

FULTON FINANCIAL CORP
Form S-4
April 13, 2005
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As Filed With the Securities and Exchange Commission On April 13, 2005

Registration Statement No. 333-_____

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**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**

717-291-2411

(Address, including zip code, and telephone number,

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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 LLC
126 East King Street
Lancaster, Pennsylvania 17604-2893
Telephone: (717) 291-5201

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price (2)(3)	Amount of registration fee (4)
Common Stock, par value \$2.50 per share (and associated stock purchase rights)(3)	3,413,340	\$20.50	\$73,509,249	\$1,557

- (1) Based on the maximum number of shares of the Registrant's common stock that may be issued in connection with the proposed merger of SVB Financial Services, Inc. with and into the Registrant. In accordance with Rule 416, this Registration Statement shall also register any additional shares of the Registrant's common stock which may become issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions as provided by the agreement relating to the merger.
- (2) Estimated solely for purposes of calculating the registration fee. Computed in accordance with Rule 457(f)(1), on the basis of the average of the high and low prices reported by NASDAQ for the common stock of SVB Financial Services, Inc. on April 8, 2005 of \$20.50 and based on 4,115,554 shares of SVB Financial Services, Inc. common stock to be exchanged in the merger and unexercised options to purchase 366,717 shares of SVB Financial Services, Inc. common stock.
- (3) Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock.
- (4) Pursuant to Rule 457(p), we are offsetting the filing fee with (1) \$1,311 of filing fees which are associated with \$4,967,712 of securities which remain unsold and were registered on Registration Statement No. 333-37718, filed by the Registrant on May 24, 2000; (2) \$1,039 of filing fees which are associated with \$4,156,267 of securities which remain unsold and were registered on Registration Statement No. 333-57616, filed by the Registrant on March 26, 2001; (3) \$725 of filing fees which are associated with \$8,964,183 of securities which remain unsold and were registered on Registration Statement No. 333-104268, filed by the Registrant on April 2, 2003; (4) \$1,550 of filing fees which are associated with \$19,163,261 of securities which remain unsold and were registered on Registration Statement No. 333-111148, filed by the Registrant on December 12, 2003 and (5) \$2,471 of filing fees which are associated with \$19,504,244 of securities which remain unsold and were registered on Registration Statement No. 333-119164, filed by the Registrant on September 21, 2004.

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.

The date of this document is _____, 2005. This document was first sent to shareholders on or about [Mail Date].

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Proxy Statement/ Prospectus

SVB FINANCIAL SERVICES, INC.
PROXY STATEMENT
FOR SPECIAL MEETING OF SHAREHOLDERS
JUNE 9, 2005

Nasdaq National Market Symbol: SVBF

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

Nasdaq National Market Symbol: FULT

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

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

This document also constitutes a prospectus of Fulton filed as part of a registration statement filed with the Securities and Exchange Commission relating to up to 3,413,340 shares of Fulton common stock being registered for this transaction. On _____, the closing price of Fulton's common stock was \$ _____, making the value of .9519 shares of Fulton common stock equal to \$ _____ on that date. The

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closing price of SVB Financial's common stock on that date was \$_____. These prices will fluctuate between now and the closing of the merger, but the exchange ratio in the merger and the cash consideration will remain fixed despite these fluctuations. This document does not cover any resale of the Fulton stock being registered for this transaction by any shareholders deemed to be affiliates of Fulton or SVB Financial. SVB Financial and Fulton have not authorized any person to make use of this document in connection with any such resale.

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

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

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

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

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

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

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

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

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

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EXHIBITS

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

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QUESTIONS AND ANSWERS ABOUT THE MERGER

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

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

Q2: What will happen in the merger?

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

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

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

Q4: What do I need to do now?

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

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

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

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

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

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

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

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

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

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

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

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

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

Q11: Should I send in my stock certificates now?

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

Q12: When do you expect to merge?

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

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

A: You should call either:

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

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

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SUMMARY

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

Agreement to Merge (See page 20)

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

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

This document is accompanied by an election form on which each shareholder may indicate their election regarding the form of merger consideration they wish to receive. Election forms must be returned to Fulton Financial Advisors, N.A., Fulton's transfer agent, no later than June 1, 2005. Any shareholder who has not returned an election form by the indicated deadline will have all of his or her SVB Financial shares converted into Fulton stock or cash in the merger, depending on whether pro-ration is necessary and whether it is the cash consideration or the stock consideration that must be prorated. If pro-ration is not necessary, any shareholder who has not returned an election form by the indicated deadline will have all of his or her SVB Financial shares converted into Fulton stock in the merger.

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

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

SVB Financial Consideration (See page 29)

If the merger is completed, you will receive in exchange for each share of SVB Financial common stock you own, at your election, and subject to proration as explained above, either: (i) .9519 shares of Fulton common stock (subject to adjustment); or (ii) \$21.00 in cash. A shareholder may elect to receive all cash, all stock or a combination of cash and stock in one of the following two combinations: 80% stock/20% cash or 60% stock/40% cash. Fulton will not issue any fractional shares, and therefore, you will receive a cash payment for any fractional shares based on the closing market price of Fulton's common stock, which is calculated as the average of the per share closing bid and asked prices for Fulton common stock, calculated to two decimal places, for the ten (10) consecutive trading days immediately preceding the date which is two (2) business days before the effective date of the merger. On _____, the closing price of Fulton common stock was \$_____, making the value of .9519 shares of Fulton common stock equal to \$_____ on that date. The closing price of SVB Financial's common stock on that date was \$_____. Because the market price of Fulton stock fluctuates, you will not know when you vote at the special meeting what Fulton shares will be worth when issued in the merger. The market prices of both Fulton and SVB Financial common stock will fluctuate prior to the merger, but the exchange ratio in the merger will remain fixed despite these fluctuations. The cash consideration of \$21.00 per share will also remain fixed. You should obtain current market quotations for Fulton common stock and SVB Financial common stock.

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

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

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

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

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

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

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

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

Table of Contents**Selected Financial Data**

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

Fulton Financial Corporation**Selected Historical Financial Data**

(In thousands, except per share data)

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

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

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

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

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

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

Share Information And Market Prices

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

	Historical	Pro Forma Equivalent
	Price Per Share	Price Per Share (1)
Fulton Common Stock		
Closing Price on January 11, 2005	\$ 22.18	N/A
Closing Price on _____		N/A
SVB Financial Common Stock		
Closing Price on January 11, 2005	\$ 21.52	\$ 21.11
Closing Price on _____	\$ _____	\$ _____

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

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

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

No Dissenters' Rights Of Appraisal (See page 41)

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

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

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

The most significant differences are:

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

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

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

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

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

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

Fulton Financial Corporation

One Penn Square

Lancaster, Pennsylvania 17602

717-291-2411

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SVB Financial Services, Inc.

70 East Main Street

Somerville, NJ 08876

908-541-9500

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

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

SVB Financial Board Recommends Shareholder Approval (See page 22)

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

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Vote Required To Approve Merger Agreement (See page 20)

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

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

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

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

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

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

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

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

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

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

approval of the merger by SVB Financial's shareholders;

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

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

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

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

receipt of all required regulatory approvals; and

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

Regulatory Approvals Required (See page 38)

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

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

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

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

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

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

\$17.65; and

80% of the ratio of the Nasdaq Bank Index over the same ten-day period compared to the Index on January 11, 2005, times the price of Fulton stock on January 10, 2005 (\$22.06).

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

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

Fulton To Continue As Surviving Corporation (See page 28)

Fulton will continue as the surviving corporation after the merger. The boards of directors and executive officers of Fulton and its subsidiaries will not change as a result of the merger, except that Fulton will appoint Willem Kooyker, one of SVB Financial's current directors, to its board of directors or, in the event he is unable to serve, another member of SVB Financial's current Board that is acceptable to Fulton.

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

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

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

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

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Risk Factors (See page 15)

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

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

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

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

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

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

Accounting Treatment (see page 40)

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

Forward-Looking Information

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

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

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

significant changes in interest rates;

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

funding costs;

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

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

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

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

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RISK FACTORS

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

RISK FACTORS RELATED TO THE MERGER

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

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

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

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

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

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

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

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

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

RISK FACTORS RELATED TO FULTON'S BUSINESS

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

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

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

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

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

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

borrowers may not be able to repay their loans;

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

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the quality of Fulton's loan portfolio may decline.

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

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

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

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

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

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

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

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

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

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

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

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

There is significant competition among commercial banks in the market areas served by Fulton's subsidiary banks. In addition, as a result of the deregulation of the financial industry, Fulton's subsidiary banks also compete with other providers of financial services such as savings and loan associations, credit unions, consumer finance companies, securities firms, insurance companies, commercial finance and leasing companies, the mutual funds industry, full service brokerage firms and discount brokerage firms, some of which are subject to less extensive regulations than Fulton is with respect to the products and services they provide. Some of Fulton's competitors, including certain super-regional and national bank holding companies that have made acquisitions in its market area, have greater resources than Fulton has, and as such, may have higher lending limits and may offer other services not offered by Fulton.

Fulton also experiences competition from a variety of institutions outside its market areas. Some of these institutions conduct business primarily over the Internet and may thus be able to realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer.

Competition may adversely affect the rates Fulton pays on deposits and charges on loans, thereby potentially adversely affecting Fulton's profitability. Fulton's profitability depends upon its continued ability to successfully compete in the market areas it serves while achieving its investment objectives.

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 (FDIC). As a result, Fulton and its subsidiaries are subject to various regulations and examinations by various regulatory authorities. In general, statutes establish the corporate governance and eligible business activities for Fulton, certain acquisition and merger restrictions, limitations on inter-company transactions such as loans and dividends, and capital adequacy requirements, requirements for anti-money laundering programs and other compliance matters, among other regulations. Fulton is extensively regulated under federal and state banking laws and regulations that are intended primarily for the protection of depositors, federal deposit insurance funds and the banking system as a whole. Compliance with these statutes and regulations is important to Fulton's ability to engage in new activities and to consummate additional acquisitions. In addition, Fulton is subject to changes in federal and state tax laws as well as changes in banking and credit regulations, accounting principles and governmental economic and monetary policies. Fulton cannot predict whether any of these changes may adversely and materially affect it. Federal and state banking regulators also possess broad powers to take supervisory actions as they deem appropriate. These supervisory actions may result in higher capital requirements, higher insurance premiums and limitations on Fulton's activities that could have a material adverse effect on its business and profitability. 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 increase Fulton's expense, requires management's attention and can be a disadvantage from a competitive standpoint with respect to non-regulated competitors.

THE SPECIAL MEETING

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

Time, Date and Place

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

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Matters to be Considered

The purposes of the special meeting are to consider, approve and adopt the merger agreement, to approve a proposal to adjourn the special meeting, if necessary, because 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, SVB Financial'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 SVB Financial into Fulton and for the exchange of SVB Financial common stock for Fulton common stock and cash. If the merger is completed, SVB Financial common stock will be cancelled and you will receive: (i) .9519 shares (subject to adjustment for stock splits, stock dividends and similar matters) of Fulton common stock; (ii) \$21.00 in cash; or (iii) one of two combinations of cash and stock (80% stock/20% cash or 60% stock/40% cash) in exchange for each share of SVB Financial common stock that you hold, in each case subject to proration, as necessary, to ensure that at least 20%, and at most 40%, of SVB Financial's outstanding shares are converted into cash. 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 April 20, 2005 has been fixed by SVB Financial's board of directors as the record date for the determination of holders of SVB Financial 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, _____ shares of SVB Financial common stock were outstanding and entitled to vote. Each share of SVB Financial 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 SVB Financial prior to the special meeting a written notice of revocation, addressed to Elizabeth J. Balunis, Corporate Secretary, SVB Financial Services, Inc., 70 East Main Street, Somerville, NJ 08876;

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

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 SVB Financial (and not revoked) by the holder of SVB Financial 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 SVB Financial 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, SVB Financial'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

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matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Vote Required

A quorum, consisting of the holders of a majority of the issued and outstanding shares of SVB Financial common stock, must be present in person or by proxy before any action may be taken at the special meeting. On all matters to come before the special meeting, each share of common stock is entitled to one vote.

Under SVB Financial's Certificate of Incorporation, upon the affirmative vote of SVB Financial's board of directors approving and adopting the merger agreement on behalf of SVB Financial, which occurred on January 11, 2005, then the affirmative vote of a majority of the outstanding shares of SVB Financial common stock, in person or by proxy, is necessary to approve and adopt the merger agreement on behalf of SVB Financial.

SVB Financial intends to count shares of SVB Financial common stock present in person at the special meeting but not voting, and shares of SVB Financial 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 SVB Financial 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 SVB Financial 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 SVB Financial 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 SVB Financial collectively owned approximately 40% of the outstanding shares of SVB Financial common stock as of the record date for the special meeting. SVB Financial's directors 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

SVB Financial will pay all 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 and mailing this document, the cost of which will be paid by Fulton. The directors, officers and employees of SVB Financial and its subsidiaries may solicit proxies from shareholders of SVB Financial in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement by SVB Financial 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 SVB Financial common stock held of record by such persons, and SVB Financial will reimburse such firms, custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Do not send in your stock certificates with your proxy card. As described below under the caption "The Merger - Exchange of SVB Financial Stock Certificates" on page 30, a letter of transmittal/election form accompanies this document.

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 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 has been included to provide you with information regarding its

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terms. It is not intended to provide any other factual information about Fulton or SVB Financial. Such information can be found elsewhere in this proxy statement and in the other public filings Fulton and SVB Financial make with the Securities and Exchange Commission, which are available without charge at www.sec.gov.

The merger agreement provides that:

SVB Financial will merge into Fulton; and

If the merger is completed, you, as a shareholder of SVB Financial, will receive, at your election (but subject to proration): (i) .9519 shares of Fulton Common Stock for each share of SVB Financial Stock owned (subject to adjustment for stock splits, stock dividends and similar events) of Fulton common stock; (ii) \$21.00 in cash for each share of SVB Financial Stock owned; or (iii) one of two combinations of stock and cash (80% stock/20% cash or 60% stock/40% cash) for your shares of SVB Financial common stock.

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

Background of Merger

SVB Financial, as the publicly held parent of the Somerset Valley Bank, has from time to time, received indications of interest regarding potential business combinations. The SVB Financial mergers and acquisitions committee (M&A Committee) had traditionally evaluated these expressions of interest as they were received and, on occasion, met with principals of these interested parties. Until 2004, though, the M&A Committee had concluded that it was in the best interest of SVB Financial and its shareholders that SVB Financial remain independent.

By the Spring of 2004, a number of factors led the SVB Financial Board to conclude, after discussions with the M&A Committee, that the M&A Committee should explore the possibility of a sale. Among these factors were: (i) the absence of a clearly apparent successor as chief executive officer of SVB Financial and of the Bank with, among other strengths, significant ties to the local community, (ii) the need for additional capital to remain a well capitalized financial institution for bank regulatory purposes, if the Bank were to continue its historic rate of growth in both loans and deposits, (iii) the increased cost burden of complying with recently enacted Federal legislation, and (iv) the expenses associated with addressing staffing needs in a high wage market for a bank and its holding company moving from small to mid-sized.

As a result, on April 30, 2004, Robert P. Corcoran, President and Chief Executive Officer of SVB Financial, met with Arnold G. Danielson, Chairman of Danielson Associates Inc. of Rockville, Maryland (Danielson) at the Dupont Hotel in Wilmington, Delaware to discuss the possible sale of SVB Financial. At that time, Mr. Corcoran asked if Mr. Danielson would be willing to address the following issues: (i) the current state of banking in New Jersey; (ii) the market for banks and particularly the possible sale value of SVB Financial; (iii) how that value might change over time; (iv) the pros and cons of selling versus staying independent; and (v) if considering a sale, who, besides a banking institution which had already approached SVB Financial, might be interested in acquiring SVB Financial. Mr. Danielson agreed to meet with the Executive Committee of the SVB Financial Board to discuss those points.

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At a May 26, 2004 meeting of the Executive Committee of the SVB Financial board, Mr. Danielson went over two documents. The first presented future options that discussed: (a) whether SVB Financial could continue to do as well as it had in the past; (b) what was happening in the market that could impact future performance of SVB Financial, and (c) the likely results of remaining independent, including the impact on shareholders. The second document was an analysis of the sale option, including the likely pricing; potential acquirers; and an outline of the sale process. No specific action was taken by the Executive Committee at that meeting.

In August and September, SVB Financial continued to get expressions of interest from potential acquirers, and at a September 28, 2004 M&A Committee meeting, Mr. Corcoran was instructed to have Danielson formally

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explore the level of interest of potential acquirers. On October 22, 2004, Danielson submitted a formal proposal to represent SVB Financial in a possible sale, and, in so doing, to prepare an information memorandum to be distributed to a select group of potential acquirers. That proposal was accepted by the SVB Financial Board at its meeting on October 28, 2004. In discussions with Mr. Danielson, the M&A Committee had indicated that potential acquirers should be identified based on, among other factors, capital strength, acquisition track record, presence in the New Jersey market and commitment to community banking.

At Danielson's recommendation, SVB Financial agreed to provide an information memorandum to four potential acquirers, which included three banking institutions that had already approached SVB Financial directly. The information memorandums were delivered personally by Mr. Danielson to the four potential acquirers on November 17, 18 and 19, 2004, and they were given approximately three weeks to respond.

Each of the four potential acquirers responded by December 10, 2004 with an acquisition proposal. Each of these proposals was presented by Mr. Danielson to the SVB Financial M&A Committee on December 14, 2004 and to the Board of Directors on December 15, 2004. After substantial discussions first at the M&A Committee and then by the entire Board, the Board concluded that the proposal from Fulton was the best offer from a number of perspectives, including those of the SVB Financial shareholders, the Bank's customers and the employees of SVB Financial and the Bank. Accordingly, the SVB Financial Board instructed Messrs. Danielson and Corcoran to seek to negotiate certain adjustments to the Fulton proposal and to obtain clarification of certain ambiguities.

Then over the next three weeks, representatives of SVB Financial's counsel, the law firm of Norris McLaughlin & Marcus, P.A., the M&A Committee and Mr. Danielson negotiated final proposed terms of the business combination with Fulton and its outside legal counsel, Barley Snyder LLC. During this period, each party also performed a due diligence analysis of the other. On January 8, 2005, copies of the final Agreement and Plan of Merger were sent to each SVB Financial Director.

On January 11, 2005, a special meeting of the SVB Financial Board was called to vote on the definitive Agreement and Plan of Merger under which SVB Financial would be acquired by Fulton. Norris, McLaughlin & Marcus, P.A. reviewed the legal duties of the Directors of SVB Financial and then led an extended overview of the Agreement and Plan of Merger with the Board. Counsel also answered questions raised by the Directors relative to their duties and the proposed transaction. Then Mr. Danielson presented the opinion of his firm that the deal was fair from a financial point of view to SVB Financial and to shareholders of SVB Financial, including a discussion of the basis for that opinion. Thereafter SVB Financial's Board voted unanimously to approve the merger of SVB Financial with Fulton and signed the Agreement and Plan of Merger.

On January 11, 2005, SVB Financial and Fulton each issued a press release announcing the potential merger and the execution by the parties of the merger agreement.

Recommendation of the SVB Financial Board of Directors and Reasons for the Merger

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

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In approving the merger agreement, the SVB Financial board consulted with Danielson, SVB Financial's financial advisor, 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 SVB Financial board also considered all material factors concerning the merger, including the following:

the financial terms of the transaction, including the implied price of a share of SVB Financial's common stock - based upon Fulton's market price at the time the merger agreement was executed - of \$21.50 per share;

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that Fulton, through prior acquisitions, already serves markets in Central New Jersey as well as Southwest and Northwest New Jersey, and that SVB Financial's trade area was a natural extension of Fulton's existing Central New Jersey trade area;

the fact that Fulton's common stock is regularly traded on the Nasdaq National Market and provides greater liquidity than SVB Financial's stock;

that Fulton offers a broader range of products and services and the merger will provide SVB Financial's customers with access to these products and services;

that Fulton will continue to operate Somerset Valley Bank as a stand-alone subsidiary, thereby providing SVB Financial's existing customers the opportunity to obtain broader products and services from personnel with whom they are familiar;

the availability of Fulton staff with specialized capabilities and experience to deal with regulatory compliance burdens and to support Somerset Valley Bank's continuing operations;

the strength of Fulton's management and the similarity of the commitment to the community and operating philosophies of SVB Financial;

the opinion of Danielson Associates, Inc., that the consideration payable in the merger was fair to the SVB Financial shareholders from a financial point of view;

other terms of the merger agreement, including the opportunity for SVB Financial shareholders to receive shares of Fulton common stock in a tax free exchange;

the acquisition of SVB Financial by Fulton will eliminate the need for SVB Financial to engage in its own time- and resource-consuming capital raising efforts; and

based upon Fulton's history of acquisitions and regulatory applications, the likelihood that the merger would be approved by appropriate regulatory authorities.

Negative Considerations

All business combinations, including the merger, also include certain risks and disadvantages. The material potential risks and disadvantages to SVB Financial's shareholders identified by SVB Financial's board and management include the following material matters, the order of which does not necessarily reflect their relative significance:

the fact that the warrant agreement entered into in connection with the merger agreement and certain other provisions of the agreement might discourage third parties from seeking to acquire SVB Financial, in light of the fact that Fulton was unwilling to enter into the merger agreement absent such provisions; and

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the fact that the exchange ratio is fixed except in extraordinary circumstances, thus rendering SVB Financial shareholders subject to the risk of declines in the market price of Fulton common stock.

The discussion and factors considered by SVB Financial's Board of Directors are not intended to be exhaustive, but include all material factors considered. In approving the merger agreement, SVB Financial's board did not assign any specific or relative weights to any of the foregoing factors, and individual directors may have weighted factors differently. In addition, there can be no assurances that the benefits of the merger perceived by the SVB Financial Board of Directors and described above will be realized or will outweigh the risks and uncertainties.

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Opinions of SVB Financial's Financial Advisor

SVB retained Danielson Associates Inc. to advise the SVB board of directors as to its fair sale value and the fairness to its shareholders of the financial terms of the offer to be acquired by Fulton. Danielson is regularly engaged in the valuation of banks and bank holding companies in connection with mergers, acquisitions and other securities transactions and has knowledge of, and experience with, New Jersey markets and banking organizations operating in those markets. Danielson was selected by SVB because of its knowledge of, expertise with and reputation in the financial services industry.

Danielson reviewed the Fulton-SVB merger agreement with respect to the pricing and other terms and conditions of the merger, but the decision as to accepting the offer was ultimately made by the board of directors of SVB. Danielson rendered its opinion directly to the SVB board of directors on January 11, 2005, which it also confirmed in writing, that as of the date of the opinion, the financial terms of the Fulton offer were fair to SVB and its shareholders. No limitations were imposed by the SVB board of directors upon Danielson with respect to the investigation made or procedures followed by it in arriving at its opinion.

In arriving at its opinion, Danielson:

Reviewed certain business and financial information relating to SVB and Fulton including call report data from 1999 through September 30, 2004, the annual reports on Form 10-K for 2002 and 2003 and the quarterly reports on Form 10-Q for September 30, 2004.

Discussed the past and current operations, financial condition and prospects of SVB and Fulton with its senior executives.

Reviewed and compared the financial terms, to the extent publicly-available, with comparable transactions.

Reviewed the Fulton-SVB merger agreement and certain related documents.

Considered such other factors as were deemed appropriate.

Danielson did not obtain any independent appraisal of assets or liabilities of SVB or Fulton. Further, Danielson did not independently verify the information provided by SVB or Fulton and assumed the accuracy and completeness of all such information.

In arriving at its opinion, Danielson performed a variety of financial analyses. Danielson believes that its analyses must be considered as a whole and that consideration of portions of such analyses could create an incomplete view of Danielson's opinion. The preparation of a fairness opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description.

In its analyses, Danielson made certain assumptions with respect to industry performance, business and economic conditions, and other matters, many of which were beyond SVB's or Fulton's control. Any estimates contained in Danielson's analyses are not necessarily indicative of future results of value, which may be significantly more or less favorable than such estimates. Estimates of the value of companies do not purport to be

appraisals or necessarily reflect the prices at which companies or their securities may actually be sold.

The following is a summary of selected analyses considered by Danielson in connection with its opinion letter.

Table of Contents*Fair Value Analysis of Fulton Common Stock*

In determining the fairness of the offer by Fulton to acquire all of the common stock and options to buy common stock of SVB for approximately \$89.9 million in a mix of cash and stock of which at least 60% would be Fulton common stock, it was necessary to determine if the Fulton common stock is fairly valued and the impact of the SVB acquisition on Fulton's primary determinant of stock value, which is earnings per share. The analysis evaluated, among other things, Fulton's financial performance, financial condition, dividend yield, stock liquidity and location compared to similar banks and possible dilution in earnings and per share and/or capital adequacy as a result of the SVB acquisition.

Comparable Companies

The Fulton common stock to be exchanged for the common stock of SVB, was compared to 21 publicly-traded bank holding companies. These comparable banks had assets in the \$5 billion to \$20 billion range and were located east of the Mississippi River.

Summary and Description of Comparable Banks*

<u>Short Name of Institution</u>	<u>Assets**(in mill.)</u>	<u>Headquarters</u>
Alabama National	\$ 5,144	Birmingham, Ala.
Associated	16,136	Green Bay, Wis.
BancorpSouth	10,608	Tupelo, Miss.
Chittenden	6,018	Burlington, Vt.
Citizens	7,659	Flint, Mich.
Colonial	18,191	Montgomery, Ala.
First Midwest	6,932	Itasca, Ill.
Irwin	5,416	Columbus, Ind.
MB Financial	5,069	Chicago, Ill.
Mercantile	14,303	Baltimore, Md.
Park National	5,136	Newark, Ohio
Provident	6,397	Baltimore, Md.
Republic	5,803	Owosso, Mich.
Sky	14,643	Bowling Green, Ohio
South Financial	13,651	Greenville, S.C.
Susquehanna	7,450	Lititz, Pa.
Trustmark	8,151	Jackson, Miss.
United	6,290	Charleston, W. Va.
Webster	17,802	Waterbury, Conn.

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Wilmington Trust	9,631	Wilmington, Del.
Wintrust	5,817	Lake Forest, Ill.

* Publicly-traded banks east of the Mississippi River with assets between \$5 billion and \$20 billion and return on equity between 10% and 20% as of September 30, 2004 or nine months ending September 30, 2004.

Source: SNL Securities LC, Charlottesville, Virginia.

Danielson compared Fulton's financial performance, its balance sheet strength and its stock price with the medians of the comparable banks. Among the financial performance criteria compared were net income and net

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operating income as a percent of average assets and return on average equity. The balance sheet items compared were equity, tangible equity, nonperforming assets (NPAs), and its mix of loans and deposits all as a percent of assets or tangible assets. The current pricing ratios compared were price times earnings, price as a percent of book and tangible book, dividend yield, payout ratio and the average number of shares traded on a daily basis.

Fulton Comparable Banks Summary*

	<u>Fulton</u>	<u>Comparable Bank Medians</u>
Income		
Net income/Avg. assets	1.46%	1.26%
Net oper. income**/Avg. assets	2.04	2.03
Return on average equity	14.31	13.76
Balance Sheet		
Equity/Assets	10.67%	9.25%
Tangible capital/Tangible assets	8.07	6.85
NPAs***/Assets	.34	.50
Loans/Assets	68	67
Deposits/Assets	70	68
Stock Price****		
Price/Earnings	18.0X	16.2X
Price/Book	242%	217%
Price/Tangible book	329	305
Dividend yield	2.93	2.84
Payout ratio	52	44
Avg. Shares traded*****	140,298	116,393

* September 30, 2004 or the twelve months ending September 30, 2004.

** Net interest income plus noninterest income less operating expense.

*** NPAs including loans 90 days past due and still accruing.

**** Closing prices as of January 7, 2005 and financial data for September 30, 2004 or the nine months ended September 30, 2004.

***** Average shares traded daily for the past year.

Source: SNL Securities LC, Charlottesville, Virginia.

In making these comparisons, it was evident that Fulton's financial performance, balance sheet strength, stock liquidity and dividend policy was generally superior to the medians of the comparable banks. Its earnings when measured as a percent of average assets and equity was slightly

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higher; its book and tangible book as a percent of assets also was higher; its balance sheet mix was not materially different; its asset quality was better; and its dividend yield, payout ratio and average number of shares traded daily also was slightly superior.

The impact of location value is difficult to statistically compare as population density, affluence and growth rates do not always directly reflect market value. The markets served by Fulton—south central Pennsylvania, Delaware, Maryland, New Jersey and Virginia—are generally considered, however, to have a high investor/acquirer appeal, and certainly higher than the Midwest banks that are nine of the twenty-one comparable banks. Thus, Fulton should have a location premium in its stock price relative to the comparable banks.

With a stock price that as a multiple of earnings is only slightly above the upper end of the comparable bank normal range and financial performance, balance sheet condition and location that, collectively, are superior to the medians of the comparable group, the Fulton common stock to be exchanged for the common stock of SVB is fairly valued. The higher value also was supported by a dividend yield and stock liquidity that was slightly above the medians of the comparable banks.

Table of Contents*Pro Forma Merger Analyses*

Danielson analyzed the likely impact on Fulton's future earnings and book value per share and capital adequacy from the \$89.9 million value of the offer for all of the outstanding shares of SVB common stock and options to purchase SVB common stock. This analysis found that while the deal may be dilutive to Fulton's pro forma earnings per share, even after expected cost savings, the dilution is not large and should not have a significant negative impact on Fulton's earnings per share or stock price. The impact on Fulton's capital adequacy is negligible.

Comparable Transaction Analysis

Danielson also compared the consideration to be paid by Fulton for all of the common stock and options to buy common stock of SVB as a multiple of earnings and percent of book with the pricing of bank acquisitions nationally, regionally and in New Jersey. The national group was comprised of 175 bank and thrift sales in 2004 and had median prices of 23.6 times earnings and 225% of book. The regional group consisted of seven bank sales in the Northeast and Middle Atlantic states in 2004 that had median prices of 23.7 times earnings and 279% of book. The four comparable New Jersey bank sales had median prices of 24.9 times earnings and 317% of book. The three most comparable of the New Jersey bank sales had almost the same median price as a percent of book, and a slightly lower 24.2 earnings.

Comparable Transaction Summary

	Median Price		
	Times Earnings	Percent of Book	No. in Sample
Acquisition Pricing 2004			
National median*	23.6X	225%	175
Regional median**	23.7	279	7
New Jersey median***	24.9	317	4
- Most applicable****	24.2	318	3

* Bank and thrift sales with deal value in excess of \$10 million.

** Northeast and Middle Atlantic states with deal values between \$40 and \$300 million and seller with a double-digit return on equity.

*** All New Jersey banks sales and had a deal value range from \$83 to \$141 million.

**** New Jersey bank sales with seller having a double-digit return on equity.

If the recent bank acquisition pricing were applied to SVB, it would suggest a value in the 23.5 to 25.5 times earnings. This pricing times SVB's 2004 earnings of about \$3.5 million creates a fair value range prior to adjustments of \$82.3 million to \$89.3 million, or \$19.60 to \$21.16 per share.

Discounted Dividends Analysis

Danielson applied present value calculations to SVB's estimated dividend stream under several specific growth and earnings scenarios. The projected dividend streams and terminal values, which were based on a range of earnings multiples, were then discounted to present value using discount rates based on assumptions regarding the rates of return required by holders or prospective buyers of SVB common stock. The results of this analysis were below recent acquisition pricing.

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Value Adjustments

In addition to performing the analyses summarized above, Danielson also considered other factors. These included how SVB compared with other banks that were sold relative to earnings, capitalization, market size, deposit and asset mix, asset quality and management. When the various components of SVB's value are considered, there are no components that suggest a value based on earnings merits any premiums or discounts relative to its fair sale value.

Conclusion

Since no comparable banks or bank acquisitions used in the various analyses are totally identical to Fulton, SVB or the particulars of this merger, the results do not represent mathematical certainty. Instead the comparisons rely on the likelihood that the median stock prices and bank acquisition prices of comparable banks are applicable to the stock and acquisition values in this merger.

The summary set forth above is not a complete description of the analyses and procedures performed by Danielson in the course of arriving at its opinion. The full text of the opinion of Danielson dated January 11, 2005, which sets forth the assumptions made and matters considered, is attached hereto as Exhibit C of this Proxy Statement/Prospectus. Danielson Associates' opinion is directed only to the fairness of the consideration received by SVB shareholders and does not constitute a recommendation to any SVB shareholder as to how such shareholder should vote relative to this merger.

Compensation of Financial Advisor

Under the terms of the October 22, 2004 proposal from Danielson, which was accepted by the SVB Financial Board on October 28, 2004, Danielson is entitled to a fee of \$10,000 plus reasonable out-of-pocket expenses if the merger is not approved by the regulators or by the SVB Financial shareholders. If the merger closes, Danielson will receive a fee equal to 0.5% of the total consideration received by the SVB Financial shareholders, valued at the time the merger closes. Based on a value of \$89 million (computed as of _____ based on _____), Danielson would receive \$445,000 which would include the \$10,000.

SVB Financial has agreed to indemnify Danielson against certain liabilities, which could include certain liabilities under federal securities laws.

Fulton's Board Of Directors' Reasons For The Merger

The acquisition of SVB Financial was attractive to Fulton's board of directors because it presented an opportunity to acquire a performing financial institution in a market adjacent to the current markets of Fulton which would contribute to the expansion of Fulton's franchise in the State of New Jersey and into New Jersey markets that fit the profile of Fulton's desired markets in terms of economic growth and demographics.

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The Fulton board of directors met at a board meeting on December 21, 2004 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.

Effect Of The Merger

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

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Exchange of Shares

On the effective date of the merger, each outstanding share of SVB Financial common stock will, at the holder's option (subject to proration), automatically convert into either: (i) .9519 shares of Fulton common stock; or (ii) \$21.00 in cash. A shareholder may elect to receive all cash, all stock, or one of two combinations of stock and cash (80% stock/20% cash or 60% stock/40% cash) for their shares. If you elect to receive a portion of your consideration in Fulton 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 SVB Financial common stock to take into account any stock splits, stock dividends, reclassifications or other similar events that may occur involving Fulton common stock or SVB Financial common stock prior to closing.

Election

All shareholder elections will be made on the election form/letter of transmittal that is enclosed with this document. Fulton will use its reasonable best efforts to mail or otherwise make available an election form/letter of transmittal to all persons who become holders of record of SVB Financial common stock after the date of the mailing of the election form/letter of transmittal and prior to the election deadline. To be effective, an election form/letter of transmittal must be returned, properly completed and accompanied by the stock certificate(s) as to which the election is being made, to Fulton Financial Advisors, N.A., the exchange agent, no later than June __, 2005. A record holder that fails to submit an effective election form/letter of transmittal prior to the election deadline will receive cash or Fulton stock, depending on whether proration is necessary and whether it applies to the aggregate cash consideration or the stock consideration. If proration is not necessary, any shareholder who has not returned an election form by the indicated deadline will have all of his or her SVB Financial shares converted into Fulton stock in the merger. A record holder who fails to properly make an election will receive a letter of transmittal after the election deadline with instructions for surrendering the SVB Financial stock certificates and receiving the merger consideration. Elections may be revoked or amended upon written notice to the exchange agent prior to the election deadline. Although shareholders will make an election to receive their preferred form of consideration, a shareholder may not receive the exact form of consideration elected due to certain limits on the total number of SVB Financial shares for which a cash election may be made. See **THE MERGER - Proration**, below. No one is making any recommendation as to whether shareholders should elect to receive cash or Fulton common stock in the merger. Each SVB shareholder must make his or her own decision with respect to such election.

Proration

In certain circumstances, an SVB Financial shareholder's election of merger consideration may be subject to proration adjustment. If elections to receive cash are made for fewer than 20% of the outstanding SVB Financial shares, then the number of shares to be converted into cash by each shareholder will be increased by the same proportion until at least 20% of the SVB Financial shares are converted into cash consideration. If elections to receive cash are made for greater than 40% of the outstanding shares of SVB Financial, then the number of shares to be converted into cash by each shareholder will be decreased by the same proportion until no more than 40% of the outstanding shares of SVB Financial are converted into cash consideration. If proration is necessary, you will not receive the exact merger consideration that you requested. Changes in the amount of cash or stock you receive as a result of proration will have no impact on your vote on the merger. Before generally prorating shareholder elections, shares for which no valid election has been made will be entirely converted into cash or stock (depending on whether too much cash or too much stock was elected). If proration is still necessary after the conclusion of all non-electing shares, then all electing shares will be prorated as described above.

Dividends

SVB Financial has not historically paid a dividend, and the merger agreement does not permit SVB Financial to pay a dividend prior to completion of the merger.

Stock Options

SVB Financial option holders will have the option to elect to either (i) cash out their options for a price equal to the number of shares subject to the option times the difference between \$21.00 and the exercise price of the option; or (ii) automatically convert their SVB Financial option into an option to purchase Fulton common stock. In the absence of an election, each SVB option holder will be deemed to have made an election to convert their SVB option into a Fulton option. However, option holders' elections (actual or deemed) are subject to proration on terms agreed to

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by Fulton and SVB Financial in order to ensure that at least 20% of outstanding options are converted to cash. If an option holder's SVB option is converted to a Fulton option:

The number of shares of Fulton common stock issuable upon exercise will equal the number of shares of SVB Financial common stock subject to the option multiplied by .9519, 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 .9519;

The duration and other terms of the Fulton stock option will be identical to the duration and other terms of the SVB Financial option, except that all references to SVB Financial 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 SVB Financial option; and

Except with respect to vesting requirements, options to acquire Fulton common stock will remain subject to the terms of the plans and grant agreements of SVB Financial under which SVB Financial 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 SVB Financial may also mutually agree on a different date. Fulton and SVB Financial presently expect that the effective date of the merger will occur in the third quarter of 2005.

On or prior to the effective date of the merger, Fulton and SVB Financial will file articles of merger with the Pennsylvania Department of State and the New Jersey Department of Treasury; Division of Revenue and such document will set forth the effective date of the merger. Either Fulton or SVB Financial can terminate the merger agreement if, among other reasons, the merger does not occur on or before December 31, 2005, and the terminating party has not breached or failed to perform any of its obligations under the merger agreement. See Termination; Effect of Termination on page 37.

Exchange Of SVB Financial Stock Certificates

A letter of transmittal/election form accompanies this document. The transmittal form contains instructions on how to surrender certificates representing SVB Financial common stock in exchange for cash and/or certificates representing Fulton common stock, as the case may be. It also contains instructions on how to elect the merger consideration you would like to receive.

You should only forward your SVB Financial stock certificates with the transmittal form. You should not return stock certificates with the enclosed proxy card.

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Until you exchange your certificates representing SVB Financial common stock following the merger, you will not receive the cash and/or certificates representing Fulton common stock into which your SVB Financial shares have converted. In addition, at its option, Fulton may withhold dividends on any Fulton shares to be issued to you if you fail to exchange your certificates. When you surrender your SVB Financial certificates, you will receive any unpaid dividends without interest. For all other purposes, however, each certificate which represents shares of SVB Financial common stock outstanding at the effective date of the merger will evidence ownership of the cash or shares of Fulton common stock into which those shares converted as a result of the merger. Neither Fulton nor SVB Financial will have liability for any amount paid in good faith to a public official pursuant to any applicable abandoned property, escheat or similar law.

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Conditions To The Merger

The obligations of Fulton and SVB Financial 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 SVB Financial'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 SVB Financial;

listing of the Fulton stock to be issued as consideration on the NASDAQ National Market;

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 37. As of the date of this document, Fulton's counsel has delivered the required tax opinion.

Representations and Warranties

The merger agreement contains representations and warranties Fulton and SVB Financial made to each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that Fulton and SVB Financial have exchanged in connection with signing the merger agreement. While Fulton and SVB Financial do not believe that they contain information that securities laws require to be publicly disclosed, other than information that has already been disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement and described below.

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Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified in important part by the underlying disclosure schedules. These disclosure schedules contain information that has been included in the companies general prior public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the agreement, which subsequent information may or may not be fully reflected in the companies public disclosures. The merger agreement contains customary representations and warranties relating to:

the corporate organizations of Fulton, SVB Financial and Somerset Valley Bank and their respective subsidiaries and capital structures;

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the approval and enforceability of the merger agreement;

the number of authorized and issued shares of capital stock of SVB Financial;

the consistency of financial statements with generally accepted accounting principles;

the filing of tax returns and payment of taxes;

the absence of material adverse changes, since September 30, 2004, in the condition, assets, liabilities, business or operations of either Fulton or SVB Financial, 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;

the receipt of a fairness opinion as to the fairness of the merger consideration to SVB Financial's shareholders; and

the accuracy of information supplied by Fulton and SVB Financial 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 SVB Financial relating to:

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transactions between SVB Financial 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 SVB Financial or any of its subsidiaries; and

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

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Conduct of SVB Financial Business Pending The Merger

Under the merger agreement, between the date the merger agreement was signed and the date the merger occurs, SVB Financial 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 real and personal property in good repair, except for ordinary wear and tear and damage by unavoidable casualty;

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

keep in full force and effect all insurance policies now carried;

perform in all material respects each of their obligations under all material contracts;

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

comply in all material respects with all applicable laws, rules and regulations;

not amend SVB Financial's or any of its subsidiaries' charter documents;

not enter into, assume or incur any material contract, liability, obligation or commitment, except in the ordinary course;

not make any material acquisition or disposition of properties or assets (except for acquisitions or dispositions of properties or assets which do not exceed, in any case, \$50,000), or subject any of their properties or assets to any material lien, claim, charge, or encumbrance, except for loan and investment activity engaged in the ordinary course consistent with past practice;

not knowingly take or permit to be taken any action which would constitute or cause a material breach of any representation, warranty or covenant;

not declare, set aside or pay any dividend or make any other distribution in respect of SVB Financial common stock or preferred stock;

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not authorize, purchase, redeem, issue or sell any shares of SVB Financial common stock or any other equity or debt security of SVB Financial (other than for the exercise of outstanding options, the Warrant or the SVB Financial common stock issuable under the Warrant);

not increase compensation, or pay a bonus or severance compensation to, establish or amend any SVB Financial benefit plan or enter into or amend any employment obligation other than reasonable salary increases and bonuses in the ordinary course consistent with past practice and consistent with SVB Financial's current policy;

not enter into any related party transaction;

in determining the additions to loan loss reserves and the loan write-offs, writedowns and other adjustments that reasonably should be made by Somerset Valley Bank in classifying, valuing and

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retaining its investment portfolio, during the fiscal year ending December 31, 2004 and thereafter, SVB Financial and its subsidiaries will consult with Fulton and act in accordance with generally accepted accounting principles;

file 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 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, materially amend or terminate any contract involving an amount in excess of \$50,000 or for a term of one year or more;

not make any capital expenditures other than in the ordinary course or as necessary to maintain existing assets in good repair;

not make application for the opening or closing of any, or open or close any, branches or automated banking facility other than branches in Hunterdon County and Middlesex County;

not make or commit to any equity investment in real estate or in any real estate development project, other than in connection with foreclosures, settlements in lieu of foreclosure or troubled loan or debt restructuring in the ordinary course consistent with customary banking practice;

not take any other action which would cause the merger not to qualify as a tax-free reorganization; and

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

No Solicitation Of Transactions

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

initiating, encouraging or taking any other action to facilitate any inquiries relating to an acquisition of SVB Financial; or

withdrawing approval or recommendation of the merger agreement or the merger, approving a third party's proposal to acquire SVB Financial or entering into a letter of intent, acquisition agreement or similar agreement with a third party with respect to an acquisition of SVB Financial by such party, except under limited circumstances where a third party's proposal to acquire SVB Financial or its subsidiaries is superior to Fulton's proposal, and the board of directors of SVB Financial 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.

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

Board of Directors Covenant to Recommend the Merger Agreement

The SVB Financial board of directors is permitted to withdraw, modify or change in a manner adverse to Fulton, its recommendation to the SVB Financial 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 would be reasonably likely to constitute a breach of its fiduciary duties under applicable law; and

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the applicable acquisition proposal is a superior proposal.

Warrant Agreement and Warrant

General

In connection with the merger agreement, SVB Financial executed a warrant agreement, dated January 12, 2005, which permits Fulton to purchase SVB Financial common stock under the circumstances described below. Under the warrant agreement, Fulton received a warrant to purchase up to 1,008,775 shares of SVB Financial common stock. This number represents approximately 19.9% of the issued and outstanding shares of SVB Financial common stock on January 12, 2005, assuming exercise of the warrant by Fulton. The exercise price per share to purchase SVB Financial common stock under the warrant is \$22.00, subject to adjustment. The warrant is only exercisable if the 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 SVB Financial's knowledge as of the date of this document.

Effect of Warrant Agreement

Attempts by a third party to acquire SVB Financial or an interest in SVB Financial, 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 SVB Financial compared to the cost that would be incurred without the warrant agreement. Therefore, the warrant agreement, together with SVB Financial's agreement not to solicit other transactions relating to the acquisition of SVB Financial by a third party, may have the effect of discouraging other persons from making a proposal to acquire SVB Financial.

Terms of Warrant Agreement

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 SVB Financial 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 SVB Financial 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 SVB Financial or one of its subsidiaries, or to acquire 25% or more of the voting power of SVB Financial or one of its subsidiaries;

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

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

if a person or group, other than Fulton, enters into an agreement or letter of intent with SVB Financial to merge or consolidate with SVB Financial, to acquire all or substantially all of the

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assets or liabilities of SVB Financial or one of its subsidiaries, or to acquire beneficial ownership of 25% or more of the voting power of SVB Financial 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 SVB Financial or 25% of the voting power of SVB Financial or one of its subsidiaries; or

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

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

a written notice of exercise;

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

a certificate specifying the events which have occurred which cause the warrant to be exercisable.

Termination of the Warrant

The warrant terminates on the earlier of:

the effective date of the merger; or

termination of the merger agreement in accordance with its terms (other than a termination by Fulton caused by SVB Financial's Board taking action with respect to a third party offer), except that if one of the events described above which causes the warrant to be exercisable occurs prior to termination of the merger agreement, the warrant shall not terminate until twelve months after such event; or

if the warrant has not previously been exercised, twelve months after the occurrence of one of the events described above which causes the warrant to be exercisable.

Adjustments

In the event of any change in SVB Financial common stock by reason of stock dividends, split-ups, recapitalizations, combinations, conversions, divisions, exchanges of shares or the like, the number and kind of shares issuable under the warrant are adjusted appropriately.

Repurchase of Warrant or Warrant Shares

Under the warrant agreement, in the event the warrant has become exercisable, Fulton has the right to require SVB Financial to repurchase the warrant or, in the event the warrant has been exercised in whole or in part, redeem the shares obtained upon such exercise. In the case of a repurchase of shares obtained upon exercise of the warrant, the redemption price per share is to be equal to the highest of: (i) 110% of the exercise price, (ii) the highest price paid or agreed to be paid for any share of common stock by an acquiring person (defined as any person who or which is the beneficial owner of 25% or more of the SVB Financial common stock) during the one year period immediately preceding the date of redemption, and (iii) in the event of a sale of all or substantially all of SVB Financial's assets: (x) the sum of the price paid in such sale for such assets and the current market value of the remaining assets of SVB Financial as determined by a recognized investment banking firm selected by Fulton and reasonably acceptable to SVB Financial, divided by (y) the number of shares of SVB Financial common stock then outstanding. If the price paid consists in whole or in part of securities or assets other than cash, the value of such securities or assets shall be their

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then current market value as determined by a recognized investment banking firm selected by Fulton and reasonably acceptable to SVB Financial.

In the case of a repurchase of the warrant, the redemption price is to be equal to the product obtained by multiplying: (i) the number of shares of SVB Financial common stock represented by the portion of the warrant that Fulton is requiring SVB Financial to repurchase, times (ii) the excess of the redemption price over the exercise price.

Registration Rights

SVB Financial granted Fulton the right to request registration under the Securities Act of 1933, as amended, for the shares of SVB Financial common stock which are issuable upon exercise of the warrant.

Amendment; Waivers

Subject to any applicable legal restrictions, at any time prior to completion of the merger, Fulton and SVB Financial may:

amend the merger agreement, except that any amendment relating to the consideration to be received by the SVB Financial shareholders in exchange for their shares must be approved by the SVB Financial shareholders;

extend the time for the performance of any of the obligations or other acts of Fulton and SVB Financial required in the merger agreement; or

waive any term or condition in the merger agreement to the extent permitted by law.

Termination; Effect Of Termination

Fulton and SVB Financial may terminate the merger agreement at any time prior to completion of the merger by mutual written consent.

Either Fulton or SVB Financial may terminate the merger agreement at any time prior to completion of the merger if:

there has been a material breach by the other party of a material representation, warranty or covenant in the merger agreement and such breach has not been cured within thirty days after written notice of such breach has been given; or

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any condition precedent to its obligations under the merger agreement remains unsatisfied as of December 31, 2005 through no fault of its own; or

the board of directors of SVB Financial, acting in good faith and consistent with its fiduciary duties, takes certain actions in connection with an acquisition of SVB Financial by a party other than Fulton, which it believes is more favorable to SVB Financial's shareholders.

SVB Financial can terminate the merger agreement if the closing market price for Fulton Common Stock, determined by averaging the price of Fulton's stock over a ten day period occurring just before the merger, is less than both:

\$17.65 and

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

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

We anticipate that the merger will close in the third quarter of 2005. Neither SVB Financial nor Fulton can predict whether the market price of Fulton's common stock will increase, decrease or remain stable between the date of this document and the date of closing.

In the event that either Fulton or SVB Financial terminates the merger agreement, neither Fulton nor SVB Financial will have any continuing liability or obligation other than the obligation dealing with confidentiality and any liabilities resulting from a breach by the other of a material term or condition of the merger agreement. However, if the merger terminates under certain circumstances, described above, Fulton will have the right to exercise the warrant.

Management And Operations After The Merger

The board 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 current director of SVB Financial. The current SVB Financial director who will serve as a Fulton director is Willem Kooyker. Somerset Valley Bank's current directors will remain as directors of Somerset Valley Bank.

Employment; Severance

Upon completion of the merger, Fulton will use its good faith efforts to continue the employment of the present employees of SVB Financial or Somerset Valley Bank. Where that is not possible, Fulton will make severance payments to affected persons.

Employees with written employment agreements will receive any severance payments they are entitled to under such agreements. If the employment of employees without written agreements is involuntarily terminated, other than for unsatisfactory performance, within one year of the effective date of the merger, severance benefits will be paid in the amount of one week's salary plus an additional one week's salary for each year of service with SVB Financial or a subsidiary, up to a maximum of 26 weeks' salary. In the event the employment of employees without written agreements is involuntarily terminated following the one year anniversary of the effective date of the merger, severance payments will be made in accordance with Fulton's then existing severance policy.

Employee Benefits

The employee benefits provided to former SVB Financial employees that continue to be employed after the merger's effective date will be substantially equivalent to the employee benefits, in the aggregate, provided by SVB Financial prior to the merger for at least three years after the effective date of the merger, or until Fulton or its subsidiaries can no longer satisfy the applicable qualified retirement plan discrimination testing under the Internal Revenue Code. Each SVB Financial employee who becomes an employee of Fulton or of a Fulton subsidiary will be entitled to full credit for each year of service with SVB Financial for purposes of determining eligibility for vesting in Fulton's employee benefit

plans, programs and policies.

Regulatory Approvals

Fulton and SVB Financial must obtain regulatory approvals before the merger can be completed, but we cannot assure you that these regulatory approvals will be obtained or when they will be obtained.

It is a condition to completion of the merger that Fulton and SVB Financial receive all necessary regulatory approvals to the merger, without the imposition by any regulator of any condition or requirements that would materially and adversely impact the economic or business benefits of the merger. Fulton and SVB Financial cannot assure you that the regulatory approvals of the merger will not contain terms, conditions or requirements which would have such an impact.

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Fulton and SVB Financial are not aware of any material governmental approvals or actions that are required to complete the merger, except as described below. If any other approval or action is required, the parties expect that they will seek such approval or action.

The merger is subject to the prior approval of the Board of Governors of the Federal Reserve System pursuant to the Bank Holding Company Act of 1956. Under this law, the Federal Reserve Board generally may not approve any proposed transaction:

That would result in a monopoly or that would further a combination or conspiracy to monopolize banking in the United States, or

That could substantially lessen competition in any section of the country, that would tend to create a monopoly in any section of the country, or that would be in restraint of trade, unless the Federal Reserve Board finds that the public interest in meeting the convenience and needs of the community served clearly outweighs the anti-competitive effects of the proposed transaction.

The Federal Reserve Board is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned, as well as the convenience and needs of the community to be served. Consideration of financial resources generally focuses on capital adequacy. Consideration of convenience and needs includes the parties' performance under the Community Reinvestment Act of 1977.

The merger may not be completed until the 30th day following the date of the Federal Reserve Board approval, although the Federal Reserve Board may reduce that period to 15 days. During this period, the United States Department of Justice has the opportunity to challenge the transaction on antitrust grounds. The commencement of any antitrust action would stay the effectiveness of the Federal Reserve Board's approval, unless a court of competent jurisdiction specifically ordered otherwise.

Fulton filed notice of the proposed merger with the Federal Reserve Bank of Philadelphia on _____, seeking prior approval of the merger from the Federal Reserve Bank, pursuant to authority delegated to it by the Federal Reserve Board. As of the date of this document, the Federal Reserve Bank has not yet approved or disapproved the merger.

The merger is also subject to the prior approval of the New Jersey Department of Banking and Insurance under the provisions of the New Jersey Banking Act of 1948, as amended. As of the date of this document, the New Jersey Department of Banking and Insurance has not yet approved or disapproved the merger.

Material Contracts

There have been no other material contracts or other transactions between SVB Financial and Fulton since signing the merger agreement other than in connection with the transactions contemplated by the merger agreement, nor have there been any material contracts, arrangements, relationships or transactions between SVB Financial and Fulton during the past five years, other than in connection with the merger agreement and as described in this document.

Material Federal Income Tax Consequences

To complete the merger, Fulton and SVB Financial must receive an opinion of Barley Snyder LLC, counsel to Fulton, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and that Fulton and SVB Financial will each be a party to the reorganization within the meaning of Section 368(b) of the Code. Barley Snyder LLC has provided this opinion and has consented to its inclusion in the registration statement.

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In the opinion of Barley Snyder LLC, the material federal income tax consequences of the merger will be as follows:

Fulton and SVB Financial will not recognize gain or loss in the merger;

SVB Financial's shareholders will not recognize any gain or loss upon receipt of Fulton common stock in exchange for SVB Financial common stock, except that (1) shareholders who receive cash proceeds for fractional share interests will recognize gain or loss equal to the difference between such proceeds and the tax basis allocated to their fractional share interests, and such gain or loss will constitute capital gain or loss if the shareholders held their SVB Financial common stock as a capital asset at the effective date of the merger and (2) shareholders who receive cash consideration and Fulton common stock in exchange for SVB Financial common stock will recognize gain, but not loss, realized with respect to any SVB Financial common stock share but not in excess of the amount of cash received or deemed received for that SVB Financial common stock share, and such gain will constitute capital gain if the shareholders held their SVB Financial common stock as a capital asset at the effective date of the merger;

SVB Financial's shareholders who elect to receive only cash consideration in exchange for SVB Financial common stock pursuant to the merger will generally recognize gain or loss based on the difference between the cash consideration received and the adjusted basis in the SVB Financial common stock exchanged;

the tax basis of shares of Fulton common stock received by SVB Financial's shareholders in the merger will be the same as the tax basis of their shares of SVB Financial common stock less any basis that would be allocable to a fractional share of Fulton common stock for which cash is received; and

the holding period of the Fulton common stock that SVB Financial's shareholders receive in the merger will include the holding period of their shares of SVB Financial common stock, provided that they hold their SVB Financial common stock as a capital asset at the time of the merger.

This is not a complete description of all the federal income tax consequences of the merger and, in particular, does not address tax considerations that may affect the treatment of shareholders who acquired their SVB Financial common stock pursuant to the exercise of employee stock options or otherwise as compensation, or shareholders which are exempt organizations or who are not citizens or residents of the United States. Each shareholder's individual circumstances may affect the tax consequences of the merger to such shareholder. In addition, this discussion does not address the tax consequences of the merger under applicable state, local, or foreign laws. Accordingly, you should consult a tax advisor to discuss the specific tax consequences of the merger to you.

Accounting Treatment

Fulton will account for the acquisition using the purchase method of accounting. Purchase accounting requires Fulton to allocate the total purchase price of the acquisition to the assets acquired and liabilities assumed, based on their respective fair values at the acquisition date, with any remaining unallocated acquisition cost being recorded as goodwill. Resulting goodwill balances are then subject to an impairment review on at least an annual basis. The results of SVB Financial's operations will be included in Fulton's financial statements prospectively from the date of the acquisition.

The total purchase price is estimated to be approximately \$89.9 million, which includes the cost of Fulton stock to be issued, SVB Financial options to be converted and certain acquisition related costs. The actual purchase price will depend on the percentage of shares paid in cash and the price of Fulton stock on the acquisition date. The total purchase price will be allocated to the net assets acquired as of the merger effective

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date, based on fair market values at that date. Fulton expects to record a core deposit intangible asset and goodwill as a result of the acquisition accounting.

The Selected Historical and Pro Forma Combined Per Share Data in this document has been prepared based on SVB Financial's net assets and the fair market values of those net assets as calculated by SVB Financial as of

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December 31, 2004. In addition, the core deposit intangible was estimated to be \$11.9 million, representing 4.5% of demand and savings deposits, and was assumed to be amortized over 8 years using an accelerated method. These assumptions resulted in goodwill of approximately \$54.3 million. The actual amounts to be recorded by Fulton to reflect the purchase are dependent on various factors, including but not limited to, the interest rate environment and final valuations for loans and deposits and other assets and liabilities, including the core deposit intangible, and may differ materially from the estimates provided herein.

NASDAQ Quotation

The obligation of SVB Financial and Fulton to complete the merger is subject to the condition that Fulton common stock to be issued in the merger be authorized for quotation on the National Market System of the Nasdaq Stock Market.

Expenses

Fulton and SVB Financial will each pay all their own costs and expenses, including fees and expenses of financial consultants, accountants and legal counsel, except that Fulton will pay for the cost of printing and mailing this document.

Resale Of Fulton Common Stock

The Fulton common stock issued in the merger will be freely transferable under the Securities Act of 1933 except for shares issued to any SVB Financial shareholder who is an affiliate of SVB Financial or Fulton for purposes of SEC Rule 145. This document does not cover resale of Fulton common stock received by any affiliate of SVB Financial or Fulton. Each director and executive officer of SVB Financial will enter into an agreement with Fulton providing that, as an affiliate, he or she will not transfer any Fulton common stock received in the merger except in compliance with the securities laws.

No Dissenters Rights

SVB Financial shareholders are not entitled to dissenters rights under Section 14A:11-1(1)(a)(i)(B) of the New Jersey Business Corporation Act with respect to the proposed merger with Fulton.

Dividend Reinvestment Plan

Fulton currently maintains a shareholder dividend reinvestment plan. This plan provides shareholders of Fulton with a simple and convenient method of investing cash dividends, as well as voluntary cash payments, in additional shares of Fulton common stock without payment of any brokerage commission or service charge. Fulton expects to continue to offer this plan after the effective date of the merger, and shareholders of SVB Financial who become shareholders of Fulton will be eligible to participate in the plan.

Financial Interests Of Management in the Merger

When you are considering the recommendation of SVB Financial's board of directors with respect to approving the merger agreement and the merger, you should be aware that SVB Financial directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of SVB Financial. The SVB Financial board of directors was aware of these factors and considered them, among other matters, in approving the merger agreement and the merger. These interests are described below.

Stock Options

As of the record date, the directors and executive officers of SVB Financial hold options to purchase approximately _____ shares of SVB Financial common stock. On the effective date of the merger, each option will convert into cash or an option to acquire Fulton common stock as described above under **THE MERGER - Stock**

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Options on page 29. In addition, all SVB Financial options subject to vesting will immediately vest, in full, upon closing of the merger.

Employment Agreements

In connection with the merger agreement, Somerset Valley Bank, Fulton and each of Messrs. Corcoran and Brattlof entered into employment agreements. The Agreements will become effective on, and are contingent upon, the effectiveness of the merger. Each agreement provides for a two year employment period starting from the effective date of the merger. Each of Messrs. Corcoran and Brattlof will be entitled to benefits comparable to those offered by Somerset Valley Bank on January 11, 2005, including retirement, medical and disability benefit programs and other SVB Financial employee benefit plans. In addition, each of Messrs. Corcoran and Brattlof will be paid certain change of control payments due to them under their existing employment agreements with Somerset Valley Bank, and which will be triggered by the merger, over a period of two years, provided that they will forfeit amounts not yet paid if they terminate their employment early. The change of control payment amount due to Mr. Corcoran is \$548,670 and due to Mr. Brattlof is \$342,297. One half of the change of control payment for Mr. Corcoran will be paid at the effective date of the merger and the remainder in 12 monthly installments beginning on the one year anniversary of the effective date. Mr. McCarthy also will be paid a change in control payment due to him under his existing employment agreement which will be triggered by the merger. The change in control payment due to Mr. McCarthy is \$354,100. The change in control payment due to Mr. McCarthy will be paid to him in full on the effective date of the merger. The change in control payments for Messrs. Corcoran, Brattlof and McCarthy are determined based on two times the current base salary and plus the amount of the average bonus for the last three years.

In the event either of Mr. Corcoran's or Mr. Brattlof's employment is terminated without cause, or by him for good reason as defined in the agreement, Somerset Valley Bank and Fulton have agreed to pay Messrs. Corcoran and Brattlof the salary and benefits provided in his agreement for the remaining term of the agreement. The agreement also provides that during the term of his employment and for one year after the termination of his employment (other than without cause), the executive will not compete with Somerset Valley Bank or Fulton.

Indemnification and Insurance

The merger agreement provides that Fulton shall indemnify and hold harmless each present and former director, officer and employee of SVB Financial or an SVB Financial subsidiary, determined as of the effective time of the merger, against any costs or expenses, judgments, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, arising out of matters existing or occurring at or prior to the effective time of the merger, arising in whole or in part out of, or pertaining to the fact that he or she is or was a director, officer or employee of SVB Financial or any of its subsidiaries.

In addition, the merger agreement provides that Fulton shall maintain tail coverage for SVB Financial's existing directors' and officers' liability insurance policy for acts or omissions occurring prior to the effective time of the merger for the benefit of persons who are currently covered by such insurance policy for a period of four years following the effective time of the merger. Fulton may, however, substitute new policies in lieu of SVB Financial's existing policies if the new policies provide at least the same coverage and amounts containing terms and conditions which are substantially no less advantageous.

Directors Fees

Each of SVB Financial's current directors will serve in one or more of the following capacities after the effective date of the merger:

One SVB Financial director, Willem Kooyker, will serve as director of Fulton; and

All Somerset Valley Bank directors will continue to serve as directors of Somerset Valley Bank.

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As such, each non-employee director will be entitled to receive fees for his or her service in such capacity equal to the fees received by him or her as of the date of the merger agreement from SVB Financial for a period of three years. The fees payable to each non-employee director are \$650 for each meeting attended plus a \$5,000 annual retainer fee. In addition, non-employee directors will be paid \$100 for each committee meeting attended.

Other than as set forth above, no director or executive officer of SVB Financial has any direct or indirect material interest in the merger, except insofar as ownership of SVB Financial common stock might be deemed such an interest.

INFORMATION ABOUT FULTON**General**

As permitted by the rules of the SEC, financial and other information relating to Fulton that is not included in or delivered with this document, including information relating to Fulton's directors and executive officers, is incorporated herein by reference. See **WHERE YOU CAN FIND MORE INFORMATION** on page 53 and **INCORPORATION BY REFERENCE** on page 54.

Market Price Of And Dividends On Fulton Common Stock And Related Shareholder Matters

The Fulton common stock trades on the NASDAQ National Market under the symbol **FULT**. The table below shows for the periods indicated the amount of dividends paid per share and the quarterly ranges of high and low sales prices for Fulton common stock as reported by the NASDAQ National Market. Stock price information does not necessarily reflect mark-ups, mark-downs or commissions. Per share amounts have been retroactively adjusted to reflect the effect of stock dividends declared.

	<u>Price Range Per Share</u>		<u>Per Share</u>
	<u>High</u>	<u>Low</u>	<u>Dividend</u>
2005			
First Quarter	\$ 23.52	\$ 21.00	\$ 0.165
Second Quarter (through _____, 2005)			
2004			
First Quarter	\$ 21.70	\$ 19.86	\$ 0.152
Second Quarter	21.64	19.14	0.165
Third Quarter	21.90	20.00	0.165
Fourth Quarter	23.60	21.05	0.165
2003			
First Quarter	\$ 17.32	\$ 15.89	\$ 0.136
Second Quarter	20.00	17.01	0.152

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Third Quarter	20.48	18.33	0.152
Fourth Quarter	20.95	18.81	0.152

For certain limitations on the ability of Fulton's subsidiaries to pay dividends to Fulton, see Fulton's Annual Report on Form 10-K for the year ended December 31, 2004, which is incorporated herein by reference. See WHERE YOU CAN FIND MORE INFORMATION on page 53.

On January 11, 2005, the last full trading day prior to public announcement of the proposed merger, the high, low and last sales price of Fulton common stock were as follows:

High:	\$ 22.39
Low:	\$ 22.10
Last Sales price:	\$ 22.18

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On _____, the most recent practicable date prior to the printing of this document, the high, low and last sales price of Fulton common stock were as follows:

High:	\$ _____
Low:	\$ _____
Last Sales price:	\$ _____

You should obtain current market quotations prior to making any decisions about the merger.

Indemnification

The Bylaws of Fulton provide for indemnification of its directors, officers, employees and agents to the fullest extent permitted under the laws of the Commonwealth of Pennsylvania, provided that the person seeking indemnification acted in good faith, in a manner he or she reasonably believed to be in the best interests of Fulton, and without willful misconduct or recklessness. Fulton has purchased insurance to indemnify its directors, officers, employees and agents under certain circumstances.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling Fulton pursuant to the foregoing provisions of Fulton’s Bylaws, Fulton has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

Description Of Fulton Financial Common Stock

General

The authorized capital of Fulton consists exclusively of 400 million shares of common stock, par value \$2.50 per share, and 10 million shares of preferred stock, without par value. As of March 31, 2005, there were issued and outstanding approximately 125,871,824 shares of Fulton common stock, which shares were held by 19,803 owners of record, and there were 4,796,993 shares issuable upon the exercise of options. No shares of preferred stock have been issued by Fulton. Fulton’s common stock is listed for quotation on the NASDAQ National Market System under the symbol FULT. The holders of Fulton common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders and may not cumulate their votes for the election of directors. Each share of Fulton common stock is entitled to participate on an equal pro rata basis in dividends and other distributions. The holders of Fulton common stock do not have preemptive rights to subscribe for additional shares that may be issued by Fulton, and no share is entitled in any manner to any preference over any other share. Fulton Financial Advisors, N.A. serves as the transfer agent for Fulton.

The holders of Fulton common stock are entitled to receive dividends when, as and if declared by the board of directors out of funds legally available. Fulton has in the past paid quarterly cash dividends to its shareholders on or about the 15th day of January, April, July and October of each year. The ability of Fulton to pay dividends to its shareholders is dependent primarily upon the earnings and financial condition of Fulton’s subsidiary banks. Funds for the payment of dividends on Fulton common stock are expected for the foreseeable future to be obtained primarily from dividends paid to Fulton by its bank subsidiaries, which dividends are subject to certain statutory limitations, described below:

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Pennsylvania State Chartered
Banks

Fulton Bank, Lebanon Valley Farmers
Bank, Lafayette Ambassador Bank, and
Premier Bank

may pay dividends only out of accumulated net earnings and may
not declare or pay any dividend requiring a reduction of the
statutorily required surplus of the institution

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National Banks	Swineford National Bank, FNB Bank, N.A., Delaware National Bank, and Fulton Financial Advisors, N.A.	the approval of the Office of the Comptroller of the Currency is required under federal law if the total of all dividends declared during any calendar year would exceed the net profits (as defined) of the bank for the year, combined with its retained net profits (as defined) for the two preceding calendar years
Maryland Commercial Banks	Hagerstown Trust Company and The Peoples Bank of Elkton	may only declare a cash dividend from their undivided profits or (with the prior approval of the Maryland Bank Commissioner) from its surplus in excess of 100% of its required capital stock, in each case after providing for due or accrued expenses, losses, interest and taxes. In addition, if Hagerstown or Peoples surplus becomes less than 100% of its required capital stock, Hagerstown or Peoples may not declare or pay any cash dividends that exceed 90% of its net earnings until its surplus becomes 100% of its required capital stock
New Jersey Banks	The Bank, Skylands Community Bank, First Washington State Bank	may not declare or pay any dividends which would impair their capital stock or reduce their surplus to a level of less than 50% of their capital stock or if the surplus is currently less than 50% of the capital stock, the payment of such dividends would not reduce the surplus of the bank
Virginia Bank	Resource Bank	may only declare or pay any dividends up to the amount of retained earnings

In addition to the foregoing statutory restrictions on dividends, state banking regulations (with respect to state-chartered banks), the FDIC (with respect to state-chartered banks that are not members of the Federal Reserve System, such as Fulton Bank, Skylands Community Bank, Hagerstown Trust Company, The Bank, The Peoples Bank of Elkton and First Washington State Bank), the FRB (with respect to state-chartered banks that are members of the Federal Reserve System, such as Lebanon Valley Farmers Bank, Lafayette Ambassador Bank, Premier Bank and Resource Bank), and the OCC (with respect to national banks such as Swineford National Bank, FNB Bank, N.A., Delaware National Bank, and Fulton Financial Advisors, N.A.), also have adopted minimum capital standards and have broad authority to prohibit a bank from engaging in unsafe or unsound banking practices. Specifically, a member bank may not pay a dividend in excess of its net income less dividends declared, plus the prior two years net income, less dividends declared during the prior two years. The payment of a dividend by a bank could, depending upon the financial condition of the bank involved and other factors, be deemed to impair its capital or to be as such an unsafe or unsound practice.

Dividend Reinvestment Plan

The holders of Fulton common stock may elect to participate in the Fulton Financial Corporation Dividend Reinvestment Plan, which is a plan administered by Fulton Financial Advisors, N.A. as the plan agent. Under the dividend reinvestment plan, dividends payable to participating shareholders are paid to the plan agent and are used to purchase, on behalf of the participating shareholders, additional shares of Fulton common stock. Participating shareholders may make additional voluntary cash payments, which are also used by the plan agent to purchase, on behalf of such shareholders, additional shares of Fulton common stock. Shares of Fulton common stock held for the account of participating shareholders are voted by the plan agent in accordance with the instructions of each participating shareholder as set forth in his or her proxy.

Securities Laws

Fulton, as a business corporation, is subject to the registration and prospectus delivery requirements of the Securities Act of 1933, as amended, and is also subject to similar requirements under state securities laws. Fulton common stock is registered with the Securities and Exchange

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Exchange Act of 1934, as amended, and Fulton is subject to the periodic reporting, proxy solicitation and insider trading requirements of the 1934 Act. The executive officers, directors and ten percent shareholders of Fulton are subject to certain restrictions affecting their right to buy and sell shares of Fulton common stock owned beneficially by them. Specifically, each such person is subject to the beneficial ownership reporting requirements and to the short-swing profit recapture provisions of Section 16 of the 1934 Act and may sell shares of Fulton common stock only: (i) in compliance with the provisions of SEC Rule 144, (ii) in compliance with the provisions of another applicable exemption from the registration requirements of the 1933 Act, or (iii) pursuant to an effective registration statement filed with the SEC under the 1933 Act.

Antitakeover Provisions

The Articles of Incorporation and Bylaws of Fulton include certain provisions which may be considered to be antitakeover in nature because they may have the effect of discouraging or making more difficult the acquisition of control over Fulton by means of a hostile tender offer, exchange offer, proxy contest or similar transaction. These provisions are intended to protect the shareholders of Fulton (including the present shareholders of SVB Financial, who will become shareholders of Fulton following the merger) by providing a measure of assurance that Fulton's shareholders will be treated fairly in the event of an unsolicited takeover bid and by preventing a successful takeover bidder from exercising its voting control to the detriment of the other shareholders. However, the antitakeover provisions set forth in the Articles of Incorporation and Bylaws of Fulton, taken as a whole, may discourage a hostile tender offer, exchange offer, proxy solicitation or similar transaction relating to Fulton common stock. To the extent that these provisions actually discourage such a transaction, holders of Fulton common stock may not have an opportunity to dispose of part or all of their stock at a higher price than that prevailing in the market. In addition, these provisions make it more difficult to remove, and thereby may serve to entrench, incumbent directors and officers of Fulton, even if their removal would be regarded by some shareholders as desirable.

The provisions in the Articles of Incorporation of Fulton which may be considered to be antitakeover in nature include the following:

- a provision that provides for substantial amounts of authorized but unissued capital stock, including a class of preferred stock whose rights and privileges may be determined prior to issuance by Fulton's board of directors;

- a provision that does not permit shareholders to cumulate their votes for the election of directors;

- a provision that requires a greater than majority shareholder vote in order to approve certain business combinations and other extraordinary corporate transactions;

- a provision that establishes criteria to be applied by the board of directors in evaluating an acquisition proposal;

- a provision that requires a greater than majority shareholder vote in order for the shareholders to remove a director from office without cause;

- a provision that prohibits the taking of any action by the shareholders without a meeting and eliminates the right of shareholders to call a special meeting;

- a provision that limits the right of the shareholders to amend the Bylaws; and

- a provision that requires, under certain circumstances, a greater than majority shareholder vote in order to amend the Articles of Incorporation.

The provisions of the Bylaws of Fulton which may be considered to be antitakeover in nature include the following:

a provision that limits the permissible number of directors;

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a provision that establishes a board of directors divided into three classes, with members of each class elected for a three-year term that is staggered with the terms of the members of the other two classes; and

a provision that requires advance written notice as a precondition to the nomination of any person for election to the board of directors, other than in the case of nominations made by existing management.

As a Pennsylvania business corporation and a corporation whose common shares are registered under the Securities Exchange Act of 1934, as amended, Fulton is subject to, and may take advantage of the protections of, the antitakeover provisions of the Pennsylvania Business Corporation Law of 1988, as amended. These antitakeover provisions, which are designed to discourage the acquisition of control over a targeted Pennsylvania business corporation, include:

a provision whereby the directors of the corporation, in determining what is in the best interests of the corporation, may consider factors other than the economic interests of the shareholders, such as the effect of any action upon other constituencies, including employees, suppliers, customers, creditors and the community in which the corporation is located;

a provision that permits shareholders to demand that a controlling person pay to them the fair value of their shares in cash upon a change in control;

a provision that restricts certain business combinations unless there is prior approval by the directors or a supermajority of the shareholders;

a provision permitting a corporation to adopt a shareholders rights plan;

a provision denying the right to vote to a person who acquires a specified percentage of stock ownership unless those voting rights are restored by a vote of disinterested shareholders; and

a provision requiring a person who acquires control shares, which are described in the previous sentence, to disgorge to the corporation all profits from the sale of equity securities within eighteen months thereafter.

Corporations may elect to opt out of any or all of these antitakeover provisions of the Pennsylvania corporate law. Fulton has not elected to opt out of any of the protections provided by the antitakeover statutes.

On April 27, 1999, Fulton extended the term of its Shareholder Rights Plan, originally adopted in June of 1989, by ten years. The plan is intended to discourage unfair or financially inadequate takeover proposals and abusive takeover practices and to encourage third parties who may in the future be interested in acquiring Fulton to negotiate with Fulton's board of directors. The plan may have the effect of discouraging or making more difficult the acquisition of Fulton by means of a hostile tender offer, exchange offer or similar transaction. The plan is similar to shareholder rights plans which have been adopted by other bank holding companies and business corporations and contains flip-in rights (allowing certain shareholders to purchase Fulton's common stock equal to two times the right's exercise price) and flip-over rights (allowing rights holders to acquire shares of the acquirer's stock at a substantial discount) which are typically included in plans of this kind. Each share of Fulton common stock, including all shares that will be issued to SVB Financial's shareholders in the merger, will also represent one right pursuant to the terms of the plan, which right will initially, and until it becomes exercisable, trade with and be represented by the Fulton common stock certificates to be received by the shareholders of SVB Financial.

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The management of Fulton does not presently contemplate recommending to the shareholders the adoption of any additional antitakeover provisions.

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INFORMATION ABOUT SVB FINANCIAL

As permitted by the rules of the SEC, financial and other information relating to SVB Financial, including information relating to SVB Financial's directors and executive officers, is incorporated herein by reference. See WHERE YOU CAN FIND MORE INFORMATION on page 53 and INCORPORATION BY REFERENCE on page 54. A copy of SVB Financial's 10-K for the year ended December 31, 2004, as filed with the SEC, is enclosed herewith and is incorporated herein by reference.

General

SVB Financial is a New Jersey corporation and a registered bank holding company headquartered in Somerville, New Jersey. SVB Financial is the holding company for Somerset Valley Bank, a New Jersey state chartered commercial bank. The bank is a full service commercial bank, providing a wide range of business and consumer financial services in Somerville, Hillsborough, Bridgewater, Manville, Bernards, Warren, Raritan Township, Edison and Metuchen, New Jersey. The bank operates through its main office located in Somerville, New Jersey, and 10 branch offices. Somerset Valley Bank has the following wholly-owned subsidiaries:

Somerset Valley Investment Company, which owns 100% of West End One Corp.; and

West End One Corp., which manages an investment portfolio similar to Somerset Valley Bank's earning assets.

SVB Financial had approximately \$483 million in assets and \$414 million in deposits at December 31, 2004. On December 31, 2004, Somerset Valley Bank employed 102 full-time and 19 part-time employees throughout its branch offices.

Market Price Of And Dividends On SVB Financial Common Stock And Related Shareholder Matters

The SVB Financial common stock trades on the NASDAQ National Market under the symbol SVBF. As of April 7, 2005, there were 4,115,554 shares of SVB Financial common stock issued and outstanding, held by approximately 414 shareholders of record. The following table sets forth the high and low sale prices for shares of SVB Financial common stock for the periods indicated as reported on the NASDAQ National Market and the cash dividends paid per share for such periods. Such prices do not necessarily reflect mark-ups, mark-downs or commissions. Per share amounts have been retroactively adjusted to reflect the effect of all stock dividends and stock splits.

	Price Range Per Share		Per Share
	High	Low	Dividend
2005			
First Quarter	\$ 22.00	\$ 20.00	\$ 0
Second Quarter (through _____, 2005)			

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2004			
First Quarter	\$ 18.57	\$ 15.29	\$ 0
Second Quarter	18.84	16.77	0
Third Quarter	18.71	16.29	0
Fourth Quarter	20.75	16.81	0
2003			
First Quarter	\$ 15.88	\$ 13.24	\$ 0
Second Quarter	16.10	14.24	0
Third Quarter	15.41	14.52	0
Fourth Quarter	16.45	14.59	0

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The merger agreement restricts SVB Financial from paying a dividend as described under the heading THE MERGER Dividends on page 28.

On January 11, 2005, the last full trading day prior to public announcement of the proposed merger, the high, low and last sales price of SVB Financial common stock were as follows:

High:	\$ 21.55
Low:	\$ 21.52
Last Sales Price:	\$ 21.52

On _____, the most recent practicable date prior to the printing of this document, the high, low and last sales price of SVB Financial common stock were as follows:

High:	_____
Low:	_____
Last Sales Price:	_____

You should obtain current market quotations prior to making any decisions as to the merger.

ADJOURNMENT

In the event that SVB Financial does not have sufficient votes for a quorum or to approve the merger agreement at the special meeting, SVB Financial intends to adjourn the special meeting to permit further solicitation of proxies. The board of directors of SVB Financial recommends that shareholders vote their proxies in favor of the adjournment proposal so that their proxies may be used to vote for an adjournment if necessary. The proxy holders will vote properly executed proxies in favor of the adjournment proposal unless the proxies indicate otherwise. If SVB Financial adjourns the special meeting, SVB Financial will not give notice of the time and place of the adjourned special meeting other than by an announcement of such time and place at the special meeting.

COMPARISON OF SHAREHOLDER RIGHTS

If Fulton and SVB Financial complete the merger, shareholders of SVB Financial automatically will become shareholders of Fulton, and their rights as shareholders will be determined by the Pennsylvania Business Corporation Law of 1988, as amended, and by Fulton's Articles of Incorporation and Bylaws. The following is a summary of material differences between the rights of holders of Fulton common stock and the rights of holders of SVB Financial common stock. These differences arise from differing provisions of the Articles of Incorporation and Bylaws of Fulton and SVB Financial, differences in New Jersey and Pennsylvania corporate law and from the existence of Fulton's Shareholder Rights Plan.

The most significant differences are:

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

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

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

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

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

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A comparison of SVB Financial common stock and Fulton common stock and the rights of their respective holders follows:

	<u>SVB FINANCIAL</u>	<u>FULTON</u>
Title	Common Stock, \$2.09 par value	Common Stock, \$2.50 par value per share
Shares Authorized	10,000,000 of which 6,000,000 are common shares	400,000,000
Shares Issued & Outstanding	4,115,554 shares, as of April 7, 2005	125,871,824 shares, as of March 31, 2005
Preemptive Rights	No	No
Classification of Board of Directors	Board of Directors divided into three classes with three year terms; approximately one-third of directors elected each year	Board of Directors divided into three classes with three year terms; approximately one-third of directors elected each year
Voting: Election of Directors	Non-cumulative	Non-cumulative
Voting: Other Matters	One vote for each share owned of record	One vote for each share owned of record
Shareholder Rights Plan	No	Yes
Dissenters Rights	No	Not generally available
Dividend Reinvestment Plan	No	Yes
Market	Listed for quotation on the Nasdaq National Market	Listed for quotation on Nasdaq National Market
Registered under 1934 Act	Yes	Yes
Limitation of Liability of Directors for Monetary Damages	No	Yes
Indemnification of Directors, Officers and Employees	Yes	Yes

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	<u>SVB FINANCIAL</u>	<u>FULTON</u>
Approval Required for Restricted Transactions with 10% or more Beneficial Owners	Under New Jersey law, a New Jersey corporation may not engage in a business combination with an interested shareholder for five years after the time the interested shareholder acquired his or its stake in the company, unless the transaction has been approved by the company's board of directors prior to the time the interested shareholder acquires his or its shares. Subsequent to the five year period, a business combination between a New Jersey corporation and an interested shareholder which was not approved by the company's board prior to the time the interested shareholder acquired his shares, must either (i) be approved by a vote of 2/3 of the company's shares not beneficially owned by the interested shareholder or (ii) satisfy certain fair price requirements	85% affirmative shareholder vote; reduced to 66-2/3% if certain conditions are met
Approval of Major Transactions	2/3 of votes entitled to be cast at shareholders meeting to approve any business combination, provided however, that the affirmative vote of majority of the votes entitled to be cast at shareholder meeting shall approve the action if either (i) such action has been approved by a majority of the continuing directors, a majority of the votes entitled to be cast is required; or (ii) all shareholders receive the higher of the highest price paid and fair market value.	2/3 of votes cast at shareholders meeting

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	SVB FINANCIAL	FULTON
Amendment of Articles of Incorporation	Majority affirmative shareholder vote, except that a 75% vote is required to amend the provisions dealing with director classification, number of directors, removal of directors, action by written consent and the interested shareholder provisions.	Provisions regarding required vote for business combinations and other major transactions, removal of directors, amendment of articles and certain other provisions require either: (i) affirmative vote of holders of 85% of voting power; or (ii) approval of a majority of directors and continuing directors and affirmative vote of 66-2/3 of holders of voting power; for other matters: (i) majority of directors and affirmative vote of holders of a majority of voting power or (ii) affirmative vote of holders of 85% of voting power
Qualification of Directors	No special ownership requirements	No special ownership requirements
Authorized Class of Preferred Stock	4,000,000 of undesignated shares that can be designated as preferred by the Board of Directors	Yes. 10,000,000 shares, without par value which can be issued under terms and conditions to be determined by the Board of Directors
Right of Shareholders to call an Annual Meeting	No	No
Right of Shareholders to call a Special Meeting	No, provided that a special meeting may be called by the Superior Court of New Jersey upon application by shareholders holding not less than 10% of capital stock entitled to vote at such meeting	No
Shareholder Inspection Rights	General, by statute	General
Right of Shareholders to act by Written Consent	No	No

EXPERTS

The consolidated financial statements of Fulton Financial Corporation as of December 31, 2004 and 2003, and for each of the years in the three-year period ended December 31, 2004, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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The audit report on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2004, contains an explanatory paragraph that states Fulton Financial Corporation acquired First Washington Financial Corp. on December 31, 2004, and management excluded from its assessment of the effectiveness of Fulton Financial Corporation's internal control over financial reporting as of December 31, 2004, First Washington Financial Corp.'s internal control over financial reporting associated with total assets of approximately \$585 million and total revenues of \$0 included in the consolidated financial statements of Fulton Financial Corporation as of and for the year ended December 31, 2004. The audit of internal control over financial reporting of Fulton Financial Corporation also excluded an evaluation of the internal control over financial reporting for First Washington Financial Corp.

The financial statements of SVB Financial Services, Inc. incorporated by reference in this prospectus and elsewhere in the registration statement have been audited by Grant Thornton LLP, independent registered public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts.

LEGAL MATTERS

Barley Snyder LLC will pass on the validity of the Fulton common stock issued in the merger, and certain federal income tax consequences of the merger.

Norris, McLaughlin & Marcus, P.A. has acted as special counsel to SVB Financial in connection with the merger.

OTHER MATTERS

The board of directors knows of no matters other than those described in this proxy statement or referred to in the accompanying notice of special meeting of shareholders that may be presented at the special meeting. However, if any other matter should be properly presented for consideration and voting at the special meeting or any adjournments of the special meeting, the proxy holders will vote the proxies in their discretion in the manner they determine to be in SVB Financial's best interest.

SHAREHOLDER PROPOSALS

Because SVB Financial and Fulton anticipate that the merger will be completed no later than the third quarter of 2005, SVB Financial does not anticipate holding a 2005 annual meeting of SVB Financial shareholders.

WHERE YOU CAN FIND MORE INFORMATION

Fulton and SVB Financial are subject to the informational requirements of the Securities Exchange Act of 1934, and file reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, proxy statements and

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other information that Fulton and/or SVB Financial file at the Securities and Exchange Commission's public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. Fulton's and SVB Financial's Securities and Exchange Commission filings are also available on the Securities and Exchange Commission's Internet site at <http://www.sec.gov>. You can also inspect reports, proxy statements and other information concerning Fulton or SVB Financial at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006. Additionally, SVB Financial's Internet site is www.somersetvalleybank.com. Fulton's Internet site is www.fult.com.

Fulton filed a Registration Statement on Form S-4 (No. _____) to register with the Securities and Exchange Commission the Fulton common stock issuable to SVB Financial shareholders in the merger. This document is a part of that Registration Statement and constitutes a prospectus of Fulton in addition to being a proxy statement of SVB Financial for the special meeting. As allowed by Securities and Exchange Commission rules, this document does not contain all the information you can find in the Registration Statement or the exhibits to the Registration Statement.

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INCORPORATION BY REFERENCE

Some of the information that you may want to consider in deciding how to vote with respect to the merger is not physically included in this document, but rather is incorporated by reference to documents that have been filed by Fulton and SVB Financial with the Securities and Exchange Commission. As permitted by the SEC, the following documents are incorporated by reference in this document:

Documents filed by Fulton (SEC File No. 0-10587):

Annual Report on Form 10-K, filed March 16, 2005, for the year ended December 31, 2004;

Current Reports on Form 8-K filed: January 3, 2005, January 12, 2005, January 18, 2005, March 2, 2005, March 16, 2005, March 22, 2005, March 24, 2005 and March 31, 2005.

The description of Fulton common stock contained in Fulton's registration statement on Form 8-A, dated July 3, 1989, and any amendment or reports filed for purposes of updating such description.

Documents filed by SVB Financial (SEC File No.0-22407):

Annual Report on Form 10-K filed March 29, 2005, for the year ended December 31, 2004.

Current Reports on Form 8-K filed: January 13, 2005, January 18, 2005 and January 25, 2005.

The description of SVB Financial common stock contained on a Registration Statement on Form S-4, filed April 2, 1996, and any amendment or reports filed for purposes of updating such description.

All documents filed by Fulton and SVB Financial pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this document and prior to the date of the special meeting are also incorporated by reference into this document and will be deemed to be a part hereof from the date of filing of such documents.

Any statement contained in a document that is incorporated by reference will be deemed to be modified or superseded for all purposes to the extent that a statement contained herein (or in any other document that is subsequently filed with the Securities and Exchange Commission and incorporated by reference) modifies or is contrary to that previous statement.

We may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the Securities and Exchange Commission. Documents incorporated by reference are available from Fulton and/or SVB Financial without charge, excluding all exhibits unless we have specifically incorporated an exhibit into this document by reference. SVB Financial shareholders may obtain documents incorporated by reference in this document, with respect to Fulton, by requesting them in writing or by telephone from: Fulton Financial

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Corporation, One Penn Square, Lancaster, PA 17604, Attention: George R. Barr, Jr. (telephone number (717) 291-2411), and with respect to SVB Financial, by requesting them in writing or by telephone from: SVB Financial Services, Inc., 70 East Main Street, Somerville, NJ 08876, Attention: Elizabeth J. Balunis, Secretary (telephone number 908-541-9500). In order to ensure timely delivery of such documents, any request should be made by June 1, 2005.

All information contained or incorporated by reference in this document relating to Fulton and its subsidiaries has been supplied by Fulton. All information contained or incorporated by reference in this document relating to SVB Financial and its subsidiaries has been supplied by SVB Financial.

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Exhibit A

Agreement and Plan of Merger

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AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

SVB FINANCIAL SERVICES, INC.

AND

FULTON FINANCIAL CORPORATION

JANUARY 11, 2005

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