety by reference to the full text of the opinions. In rendering their opinions, the financial advisors do not admit that they are experts within the meaning of the term "expert" as used within the Securities Act of 1933 and the rules and regulations promulgated thereunder, or that their opinions constitute a report or valuation within the meaning of Section 11 of the Securities Act of 1933 and the rules and regulations promulgated thereunder.

Material and Information Considered with Respect to the Proposed Merger. In connection with their opinions, the financial advisors reviewed the following information:

The merger agreement and related documents;

This document;

Fulton's annual reports on Form 10-K for the years ended December 31, 2002, 2001 and 2000;

Fulton's quarterly reports on Form 10-Q for the periods ended September 30, 2003, June 30, 2003, March 31, 2003, and September 30, 2002;

Fulton's proxy statement dated March 11, 2003;

Resource's annual reports on Form 10-K for the years ended December 31, 2002, 2001, and 2000;

Resource's quarterly reports on Form 10-Q for the periods ended September 30, 2003, June 30, 2003, March 31, 2003, and September 30, 2002;

Resource's proxy statement dated April 18, 2003;

The historical stock prices and trading volume of Fulton's common stock;

Other operating and financial information provided to the financial advisors by the management of Fulton relating to its business and prospects;

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The publicly available financial data of commercial banking organizations which the financial advisors deemed generally comparable to Fulton;

The historical stock prices and trading volume of Resource's common stock;

Other operating and financial information provided to the financial advisors by the management of Resource relating to its business and prospects;

The publicly available financial data of commercial banking organizations which the financial advisors deemed generally comparable to Resource; and

Table of Contents

The terms of acquisitions of commercial banking organizations that the financial advisors deemed generally comparable in whole or in part to Resource.

Additionally, the financial advisors:

Conducted or reviewed such other studies, analyses, inquiries and examinations as they deemed appropriate;

Analyzed the impact of the merger on Fulton;

Considered the future prospects of Resource in the event it remained independent; and

Met with certain members of Resource's and Fulton's senior management to discuss Resource's and Fulton's past and current business operations, regulatory standing, financial condition, strategic plan and future prospects, including any potential operating efficiencies and synergies, which may arise from the merger.

In connection with its review, the financial advisors relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information regarding Resource, Fulton and their respective subsidiaries that was publicly available or provided to the financial advisors by Resource and Fulton and their respective representatives. The financial advisors are not experts in the evaluation of allowance for loan losses. Therefore, the financial advisors have not assumed any responsibility for making an independent evaluation of the adequacy of the allowance for loan losses set forth in the consolidated balance sheets of Resource and Fulton as of September 30, 2003, and the financial advisors assumed such allowances were adequate and complied fully with applicable law, regulatory policy, sound banking practice and policies of the Securities and Exchange Commission as of the date of such financial statements. The financial advisors discussed certain operating forecasts and financial projections (and the assumptions and bases therefor) with the management of Resource and Fulton. The financial advisors assumed that such forecasts and projections reflected the best currently available estimates and judgments of the management of Resource and Fulton. In certain instances, for the purposes of its analyses, the financial advisors made adjustments to such forecasts and projections, which in the financial advisors' judgment were appropriate under the circumstances. The financial advisors were not retained to nor did they make any independent evaluation or appraisal of the assets or liabilities of Resource or Fulton or of their respective subsidiaries nor did the financial advisors review any loan files of Resource or Fulton or their respective subsidiaries. The financial advisors also assumed that the merger in all respects is, and will be, undertaken and consummated in compliance with all laws and regulations that are applicable to Fulton and Resource.

The preparation of a fairness opinion for a transaction such as the merger involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, the financial advisors' opinions are not readily susceptible to summary description. In arriving at their opinions, the financial advisors performed a variety of financial analyses. The financial advisors believe that their analyses must be considered as a whole and the consideration of portions of such analyses and the factors considered therein, or any one method of analysis, without considering all factors and analyses, could create an incomplete view of the analyses and the process underlying the financial advisors' opinions. No one method of analysis was assigned a greater significance than any other.

The forecasts and projections discussed with the financial advisors were prepared by the respective managements of Resource or Fulton without input or guidance by the financial advisors. Resource and Fulton do not publicly disclose internal management projections of the type provided to the financial advisors in connection with the review of the merger. Such projections were not prepared with a view towards public disclosure. The public disclosure of such projections could be misleading since the projections were based on numerous variables and assumptions which are inherently uncertain, including without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projections.

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In their analyses, the financial advisors made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Resource or

Table of Contents

Fulton. Any estimates contained in the financial advisors' analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals nor do they necessarily reflect the prices at which companies or their securities may actually be sold.

The financial advisors' opinions were based solely upon the information available to them and economic, market and other circumstances, as they existed as of the date of the opinions. Events occurring after such date could materially affect the assumptions and conclusions contained in the financial advisors' opinions. The financial advisors have not undertaken to reaffirm or revise their opinions or otherwise comment upon any events occurring after the date of their reconfirmed opinions.

In connection with rendering their August 22, 2003 opinions, the financial advisors performed a variety of financial analyses. The financial advisors evaluated the financial terms of the transaction using standard valuation methods, including stock trading history, comparable acquisition analysis, pro forma merger analysis, dividend discount analysis, and comparable company analysis, among others. The following is a summary of the material analyses presented by the financial advisors to the Resource board of directors on August 22, 2003 in connection with their fairness opinions.

Summary of the Financial Proposal. The financial advisors reviewed the terms of the proposed transaction, including the consideration and the implied transaction value. Based on the merger agreement, each share of Resource common stock shall be exchanged for 1.4667 shares of Fulton common stock subject to certain adjustments for stock splits, stock dividends, reclassifications or other similar events that may occur involving Fulton common stock or Resource common stock prior to closing. Based upon the closing price of Fulton common stock of \$20.67 on August 21, 2003, the implied transaction value per share to Resource shareholders was \$30.32. The financial advisors calculated the premium over the closing price of Resource common stock on August 21, 2003, the price to trailing twelve months' earnings multiple and the price to tangible book value multiple for Resource based on such implied total transaction value. This analysis yielded a premium over the closing price of Resource common stock on August 21, 2003, of 18.9%, a price to trailing twelve months' earnings multiple of 18.3x and a price to tangible book value multiple of 3.4x. In addition, based upon the exchange ratio of 1.4667 shares of Fulton common stock and Fulton's current annualized dividend rate of \$0.64, Resource shareholders would experience an increase in annual dividends of 107.1%.

Valuation Analyses

Stand-Alone Value:

Analysis of Selected Comparable Companies. The financial advisors analyzed the performance and financial condition of Resource relative to a group of 20 commercial banks located in the Southeast region with assets between \$500 million and \$1 billion and a trailing twelve months' core return on average assets of greater than 1.0% and 86 nationwide commercial banks with assets between \$500 million and \$1 billion and a trailing twelve months' core return on average assets of greater than 1.0%. The financial ratios shown in the table below are as of or for the twelve months ended June 30, 2003; the market price multiples are based on market prices as of August 21, 2003.

Table of Contents

	<u>Resource</u>	<u>Regional Bank Peer Group Median</u>	<u>Nationwide Bank Peer Group Median</u>
Last 12 Months Net Interest Margin	3.11%	4.51%	4.26%
Last 12 Months Efficiency Ratio	71.18%	57.73%	54.95%
Last 12 Months Non-Int. Income / Oper. Rev	59.37%	24.65%	21.53%
Last 12 Months Core Return on Avg. Assets	1.32%	1.35%	1.31%
Last 12 Months Core Return on Avg. Equity	24.63%	13.44%	13.91%
Last 12 Months Dividend Payout Ratio	25.00%	35.72%	32.04%
Projected 2003 - 2004 EPS Growth	5.20%	7.70%	9.46%
Last 12 Months Loan Growth Rate	31.63%	10.50%	8.93%
Last 12 Months Deposit Growth Rate	41.30%	10.02%	9.77%
Tangible Equity / Assets	6.48%	8.86%	8.56%
Loans / Assets	61.03%	65.96%	66.49%
NPAs + Loans 90DPD / Assets	0.13%	0.65%	0.43%
Last 12 Months NCOs / Avg. Loans	0.04%	0.30%	0.15%
Reserves / NPAs + Loans 90DPD	487.11%	131.41%	187.19%
Reserves / Loans	1.01%	1.36%	1.31%
Market Capitalization (\$M)	152.2	155.0	140.7
YTD Avg. Daily Volume (Actual)	16,542	6,468	6,054
Market Price / Last 12 Months Earnings	15.00x	16.26x	16.09x
Market Price / 2003 Estimated Earnings	14.22x	15.07x	14.82x
Market Price / 2004 Estimated Earnings	13.52x	13.87x	13.60x
Market Price / Book Value	2.81x	1.98x	2.11x
Market Price / Tangible Book Value	2.85x	2.30x	2.26x

The financial advisors noted that Resource's return on average assets was in line with the median for both peer groups. However, in reviewing the components of profitability, the financial advisors noted that Resource's net interest margin was significantly lower than the median for both peer groups. The lower net interest margin was positively offset by a lower provision for loan loss associated with lower relative net charge-off experience, lower levels of non-performing assets and higher reserve coverage. In addition, Resource's non-interest income to total revenue ratio of 59.37% was more than two times the median percentage for each peer group and was driven largely by Resource's mortgage banking activities. In conjunction with Resource's higher degree of financial leverage as measured by its lower tangible equity to asset ratio, Resource's return on average equity of 24.63% for the twelve months ended June 30, 2003 far exceeded the median of 13.44% and 13.91%, respectively, for the peer groups. The financial advisors also noted that in spite of Resource's higher historical growth of loans and deposits relative to the peer group medians, its projected earnings per share growth in 2004 according to First Call of 5.20% was lower than the medians of each peer group.

With respect to Resource's market valuation as of August 21, 2003, the financial advisors noted that its total market capitalization was in-line with the regional bank peer group median and slightly exceeded the nationwide peer bank median. Resource's price to earnings per share multiple for the latest twelve months ended June 30, 2003, and its price to projected 2003 earnings per share multiple were below the median multiples for each peer group. However, on a price to projected 2004 earnings per share multiple basis, Resource was more aligned with the respective valuation multiples for each peer group.

Dividend Discount Analysis. The financial advisors performed a dividend discount analysis to determine a range of present values per share of Resource common stock assuming Resource continued to operate as a stand-alone entity. To determine a projected dividend stream, the financial advisors assumed a dividend payout equal to 25% of Resource's projected net income. The net income projections assumed an earnings growth rate of 8% for

Table of Contents

years 2004 through 2008. The terminal value of Resource common stock at the end of the period was determined by applying a range of price-to-earnings multiples (13.0x to 15.0x) to year 2008 projected earnings. The dividend stream and terminal values were discounted to present value using discount rates of 10% to 12%, which the financial advisors viewed as the appropriate discount rate range for a commercial bank with Resource's risk characteristics. These projections are based upon various factors and assumptions, many of which are beyond the control of Resource. These projections are, by their nature, forward-looking and may differ materially from the actual future values or actual future results. Actual future values or results may be significantly more or less favorable than suggested by such projections. Based upon the above assumptions, the stand-alone value of Resource common stock ranged from approximately \$21.41 to \$26.62 per share. The financial advisors noted that the implied transaction value of \$30.32 per share exceeded the estimated values derived from the discounted dividend analysis.

Discount Rate	Terminal Price/Earnings Multiple		
	13.0x	14.0x	15.0x
10.00%	\$ 23.35	\$ 24.98	\$ 26.62
11.00%	\$ 22.35	\$ 23.92	\$ 25.48
12.00%	\$ 21.41	\$ 22.90	\$ 24.40

Summary of Stand-Alone Values. The financial advisors noted that the implied stand-alone value for Resource based upon the midpoint of the *Dividend Discount Analysis* was \$23.92. Further, the financial advisors noted that the implied stand-alone values of Resource based upon an average of (i) the median price to book value multiple, (ii) the median price to tangible book value multiple, (iii) the median price to trailing twelve months earnings multiple, (iv) the median price to 2003 estimated earnings multiple, and (v) the median price to 2004 estimated earnings multiple for each of the Regional and Nationwide peer groups was \$23.86 per share and \$23.79 per share, respectively. Resource's common stock value one day prior to the financial advisors' opinions was \$25.50 per share. The financial advisors noted that the implied transaction value of \$30.32 per share exceeded all implied stand-alone values as well as Resource's common stock price of \$25.50 per share one day prior to the August 22, 2003 meeting.

Sale-of Control Value:

Comparable Acquisition Analysis. The financial advisors reviewed 35 merger transactions announced from January 1, 2001 to August 21, 2003 involving commercial banking institutions nationwide with assets between \$500 million and \$1.5 billion and 11 merger transactions announced from January 1, 2001 to August 21, 2003 involving commercial banking institutions in Virginia. The financial advisors compared the price to book value, price to tangible book value, price to trailing twelve months earnings, price to future year estimated earnings, price to deposits, price to assets and tangible book premium to core deposits for the nationwide transactions and Virginia transactions to the proposed merger at announcement. The following table compares selected ratios of Resource's transaction with the median ratios for the nationwide and Virginia transactions:

	Fulton/ Resource	Nationwide Transactions	Virginia Transactions
Deal Price/Book Value	3.34x	2.10x	2.06x
Deal Price/Tangible Book Value	3.39x	2.35x	2.07x
Deal Price/LTM Earnings	18.34x	19.88x	21.94x

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Deal Price/Est. EPS	16.90x	16.44x	18.89x
Deal Price/Deposits	32.70%	22.71%	26.01%
Deal Price/Assets	24.09%	17.48%	23.50%
Tangible Book Premium/Core Deposits	24.66%	15.96%	15.24%

Table of Contents

The financial advisors also reviewed selected performance statistics for Resource and compared those to the median statistics for the nationwide and Virginia transactions as presented in the following chart:

	Resource	Virginia Median	Nationwide Median
Assets (\$000)	824,665	294,885	662,804
Equity/Assets (%)	6.57	10.00	8.04
Tg. Equity/Assets (%)	6.48	9.50	7.52
ROAA (%)	1.43	1.24	1.05
ROAE (%)	23.97	11.39	12.66
NPAs/Assets (%)	0.09	0.31	0.36

The financial advisors noted that Resource was larger than the median institution in each peer group. In addition, Resource's capital ratios were meaningfully lower than the peer group medians. Resource's operating profitability measured by its return on average assets (ROAA) of 1.43% was significantly higher than the Virginia median and nationwide median of 1.24% and 1.05%, respectively. Moreover, in conjunction with Resource's higher degree of financial leverage, its return on average equity (ROAE) was nearly twice the ratio for each of the Virginia and nationwide medians. Finally, the financial advisors noted that Resource's asset quality measured by non-performing assets to total assets of 0.09% was significantly lower than peer group median.

Segment Valuation. The financial advisors noted that 30% of Resource's net income for the twelve months ended June 30, 2003 was contributed by their mortgage banking segment. Based upon our industry experience, the mortgage banking business is inherently more volatile than commercial banking. Accordingly, the risk associated with the unpredictable nature of mortgage banking earnings causes the trading multiples of mortgage banking companies to be significantly lower than those of commercial banking companies. This was supported by our review of selected sale-of-control transactions involving mortgage banking companies, which showed that the median price to trailing twelve months net income multiple was approximately 10 times. The financial advisors applied the median trailing twelve months earnings multiple found in the *Comparable Acquisition Analysis* to 70% of Resource's net income and then applied the mortgage banking company acquisition transaction multiple to 30% of Resource's net income. This formula developed the segment value displayed in the following chart.

Resource's LTM EPS:	\$ 1.65			
EPS Distribution by:			Multiples of LTM EPS	Implied Value
Bank segment	70%	→	\$ 1.16x	21x
Mortgage segment	30%	→	\$ 0.50x	10x
	Imputed per Share Sale-of-Control Value			\$ 29.26

Table of Contents

The financial advisors noted that the implied transaction value of \$30.32 per share exceeded the imputed segment value of \$29.26 per share.

Dividend Discount Analysis. The financial advisors performed a dividend discount analysis to determine a range of present values per share of Resource common stock assuming Resource did not continue to operate as a stand-alone entity. To determine a projected dividend stream, the financial advisors assumed a dividend payout equal to 25% of Resource's projected net income. The net income projections assumed an earnings growth rate of 8% for years 2004 through 2008. In addition, the financial advisors assumed transaction synergies equal to 5% of Resource's non-interest expense with 75% of those synergies implemented in 2004 and 100% implemented in 2005, increasing 5% thereafter. The terminal value of Resource common stock at the end of the period was determined by applying a range of price-to-earnings multiples (18.0x to 20.0x) to year 2008 projected earnings. The dividend stream and terminal values were discounted to present value using discount rates of 14% to 16%, which the financial advisors viewed as the appropriate discount rate range based upon historical internal rate of return expectations for commercial bank acquisition transactions. These projections are based upon various factors and assumptions, many of which are beyond the control of Resource. These projections are, by their nature, forward-looking and may differ materially from the actual future values or actual future results. Actual future values or results may be significantly more or less favorable than suggested by such projections. Based upon the above assumptions, the majority interest value of Resource common stock ranged from approximately \$26.43 to \$31.72 per share with a midpoint of \$28.98 per share. The financial advisors noted that the implied transaction value of \$30.32 per share exceeded the estimated midpoint value derived from the discounted dividend analysis.

Discount Rate	Terminal Price / Earnings Multiple		
	18.0x	19.0x	20.0x
14.00%	\$ 28.76	\$ 30.24	\$ 31.72
15.00%	\$ 27.56	\$ 28.98	\$ 30.40
16.00%	\$ 26.43	\$ 27.79	\$ 29.15

Pro Forma Merger Analysis. The financial advisors analyzed certain pro forma effects of the merger using the First Call 2004 earnings estimates and management provided 2005 earnings estimates for Resource and Fulton. In addition, the financial advisors utilized cost savings assumptions ranging from 0% to 5% of Resource's non-interest expense. The range of cost savings was based upon the financial advisors' judgment and experience in analyzing similar bank merger transactions. This analysis indicated that the transaction would be slightly dilutive to Fulton's 2004 and 2005 GAAP earnings per share under the 0% and 5% scenarios. On a cash basis, the analysis indicated that the transaction would also be slightly dilutive to Fulton's 2004 and 2005 cash earnings per share under the 0% and 5% scenarios. The merger would be accretive to Fulton's book value per share and slightly dilutive to tangible book value per share based upon a pro forma combination as of June 30, 2003. The actual results achieved by Fulton and the combined entity may vary from projected results.

	Cost Savings	
	0%	5%
2004 EPS Accretion / (Dilution)	(1.5%)	(1.0%)
2004 Cash EPS Accretion / (Dilution)	(0.8%)	(0.2%)
2005 EPS Accretion / (Dilution)	(1.5%)	(0.8%)

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2005 Cash EPS Accretion / (Dilution)	(0.8%)	(0.1%)
Book Value Accretion / (Dilution)	13.4%	13.4%
Tangible Book Accretion / (Dilution)	(2.1%)	(2.1%)

Table of Contents

Analysis of Selected Comparable Companies. The financial advisors analyzed the performance and financial condition of Fulton relative to a group of 13 commercial banks located in the Mid-Atlantic region with assets between \$3 billion and \$10 billion and 62 nationwide commercial banks with assets between \$3 billion and \$10 billion. The financial ratios shown in the table below are as of or for the twelve months ended June 30, 2003; the market price multiples are based on market prices as of August 21, 2003.

	<u>Fulton</u>	<u>Regional Bank Peer Group Median</u>	<u>Nationwide Bank Peer Group Median</u>
Last 12 Months Net Interest Margin	4.11%	3.84%	4.05%
Last 12 Months Efficiency Ratio	52.53%	56.28%	56.79%
Last 12 Months Non-Int Income / Oper. Rev.	27.53%	20.16%	26.73%
Last 12 Months Core Return on Avg. Assets	1.56%	1.13%	1.17%
Last 12 Months Core Return on Avg. Equity	14.85%	13.37%	13.97%
Last 12 Months Dividend Payout Ratio	46.72%	50.78%	35.79%
Projected 2003 - 2004 EPS Growth	9.23%	7.93%	9.92%
Last 12 Months Loan Growth Rate	0.32%	6.03%	7.16%
Last 12 Months Deposit Growth Rate	6.77%	6.59%	9.77%
Tangible Equity / Assets	9.38%	6.45%	7.36%
Loans / Assets	62.55%	61.08%	60.66%
NPAs + Loans 90DPD / Assets	0.45%	0.59%	0.58%
Last 12 Months NCOs / Avg. Loans	0.23%	0.35%	0.35%
Reserves / NPAs + Loans 90DPD	185.78%	126.88%	144.72%
Reserves / Loans	1.34%	1.36%	1.44%
Market Capitalization (\$M)	2,174.9	779.1	946.7
YTD Avg. Daily Volume (Actual)	164,061	77,354	80,513
Market Price / Last 12 Months Earnings	17.52x	16.91x	16.59x
Market Price / 2003 Estimated Earnings	15.90x	15.49x	15.53x
Market Price / 2004 Estimated Earnings	14.56x	14.48x	14.12x
Market Price / Book Value	2.49x	2.34x	2.16x
Market Price / Tangible Book Value	2.72x	2.70x	2.69x

The financial advisors noted that Fulton's return on average assets of 1.56% was significantly higher than the peer medians of 1.13% and 1.17%, respectively, for the regional and nationwide peer groups. Fulton's superior operating profitability was driven by (i) a net interest margin which was higher than the median for the peer groups,

Table of Contents

(ii) lower credit costs associated with its superior credit quality and reserve coverage, and (iii) a better non-interest income to total revenue ratio. Although Fulton's return on average equity of 14.85% was higher than the median for the peer groups, its profitability advantage using this metric was mitigated by a higher tangible equity to asset ratio than both peer groups. The financial advisors also noted that Fulton's expected earnings per share growth rate for 2004 versus 2003 per First Call of 9.23% exceeded the median of 7.93% for the regional peer group and was only modestly lower than the 9.92% for the Nationwide Peer Group.

Other Analyses. The financial advisors also reviewed, among other things, the historical financial performance of Fulton, selected investment research reports on, and earnings estimates for, Resource and Fulton and analyzed available information regarding the ownership of Fulton common stock. In connection with the financial advisors' updated opinions dated as of the date of this document and contained in Exhibit C to this document, the financial advisors confirmed the appropriateness of their reliance on the analyses used to render their August 25, 2003 written opinions by performing procedures to update certain such analyses and by reviewing the assumptions and conclusions upon which the August 25, 2003 opinions were based.

Compensation of Financial Advisors

Pursuant to separate engagement letters between Resource and each of the financial advisors, in exchange for their services, each financial advisor has received a non-refundable retainer of \$100,000 and will receive a fee of \$950,000 that is contingent on and payable at the merger closing. Resource has also agreed to indemnify the financial advisors, their subsidiaries, their affiliates, and each of their directors, officers, employees, agents and security holders, against liabilities, including liabilities under federal securities laws, incurred in connection with their services to Resource, except for liabilities resulting from the gross negligence or willful misconduct of these individuals and entities.

The financial advisors have a long-standing investment banking relationship with Resource, including acting as co-managing underwriters for Resource's public offering of common stock in March 2003. The financial advisors' research departments provide published investment analyses on Resource, and the financial advisors act as market makers in Resource common stock.

Ryan Beck & Co.'s research department provides published investment analyses on Fulton and both Ryan Beck & Co. and Scott & Stringfellow act as market makers in Fulton's common stock. In the ordinary course of their businesses, the financial advisors may actively trade the equity securities of Resource for their own accounts or the accounts of their customers, and, accordingly, may at any time hold long or short positions in such securities.

Fulton's Board Of Directors' Reasons For The Merger

The acquisition of Resource was attractive to Fulton's board of directors because it presented an opportunity to acquire a performing financial institution in a new geographic market which would contribute to the expansion of Fulton's franchise into the Commonwealth of Virginia and into Virginia markets that fit the profile of Fulton's desired markets in terms of economic growth and demographics.

The Fulton board of directors met at a special board meeting on August 19, 2003, and approved the nature and amount of consideration that could be offered by management, and authorized the Chairman of the Board, President or any Executive Vice President to negotiate and sign the form of the definitive merger agreement. The board also unanimously approved and ratified the definitive merger agreement and related documents and the execution of the merger agreement.

Effect Of The Merger

Upon completion of the merger, Resource will merge with and into Fulton, and the separate legal existence of Resource will cease. As a consequence of the merger, all property, rights, debts and obligations of Resource will automatically transfer to and vest in Fulton, in accordance with Pennsylvania and Virginia law. Fulton, as the surviving corporation, will be governed by the Articles of Incorporation and Bylaws of Fulton in effect immediately

Table of Contents

prior to completion of the merger. The directors and executive officers of Fulton prior to the merger will continue, in their respective capacities, as the directors and executive officers of Fulton after the merger, except that Fulton will appoint to its board of directors one current director of Resource.

Exchange Ratio

On the effective date of the merger, each outstanding share of Resource common stock will automatically convert into 1.4667 shares of Fulton common stock. You will receive cash instead of receiving fractional share interests of Fulton common stock.

Fulton will adjust the number of shares of Fulton common stock issuable in exchange for shares of Resource common stock to take into account any stock splits, stock dividends, reclassifications or other similar events that may occur involving Fulton common stock or Resource common stock prior to closing.

Stock Options

All Resource stock options will vest as a result of the merger, and can either be exercised immediately prior to the closing of the merger or converted into Fulton options as described below. On the effective date of the merger, each outstanding option to purchase shares of Resource common stock will automatically convert into an option to purchase Fulton common stock. The number of shares of Fulton common stock issuable upon exercise will equal the number of shares of Resource common stock subject to the option multiplied by 1.4667, rounded to the nearest whole share. The exercise price for a whole share of Fulton common stock will equal the stated exercise price of the option divided by 1.4667. The duration and other terms of the Fulton stock option will be identical to the duration and other terms of the Resource option, except that all references to Resource will be deemed to be references to Fulton and its affiliates where the context so requires, and will remain exercisable until the stated expiration date of the corresponding Resource option. Shares issuable upon the exercise of such options to acquire Fulton common stock will remain subject to the terms of the plans and grant agreements of Resource under which Resource issued the options.

Effective Date Of The Merger

The effective date of the merger will occur within thirty days following the receipt of all regulatory and shareholder approvals. Fulton and Resource may also mutually agree on a different date. Fulton and Resource presently expect that the effective date of the merger will occur on or before April 1, 2004.

On or prior to the effective date of the merger, Fulton and Resource will file articles of merger with the Pennsylvania Department of State and the Virginia State Corporation Commission and such document will set forth the effective date of the merger. Either Fulton or Resource can terminate the merger agreement if, among other reasons, the merger does not occur on or before June 30, 2004, and the terminating party has not breached or failed to perform any of its obligations under the merger agreement. However, either party may extend this date to September 30, 2004, if closing has not occurred by June 30, 2004 because regulatory approval is still pending. See Termination; Effect of Termination on page 40.

Exchange Of Resource Stock Certificates

No later than three business days after receipt of a final shareholders list following the effective date of the merger, Fulton will send a transmittal form to each record owner of Resource common stock. The transmittal form will contain instructions on how to surrender certificates representing Resource common stock in exchange for certificates representing Fulton common stock.

You should not forward any Resource stock certificates until you have received transmittal forms from Fulton. You should not return stock certificates with the enclosed proxy card.

Until you exchange your certificates representing Resource common stock, you will not receive the certificates representing Fulton common stock into which your Resource shares have converted. In addition, at its option, Fulton may withhold dividends on the Fulton shares if you fail to exchange your certificates. When you

Table of Contents

surrender your Resource certificates, you will receive any unpaid dividends without interest. For all other purposes, however, each certificate which represents shares of Resource common stock outstanding at the effective date of the merger will evidence ownership of the shares of Fulton common stock into which those shares converted as a result of the merger. Neither Fulton nor Resource will have liability for any amount paid in good faith to a public official pursuant to any applicable abandoned property, escheat or similar law.

Conditions To The Merger

The obligations of Fulton and Resource to complete the merger are subject to various conditions, which include, among other customary provisions for transactions of this type, the following:

approval of the merger agreement by Resource's shareholders;

receipt of all required regulatory approvals, including the expiration or termination of any notice and waiting periods;

the absence of any action, suit or proceeding, pending or threatened, which seeks to modify, enjoin or prohibit or otherwise adversely and materially affect the transaction contemplated by the merger agreement;

delivery of a tax opinion by Fulton's legal counsel to each of Fulton and Resource;

the absence of any material and adverse change in the condition, assets, liabilities, business or operations or future prospects of either party;

the accuracy in all material respects as of the date of the merger agreement and as of the effective date of the merger of the representations and warranties of the other party, except as to any representation or warranty which specifically relates to an earlier date and except as otherwise contemplated by the merger agreement;

the other party's material performance of all its covenants and obligations; and

other conditions customary for similar transactions, such as the receipt of officer certificates and legal opinions.

Except for the requirements of shareholder approval, regulatory approvals and the absence of any legal action preventing the merger, each of the conditions described above may be waived in the manner and to the extent described in Amendment; Waivers on page 40. As of the date of this document, Fulton's counsel has delivered the required tax opinion.

Representations and Warranties

The merger agreement contains customary representations and warranties relating to:

the corporate organizations of Fulton, Resource and Resource Bank and their respective subsidiaries;

the capital structures of Fulton and Resource;

the approval and enforceability of the merger agreement;

the consistency of financial statements with generally accepted accounting principles;

the filing of tax returns and payment of taxes;

Table of Contents

the absence of material adverse changes, since June 30, 2003, in the condition, assets, liabilities, business or operations of either Fulton or Resource, on a consolidated basis;

the absence of undisclosed material pending or threatened litigation;

compliance with applicable laws and regulations;

retirement and other employee plans and matters relating to the Employee Retirement Income Security Act of 1974;

the quality of title to assets and properties;

the maintenance of adequate insurance;

the performance of material contracts;

the absence of undisclosed brokers or finders fees;

the absence of material environmental violations, actions or liabilities;

the consistency of the allowance for loan losses with generally accepted accounting principles and all applicable regulatory criteria; and

the accuracy of information supplied by Fulton and Resource in connection with the Registration Statement filed by Fulton with the SEC, this document and all applications filed with regulatory authorities for approval of the merger.

The merger agreement also contains other representations and warranties by Resource relating to:

transactions between Resource and certain related parties;

the filing of all regulatory reports;

the lack of any regulatory agency proceeding or investigation into the business or operations of Resource or any of its subsidiaries; and

the receipt by Resource's board of directors of a written fairness opinion.

Business Pending The Merger

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Under the merger agreement, between the date the merger agreement was signed and the date the merger occurs, Resource and its subsidiaries agreed, among other things, except as disclosed to or consented to by Fulton, to:

use all reasonable efforts to carry on their respective businesses in the ordinary course;

use all reasonable efforts to preserve their respective business organizations, to retain the services of their present officers and employees and to maintain their relationships with customers, suppliers and others with whom they have business dealings;

maintain all of their structures, equipment and other property in good repair;

use all reasonable efforts to preserve or collect all material claims and causes of action;

maintain insurance policies;

Table of Contents

materially perform their obligations under all material contracts;

maintain their books of account and other records in the ordinary course of business;

comply in all material respects with all regulations and laws that apply;

not amend their organizational documents;

not enter into any material contract or incur any material liability or obligation except in the ordinary course of business;

not make any material acquisition or disposition of properties or assets, except pursuant to previously disclosed contracts to the extent not exceeding \$200,000;

not take any action that would be a material breach of any representation, warranty or covenant;

not declare, set aside or pay any dividend or other distribution on its capital stock, except as otherwise specifically set forth in the merger agreement (see Dividends on page 37);

not authorize, purchase, redeem, issue or sell any shares of Resource common stock or any other equity or debt securities;

not increase the rate of compensation of, pay a bonus or severance compensation to, or create or amend employment agreements for any officer, director, employee or consultant, except as otherwise required or permitted by the merger agreement, except that they may grant and pay routine periodic salary increases and bonuses in accordance with past practices; and

not open or close any branches or automated banking facilities except as otherwise permitted in the merger agreement.

not enter into related party transactions with directors, officers, or beneficial owners or associates relating to contracts, extensions of credit or other business arrangements;

file with appropriate federal, state, local and other governmental agencies all tax returns and other material reports required to be filed, pay in full or make adequate provisions for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due on tax returns or by any taxing authorities and report all information on such returns truthfully, accurately and completely;

not renew any existing contract for services, goods, equipment or the like or enter into, amend in any material respect or terminate any contract or agreement (including without limitation any settlement agreement with respect to litigation) involving an amount in excess of \$50,000 or for a term of one year or more;

except as otherwise permitted by the merger agreement, not make any capital expenditures other than in the ordinary course of business or as necessary to maintain existing assets in good repair;

not make any equity investment or commitment to make such an investment in real estate or in any real estate development project, other than in connection with foreclosures, settlements in lieu

Table of Contents

of foreclosure or troubled loan or debt restructuring in the ordinary course of business consistent with customary banking practice;

not take any other action which would cause the merger not to qualify as a tax-free reorganization under Section 368 of the Internal Revenue Code; and

following receipt of both shareholder and regulatory approval of the merger and upon agreement as to the effective date by Fulton and Resource, conform its practices to the standards used by Fulton, with respect to its investment and loan portfolios and loan loss reserve.

Dividends

The merger agreement permits Resource to pay a regular quarterly cash dividend not to exceed \$.11 per share of Resource common stock outstanding provided that the effective date of the merger does not occur on or before the record date for the Fulton dividend scheduled for that same approximate time period, as more specifically set forth in the merger agreement. Resource may not pay its shareholders a dividend for any quarter in which such shareholders are entitled to receive a dividend from Fulton for the same quarter. Subject to applicable regulatory restrictions, if any, Resource Bank may pay cash dividends to Resource sufficient to permit payment of the dividends by Resource. Neither Resource nor Resource Bank may pay any other dividend without the prior written consent of Fulton.

No Solicitation Of Transactions

The merger agreement prohibits Resource or any of its affiliates or representatives from:

responding to, soliciting, initiating or encouraging any inquiries relating to an acquisition of Resource or its subsidiaries by a party other than Fulton, or engaging in negotiations with respect to such a transaction;

withdrawing approval or recommendation of the merger agreement or the merger except under limited circumstances concerning a third party's proposal to acquire Resource or its subsidiaries;

approving or recommending a third party's proposal to acquire Resource or its subsidiaries; or

causing Resource to enter into any kind of agreement with a third party relating to the third party's proposal to acquire Resource or its subsidiaries unless the Resource board of directors determines in good faith and with the advice of outside counsel that failure to do so would be reasonably likely to constitute a breach of its fiduciary duties and the applicable proposal is superior to Fulton's acquisition terms.

However, if at any time the board of directors of Resource determines in good faith, based on the advice of outside counsel, that failure to consider a third party's proposal would be reasonably likely to constitute a breach of its fiduciary duties, Resource, in response to a written acquisition proposal that was unsolicited and that is reasonably likely to lead to a better proposal, may:

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give the third party non-public information relating to Resource or its subsidiaries pursuant to a customary confidentiality agreement;
and

participate in negotiations regarding such proposal.

Resource agreed to notify Fulton if it receives any inquiries or proposals relating to an acquisition by a party other than Fulton.

Table of Contents

Board of Directors Covenant to Recommend the Merger Agreement

Resource's directors and executive officers entered into voting agreements with Fulton by which they agreed to vote all shares of voting capital stock beneficially owned by them in favor of the merger agreement. The Resource board of directors is permitted to withdraw, modify or change in a manner adverse to Fulton, its recommendation to the Resource shareholders with respect to the merger agreement and the merger only if:

after consultation with its outside legal counsel, the board of directors determines in good faith that failing to take such action, in response to an unsolicited bona fide written superior proposal (as defined in the merger agreement), would be reasonably likely to constitute a breach of its fiduciary duties under applicable law;

the applicable acquisition proposal is a superior proposal; and

Resource has complied in all material respects with the requirements described under "No Solicitation of Transactions," above.

Warrant Agreement and Warrant

General

In connection with the merger agreement, Resource executed a warrant agreement, dated August 25, 2003, which permits Fulton to purchase Resource common stock under the circumstances described below. Under the warrant agreement, Fulton received a warrant to purchase up to 1,485,000 shares of Resource common stock. This number represents approximately 19.9% of the issued and outstanding shares of Resource common stock on August 25, 2003, taking into consideration the shares issuable under the warrant. The exercise price per share to purchase Resource common stock under the warrant is \$25.106, subject to adjustment. The warrant is only exercisable if certain events specified in the warrant occur. These triggering events are described below. None of the triggering events have occurred to the best of Fulton's or Resource's knowledge as of the date of this document.

Effect of Warrant Agreement

Attempts to acquire Resource or an interest in Resource, as described under "Exercise of Warrant," below, would cause the warrant to become exercisable. Fulton's exercise of the warrant would significantly increase a potential acquirer's cost of acquiring Resource compared to the cost that would be incurred without the warrant agreement. Therefore, the warrant agreement, together with Resource's agreement not to solicit other transactions relating to the acquisition of Resource by a third party, may have the effect of discouraging other persons from making a proposal to acquire Resource.

Terms of Warrant Agreement

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The following is a brief summary of the material provisions of the warrant agreement, and we qualify this discussion by reference to the full warrant agreement and warrant. Complete copies of the warrant agreement and warrant are included as Exhibit B to this document, and are incorporated in this document by reference. Fulton and Resource urge you to read them carefully.

Exercise of the Warrant

The warrant is exercisable only upon the occurrence of one of the following events:

if Resource breaches any covenant in the merger agreement which would permit Fulton to terminate the merger agreement and which occurs following a third party's proposal to merge with or acquire or lease all or substantially all of the assets of Resource or one of its subsidiaries, or to acquire 25% or more of the voting power of Resource or one of its subsidiaries;

if Resource's shareholders fail to approve the merger and, at the time of the shareholders' special meeting, a third party proposal to merge with or acquire or lease all or substantially all of the

Table of Contents

assets of Resource or one of its subsidiaries, or to acquire 25% or more of the voting power of Resource or a subsidiary, has been announced;

if a person other than Fulton acquires beneficial ownership of 25% or more of Resource common stock;

if a person or group, other than Fulton, enters into an agreement or letter of intent with Resource to merge or consolidate with Resource, to acquire all or substantially all of the assets or liabilities of Resource or one of its subsidiaries, or to acquire beneficial ownership of 25% or more of the voting power of Resource or one of its subsidiaries;

if a person or group, other than Fulton, commences a tender offer or exchange offer and within six months consummates a merger with or acquisition of Resource or 25% of the voting power of Resource or one of its subsidiaries; or

if Fulton or Resource terminates the merger agreement because Resource's board of directors takes certain actions inconsistent with Fulton's acquisition of Resource.

If the warrant becomes exercisable, Fulton may exercise the warrant by presenting the warrant to Resource along with:

a written notice of exercise;

payment to Resource of the exercise price for the number of shares specified in the notice of exercise; and