

FULTON FINANCIAL CORP  
Form S-4/A  
June 04, 2003  
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As Filed With the Securities and Exchange Commission On June 4, 2003

Registration Statement No. 333-104268

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**PRE-EFFECTIVE AMENDMENT NO. 3**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**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 17604**

**717-291-2411**

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

**Rufus A. Fulton, Jr.**

**Chairman and Chief Executive Officer**

**One Penn Square**

**Lancaster, Pennsylvania 17604**

**717-291-2411**

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

---

***COPIES TO:***

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**126 East King Street**

**Lancaster, Pennsylvania 17604-2893**

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**Jean Svoboda, Esquire**

**Shumaker Williams, P.C.**

**3245 Simpson Ferry Road**

**Camp Hill, Pennsylvania 17011**

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**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 Securities Act registration statement number of the earlier effective registration statement for the same offering. "

\_\_\_\_\_

**CALCULATION OF REGISTRATION FEE**

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)(3)	Proposed	Amount Of Registration Fee
			Maximum Aggregate Offering Price (2)(3)	

PREVIOUSLY PAID

\_\_\_\_\_

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

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Proxy Statement/ Prospectus

PREMIER BANCORP, INC.  
PROXY STATEMENT  
FOR ANNUAL MEETING OF SHAREHOLDERS

July 10, 2003

American Stock Exchange Symbol: PPA

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FULTON FINANCIAL CORPORATION  
PROSPECTUS FOR  
5,121,037 SHARES OF FULTON FINANCIAL COMMON STOCK

Nasdaq National Market Symbol: FULT

This document constitutes a proxy statement of Premier Bancorp, Inc. in connection with the solicitation of proxies by the Board of Directors of Premier for use at the annual meeting of shareholders to be held at the Doylestown Country Club, Green Street, Doylestown, Pennsylvania, on Thursday, July 10, 2003, at 9:00 a.m., local time. At the meeting, Premier shareholders will be asked to consider and vote on the following proposals:

1. To elect five Class 2 directors to the Board of Directors of Premier;
2. To approve and adopt the Agreement and Plan of Merger, dated January 16, 2003, between Premier and Fulton Financial Corporation which provides, among other things, for the merger of Premier with and into Fulton and the conversion of each share of common stock of Premier outstanding immediately prior to the merger into 1.407 shares (subject to adjustment) of Fulton common stock, plus cash in lieu of any fractional share interest;
3. To adjourn the meeting if necessary to allow Premier time to solicit more votes in favor of the merger agreement; and
4. To transact such other business as may properly be brought before the annual meeting.

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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 5,121,037 shares of Fulton common stock being registered for this transaction. On May 30, 2003, the closing price of Fulton's common stock was \$20.59, making the value of 1.407 shares of Fulton common stock equal to \$28.97 on that date. The closing price of Premier's common stock on that date was \$28.30. These prices will fluctuate between now and the closing of the merger. 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 Premier. Premier and Fulton have not authorized any person to make use of this document in connection with any such resale.

Premier 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, set forth on page 15.*

The date of this document is June 5, 2003. This document was first sent to shareholders on or about June 9, 2003.

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

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

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

*John J. Ginley, Secretary  
Premier Bancorp, Inc.  
379 North Main Street  
Doylestown, PA 18901  
215-345-5100*

*To obtain timely delivery of requested documents, you must request the information no later than July 2, 2003.*

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EXHIBITS

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A	Agreement and Plan of Merger, dated January 16, 2003	A-1
B	Warrant Agreement and Warrant, dated January 16, 2003	B-1
C	Opinion of Boenning & Scattergood, Inc.	C-1

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

Q1: What do I need to do now?

A: After you have carefully read this document, indicate on your proxy card how you want your shares to be voted, then sign and mail it in the enclosed prepaid return envelope as soon as possible, so that your shares may be represented and voted at the annual meeting to be held on July 10, 2003.

Q2: If my shares are held in street name by my broker, will my broker vote my shares for me?

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

Q3: Can I change my vote after I have mailed my signed proxy card?

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

Q4: Should I send in my stock certificates now?

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

Q5: When do you expect to merge?

A: Fulton and Premier expect to complete the merger no later than the third quarter of 2003. In addition to the approval of Premier shareholders, Fulton must also obtain regulatory approvals. Fulton and Premier expect to receive all necessary approvals no later than the third quarter of 2003.

Q6: Who should I call with questions or to obtain additional copies of this document?

A: You should call either:

George R. Barr, Jr., Secretary  
Fulton Financial Corporation  
One Penn Square  
Lancaster, PA 17604  
717-291-2411

John J. Ginley, Secretary  
Premier Bancorp, Inc.  
379 North Main Street  
Doylestown, PA 18901  
215-345-5100

Q7: 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.

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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 73 for reference to additional information available to you regarding Fulton and Premier.*

**Agreement to Merge (See page 23)**

Fulton and Premier entered into a merger agreement on January 16, 2003. The merger agreement provides that each share of Premier common stock outstanding on the effective date of the merger will be exchanged for 1.407 shares (subject to adjustment) of Fulton common stock, and Premier will merge with Fulton. A copy of the merger agreement is attached to this document as Exhibit A and is incorporated herein by reference. On April 15, 2003, Fulton declared a 5% stock dividend payable on May 23, 2003 to shareholders of record on April 30, 2003. All amounts relating to Fulton common stock in this document have been restated to reflect this stock dividend.

**Each Premier Share Will Be Exchanged For 1.407 Shares Of Fulton Common Stock (See page 37)**

If the merger is completed, you will receive 1.407 shares of Fulton common stock for each share of Premier common stock you own. Fulton will not issue any fractional shares. Premier common shareholders will receive a cash payment for any fractional shares based on the market price of Fulton common stock during a period leading up to completion of the merger. On May 30, 2003, the closing price of Fulton common stock was \$20.59, making the value of 1.407 shares of Fulton common stock equal to \$28.97 on that date. Because the market price of Fulton stock fluctuates, you will not know when you vote what the shares will be worth when issued in the merger.

If the average price of Fulton common stock is below \$10.65 for a ten day period just before the merger, and if the price of Fulton common stock has also declined 20% more than the decline (if any) in the average NASDAQ Bank Index for the same period as compared to the NASDAQ Bank Index on January 15, 2003, Premier may terminate the merger. Neither party would owe the other any penalty or fee as a result of termination of the merger agreement. The market price termination provisions will be based on an average of the closing bid and asked prices for the Fulton common stock for the ten (10) consecutive trading days immediately preceding the date which is two (2) business days prior to the closing date of the merger. See Termination; Effect of Termination on page 39.

The market prices of both Fulton and Premier common stock will fluctuate prior to the merger. You should obtain current market quotations for Fulton common stock and Premier common stock.

**Comparative Per Share Data**

Fulton and Premier 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 Premier have filed with the SEC or attached to this document. See Where You Can Find More

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Information on page 68. The Fulton pro forma information gives effect to the merger, assuming that 1.407 shares of Fulton common stock are issued for each outstanding share of Premier common stock.

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

<b>Fulton</b>	<b>As of or for the Year Ended December 31, 2002</b>	<b>As of or for the Quarter Ended March 31, 2003</b>
<b>Historical Per Common Share:</b>		
Average Shares Outstanding (Basic)	107,768,000	105,922,000
Average Shares Outstanding (Diluted)	108,474,000	106,635,000
Book Value	\$8.14	\$8.18
Cash Dividends	\$0.558	\$0.143
Net Income (Basic)	\$1.23	\$0.32
Net Income (Diluted)	\$1.23	\$0.32
<b>Fulton, Premier Combined</b>		
<b>Pro Forma Per Common Share:</b>		
Average Shares Outstanding (Basic)	112,503,000	110,659,000
Average Shares Outstanding (Diluted)	113,390,000	111,536,000
Book Value	\$8.60	\$8.64
Cash Dividends	\$0.558	\$0.143
Net Income (Basic)	\$1.21	\$0.32
Net Income (Diluted)	\$1.21	\$0.32

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

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

<b>Premier</b>	<b>As of or for the Year Ended December 31, 2002</b>	<b>As of or for the Quarter Ended March 31, 2003</b>
<b><u>Historical Per Common Share:</u></b>		
Average Shares Outstanding (Basic)	3,365,000	3,367,000
Average Shares Outstanding (Diluted)	3,494,000	3,483,000
Book Value	\$7.81	\$8.16
Cash Dividends	\$0.00	\$0.00
Net Income (Basic)	\$1.26	\$0.35
Net Income (Diluted)	\$1.22	\$0.34
<b><u>Equivalent Pro Forma Per Common Share:</u></b>		
Book Value	\$12.10	\$12.16
Cash Dividends	\$ 0.785	\$ 0.201
Net Income (Basic)	\$ 1.71	\$ 0.45
Net Income (Diluted)	\$ 1.70	\$ 0.44

(A) The above combined pro forma per share equivalent information is based on average shares outstanding during the period except for the book value per share which is based on period end shares outstanding. The number of shares in each case has been adjusted for stock dividends and stock splits by each institution through the periods. The equivalent pro forma per common share information is derived by applying the exchange ratio of 1.407 shares of Fulton \$2.50 per share par value common stock for each Premier \$0.33 per share par value common stock to the Fulton, Premier combined pro forma per common share information.



**Table of Contents****Selected Financial Data**

The following tables show selected historical consolidated summary financial data for both Fulton and Premier. This information is derived from the consolidated financial statements of Fulton and Premier incorporated by reference in, or included with, this document. See [Where You Can Find More Information](#) on page 73.

**Fulton Financial Corporation****Selected Historical Financial Data**

(In thousands, except per share data)

	2002	2001	2000	1999	1998
<b>FOR THE YEAR</b>					
Interest income	\$ 469,288	\$ 518,680	\$ 519,661	\$ 465,221	\$ 450,195
Interest expense	158,219	227,962	243,874	199,128	199,430
Net interest income	311,069	290,718	275,787	266,093	250,765
Provision for loan losses	11,900	14,585	15,024	9,943	6,848
Other income	115,783	102,744	76,980	68,002	65,999
Other expenses	225,536	218,921	186,472	177,026	173,274
Income before income taxes	189,416	159,956	151,271	147,126	136,642
Income taxes	56,468	46,367	44,437	42,499	41,635
Net income	\$ 132,948	\$ 113,589	\$ 106,834	\$ 104,627	\$ 95,007
<b>PER SHARE DATA</b>					
Net income (basic)	\$ 1.23	\$ 1.05	\$ 1.00	\$ 0.97	\$ 0.88
Net income (diluted)	1.23	1.04	1.00	0.96	0.87
Cash dividends	0.558	0.505	0.451	0.406	0.366
<b>AT YEAR END</b>					
Total assets	\$ 8,387,778	\$ 7,770,711	\$ 7,364,804	\$ 6,787,424	\$ 6,433,612
Net loans	5,317,068	5,373,020	5,374,659	4,882,606	4,420,481
Deposits	6,245,528	5,986,804	5,502,703	5,051,512	5,048,924
Long-term debt	535,555	456,802	559,503	460,573	358,696
Shareholders' equity	863,742	811,454	731,171	662,749	654,070
<b>AVERAGE BALANCES</b>					
Shareholders' equity	\$ 838,213	\$ 779,014	\$ 673,971	\$ 663,841	\$ 633,056
Total assets	7,900,500	7,520,071	7,019,523	6,533,632	6,093,496

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**FULTON FINANCIAL CORPORATION**  
**SELECTED HISTORICAL FINANCIAL DATA**

(In thousands, except per share data)

	Three Months Ended	
	March 31,	
	2003	2002
<b>FOR THE QUARTER</b>		
Interest income	\$ 110,184	\$ 117,799
Interest Expense	34,546	41,469
Net interest income	75,638	76,330
Provision for loan losses	2,835	2,780
Other income	31,665	26,683
Other expenses	55,882	54,928
Income before income taxes	48,586	45,305
Income taxes	14,543	13,075
Net income	\$ 34,043	\$ 32,230
<b>PER SHARE DATA</b>		
Net income (basic)	\$ 0.32	\$ 0.30
Net income (diluted)	0.32	0.30
Cash dividends	0.143	0.130
<b>AT QUARTER END</b>		
Total assets	\$ 8,430,330	\$ 7,825,149
Net loans	5,217,250	5,293,781
Deposits	6,344,568	5,943,775
Long-term debt	535,210	451,382
Shareholders' equity	864,119	825,699
<b>AVERAGE BALANCES</b>		
Average shareholders' equity	\$ 864,642	\$ 813,860
Average total assets	8,281,576	7,647,622

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

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>For the Year</b>					
Interest income	\$ 32,794	\$ 29,651	\$ 26,693	\$ 21,929	\$ 16,516
Interest expense	15,265	16,625	15,294	11,420	8,922
Net interest income	17,529	13,026	11,399	10,509	7,594
Provision for loan losses	870	818	528	719	505
Other income	937	594	319	124	357
Other expenses	10,953	9,405	8,454	6,744	4,903
Income before income taxes	6,643	3,397	2,736	3,170	2,543
Income taxes	1,929	863	675	765	788
Net income	\$ 4,714	\$ 2,534	\$ 2,061	\$ 2,405	\$ 1,755
LESS: preferred stock dividends	\$ 468	\$	\$	\$	\$
Net income applicable to common shareholder	\$ 4,246	\$ 2,534	\$ 2,061	\$ 2,405	\$ 1,755
<b>Per Share Data</b>					
Net income (basic)	\$ 1.26	\$ 0.79	\$ 0.67	\$ 0.80	\$ 0.67
Net income (diluted)	1.22	0.74	0.60	0.70	0.56
Cash dividends					
<b>At Year End</b>					
Total assets	\$ 609,972	\$ 450,569	\$ 355,201	\$ 318,660	\$ 249,193
Net loans	355,598	310,876	235,552	196,121	138,100
Deposits	456,486	358,282	303,293	237,481	191,226
Long-term debt	60,000	30,000			15,000
Subordinated debt	1,500	3,500	1,500	1,500	1,500
Shareholders' equity	38,436	19,609	16,455	12,647	11,767
<b>Average Balances</b>					
Shareholders' equity	\$ 29,297	\$ 18,549	\$ 13,510	\$ 13,671	\$ 10,933
Total assets	525,217	399,102	339,758	291,040	214,118

**Table of Contents****PREMIER BANCORP, INC.****SELECTED HISTORICAL FINANCIAL DATA****(In thousands, except per share data)**

	<b>Three Months Ended March 31,</b>	
	<b>2003</b>	<b>2002</b>
<b>FOR THE QUARTER</b>		
Interest income	\$ 8,358	\$ 7,564
Interest expense	3,348	3,846
Net interest income	5,010	3,718
Provision for loan losses	70	285
Other income	281	136
Other expenses	3,030	2,484
Income before income taxes	2,191	1,085
Income taxes	685	283
Net income	\$ 1,506	\$ 802
LESS: Preferred stock dividends	\$ 319	\$
Net income applicable to common shareholders	\$ 1,187	\$ 802
<b>PER SHARE DATA</b>		
Net income (basic)	\$ 0.35	\$ 0.24
Net income (diluted)	0.34	0.23
Cash dividends		
<b>AT QUARTER END</b>		
Total assets	\$ 597,045	\$ 487,657
Net loans	360,514	334,154
Deposits	442,245	391,244
Long-term debt	60,000	30,000
Subordinated debt	1,500	3,500
Shareholders' equity	40,235	20,828
<b>AVERAGE BALANCES</b>		
Average shareholders' equity	\$ 39,193	\$ 23,126
Average total assets	600,630	463,770

**Table of Contents****No Federal Income Tax On Shares Received In Merger (See page 46)**

Premier shareholders generally will not recognize gain or loss for federal income tax purposes for 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. Premier shareholders will be taxed on cash received instead of any fractional share. Tax matters are complicated, and tax results may vary among shareholders. Fulton and Premier 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**. Premier common stock trades on the American Stock Exchange under the trading symbol **PPA**. The table below shows the last sale prices of Fulton common stock, Premier common stock and the equivalent price per share of Premier common stock based on the exchange ratio on January 15, 2003 and May 30, 2003.

On January 15, 2003, the last trading day before public announcement of the merger agreement, the per share closing price for Fulton common stock was \$17.75. Based on such closing price for such date and the conversion ratio of 1.407 shares of Fulton common stock for each share of Premier common stock, the pro forma value of the shares of Fulton common stock to be received in exchange for each share of Premier common stock was \$24.97.

On January 15, 2003, the last trading day before public announcement of the merger agreement, the per share closing price for Premier common stock was \$17.85.

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

	<b>Historical</b>	<b>Pro Forma</b>
	<b>Price Per Share</b>	<b>Equivalent</b>
	<u>Price Per Share</u>	<u>Price Per Share<sup>1</sup></u>
<b>Fulton Common Stock</b>		
Closing Price on January 15, 2003	\$ 17.75	N/A
Closing Price on May 30, 2003	20.59	N/A
<b>Premier Common Stock</b>		
Closing Price on January 15, 2003	\$ 17.85	\$ 24.97

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Closing Price on May 30, 2003

28.30 \$

28.97

<sup>1</sup> Based upon the product of the Conversion Ratio (1.407) and the closing price of Fulton common stock on January 15, 2003 and May 30, 2003, respectively.

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**Exchange Ratio Is Fair From A Financial Point Of View According To Premier's Financial Advisor (See page 26)**

Boenning & Scattergood, Inc. has given an opinion to the Premier Board that, as of January 16, 2003 and as of May 30, 2003, the exchange ratio in the merger is fair from a financial point of view to Premier's shareholders. The full text of this opinion is attached as Exhibit C to this document. Fulton and Premier encourage you to read the opinion carefully. Premier has agreed to pay Boenning & Scattergood, Inc. a fee equal to approximately \$915,000. A portion of this fee was paid upon engagement, a portion when the fairness opinion was issued and an additional portion will be paid upon completion of the merger.

**No Dissenters' Rights Of Appraisal (See page 47)**

Premier's shareholders are not entitled to exercise dissenters' rights under the provisions of Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, as amended.

**Your Rights As Shareholders Will Change After The Merger (See page 70)**

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 Premier. The most significant of these differences include:

Premier shareholders may exercise cumulative voting rights in the election of directors. Fulton shareholders may not;

Fulton restricts transactions with 10% beneficial owners. Premier does not;

Fulton has a shareholders rights plan. Premier does not; and

Premier shareholders have the right to call an annual or special meeting and to act without a meeting by written consent. Fulton shareholders do not.

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**The Companies (See page 50 for Fulton, page 54 for Premier)**

**Fulton Financial Corporation**

**One Penn Square**

**Lancaster, Pennsylvania 17604**

**717-291-2411**

Fulton Financial Corporation is a Pennsylvania business corporation and a registered financial holding company that maintains its headquarters in Lancaster, Pennsylvania. As a financial holding company, Fulton engages in general commercial and retail banking and trust business, and also in related financial businesses, through its 19 directly-held bank and nonbank subsidiaries. Fulton's bank subsidiaries currently operate 125 banking offices in Pennsylvania, 19 banking offices in Maryland, 12 banking offices in Delaware, and 37 banking offices in New Jersey. As of March 31, 2003, Fulton had consolidated total assets of approximately \$8.4 billion.

The principal assets of Fulton are its ten 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; and



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

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

Fulton Financial Realty Company, which leases to Fulton its corporate headquarters and primary operations 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;

Dearden, Maguire, Weaver and Barrett, LLC, an investment management and advisory firm;

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; and

Drovers Capital Trust I, which has issued and outstanding approximately \$5.5 million of trust preferred securities.

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**Premier Bancorp, Inc.**

**379 North Main Street**

**Doylestown, PA 18901**

**215-345-5100**

Premier, a Pennsylvania corporation, is the holding company for Premier Bank, a Pennsylvania state chartered bank. At March 31, 2003, Premier had total consolidated assets of approximately \$597 million, deposits of approximately \$442 million and shareholders' equity of approximately \$40 million. Premier Bank has eight branches located in Bucks, Northampton and Montgomery Counties, Pennsylvania. Premier 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. Premier has two wholly-owned non-bank subsidiaries, PBI Capital Trust and Premier Capital Trust II.

Premier Bank also owns a 99% membership in, and Premier owns a 1% membership interest in, each of Lenders Abstract, LLC and Premier Bank Insurance Services, LLC.

**Premier Board Recommends Shareholder Approval (See page 25)**

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

**Vote Required To Approve Merger Agreement (See page 22)**

Approval of the merger agreement requires the affirmative vote of the holders of at least 66 2/3% of Premier's outstanding common stock. The directors and executive officers of Premier and their affiliates together own about 44.77% of Premier's outstanding common stock as of March 31, 2003. The directors and executive officers of Premier have signed voting agreements pursuant to which they have agreed to vote their shares in favor of the merger.

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

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

**Annual Meeting To Be Held July 10, 2003 (See page 21)**

Premier will hold its annual meeting of shareholders on Thursday, July 10, 2003, at 9:00 a.m., local time, at the Doylestown Country Club, Green Street, Doylestown, Pennsylvania.

At the meeting, you will vote on the election of five Class 2 directors, the merger agreement, a proposal to adjourn the meeting to solicit additional proxies, if necessary, in the event there are not sufficient votes at the time of the annual meeting to approve the merger agreement, and any other business that properly arises.

**Election of Directors (See page 64)**

One of the items to be presented at the annual meeting is the election of five Class 2 directors. The term of Class 2 directors to be elected is three years. However, the five persons elected as Class 2 directors will only serve on the Premier board until the merger closes. If the shareholders do not approve the merger or the merger does not close, the directors will continue to serve out their term of office.

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**Record Date Set At June 2, 2003; Voting (See page 21)**

You are entitled to vote at the annual meeting if you owned shares of Premier common stock at the close of business on June 2, 2003, the record date. On June 2, 2003, there were 3,417,515 shares of Premier common stock outstanding. You will have one vote at the meeting for each share of Premier common stock you owned on June 2, 2003 for all matters except the election of directors, for which you are entitled to exercise cumulative voting rights.

**Conditions That Must Be Satisfied For The Merger To Occur (See page 38)**

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

approval of the merger by Premier's shareholders;

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

receipt of a legal opinion that the merger will be tax-free to shareholders, except for any cash received in lieu of fractional shares;

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

receipt of all required regulatory approvals; and

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

**Regulatory Approvals Required (See page 45)**

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

**Termination And Amendment Of The Merger Agreement (See page 44)**

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

if any condition precedent to a party's obligations under the merger agreement is unsatisfied on September 30, 2003, through no fault of the other party, provided that this date may be extended until December 31, 2003, if closing has not occurred because regulatory approval has not then been received;

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; or

the market price of Fulton common stock for a ten day period just before the merger is \$10.65, and the decline in Fulton Common Stock is at least 20% greater than the decline, if any, generally experienced in bank stocks as measured against an index.

In addition, Fulton may terminate the merger agreement if Premier's Board of Directors exercises its fiduciary duty with respect to a proposed acquisition of Premier by someone other than Fulton.

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

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### **Fulton To Continue As Surviving Corporation (See page 37)**

Fulton will continue as the surviving corporation after the merger. The Boards of Directors and executive officers of Fulton and its subsidiaries will not change as a result of the merger, except that:

Fulton will appoint to its Board of Directors one of Premier's current directors who will serve until Fulton's 2004 annual meeting, and Fulton will nominate such person to serve for a three year term at such meeting;

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

### **Warrant Agreement Makes Third Party Offers for Premier More Expensive (See page 42)**

In connection with the merger agreement, Premier granted Fulton a warrant to purchase up to 835,000 shares of Premier common stock at an exercise price of \$17.85 per share. The warrant acts to discourage other companies from acquiring Premier by making third party offers for Premier more expensive. It also provides compensation to Fulton in the event that the merger falls through because another party gains control of Premier. Generally, Fulton may exercise this warrant only if another party seeks to gain control of Premier. We do not believe that any of the events which would permit Fulton to exercise the warrant have occurred as of the date of this document.

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

### **Financial Interests of Management In The Merger (See page 48)**

When considering the recommendation of the Premier Board, you should be aware that some directors and officers have interests in the merger which may conflict with their interests as shareholders. These interests include:

Each of Premier's current Chairman, Clark S. Frame, President and Chief Executive Officer, John C. Soffronoff, and Senior Vice President and Secretary, John J. Ginley, have entered into employment agreements with Premier Bank that will become effective upon completion of the merger. These employment agreements will replace existing change in control agreements which each of Messers. Soffronoff and Ginley had with Premier;

Officers and directors hold stock options to purchase Premier stock that will convert into options to purchase Fulton stock. As of May 30, 2003, the difference between the aggregate exercise price and the market value of the shares underlying the options held by executive officers and directors, which represents the economic value of the options, was approximately \$\_\_\_\_;

As of May 30, 2003, management and the board of directors of Premier own, in the aggregate, 1,629,377 shares of common stock of Premier. Consequently, the management and board members of Premier will receive, in the aggregate, 2,292,533 shares of Fulton common stock when the merger occurs;

Following the merger, Fulton will indemnify, and provide liability insurance to, directors of Premier; and  
Following the merger, the current members of Premier's board of directors will remain directors of Premier Bank, and the compensation for non-employee directors of Premier Bank will remain unchanged.

### **Forward-Looking Information**

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

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

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

other risks detailed from time to time in Premier'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 2003 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 the Fulton common stock in connection with the merger involves the risks described below. In addition to the other information contained in this proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote for approval of the merger agreement.

**RISK FACTORS RELATED TO THE MERGER**

*Fluctuations in Market Price of Fulton Common Stock May Cause the Value of the Merger Consideration to Decrease and Premier's Board of Directors may Abandon the Merger.*

Upon completion of the merger, your shares of Premier common stock will be converted into shares of Fulton common stock. While the merger consideration has been structured to provide that Premier shareholders will receive for each of their shares of Premier common stock, 1.407 shares of Fulton common stock, the value of 1.407 shares of Fulton common stock at the time of the merger is uncertain. 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.

Although the aggregate market value of the Fulton common stock that you will receive in the merger is not fixed, Premier will have the right to terminate the merger agreement and abandon the merger before the closing if:

The average trading price for Fulton common stock for the 10 consecutive days immediately preceding the date which is two business days before the effective date of the merger is less than \$10.65 per share; and

The average trading price for Fulton common stock for the 10 consecutive days immediately preceding the date which is two business days before the effective date of the merger is less than the amount per share equal to \$17.75 multiplied by .80 multiplied by the quotient of the Average NASDAQ Bank Index for the 10 trading days immediately preceding the two business days prior to the effective date over the NASDAQ Bank Index on January 15, 2003.

Accordingly, at the time you vote with respect to the merger, you will not know the market value or the number of the shares of Fulton common stock that you will receive in the merger nor will you know whether Premier's Board of Directors will opt to terminate the merger agreement if the above conditions occur.

The price of Fulton common stock may vary from its price on the date of this proxy statement/prospectus, the date of the Premier annual meeting and the date for determining the average trading price discussed above. Because the date the merger is completed will be later than the date of the annual meeting, the price of the Fulton common stock on the date of the annual meeting may not be indicative of its price on the date the merger is completed.

*You Will Have Less Influence as a Shareholder of Fulton Than as a Shareholder of Premier.*

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

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*Future Results for Fulton could differ materially from its Historical Results or Forward-Looking Statements in its filings with the SEC.*

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

◆ **If market interest rates remain at historically low levels, Fulton's earnings may be negatively affected.** Net interest income is the most significant component of Fulton's net income, accounting for approximately 75% of total revenues in 2002. The ability to manage net interest income over a variety of interest rate and economic environments is important to the success of a financial institution. Net interest income growth is generally dependent upon balance sheet growth and maintaining or growing the net interest margin. Fulton's net interest income has been impacted by a series of reductions to short-term interest rates enacted by the Federal Reserve Board (FRB) over the past two years. These rate reductions resulted in significant decreases to Fulton's prime lending rate as well as a decline in the general interest rate environment. The rate reductions initially had a negative impact on Fulton's net interest income and net interest margin as its assets, particularly floating rate loans, repriced to lower rates more quickly than its time deposits. During 2002, however, Fulton's longer-term liabilities repriced to lower rates resulting in an increase to Fulton's net interest margin. The positive impact of the time deposit repricing on the net interest margin peaked in mid-2002. The most recent rate cut by the FRB in late 2002 contributed to a slight downward trend in the margin over the last quarter of 2002. If rates remain low in the future, the net interest margin may continue to trend lower.

◆ **Market conditions and the composition of Fulton's loan portfolios could increase the risk in its loan portfolio and require a higher loan loss allowance.** The credit risk associated with lending activities is accounted for by Fulton through its allowance and provision for loan losses. The provision is the expense recognized in the income statement to adjust the allowance to its proper balance, as determined through the application of Fulton's allowance methodology procedures. These procedures include the evaluation of the risk characteristics of the portfolio and documentation in accordance with applicable accounting standards. Management of Fulton believes that the allowance balance at March 31, 2003 is sufficient to cover losses inherent in the loan portfolio on that date and is appropriate based on applicable accounting standards. However, trends that could indicate the need for a higher provision include the general national and regional economies and the continued growth in Fulton's commercial loan and commercial mortgage portfolios, which are inherently more risky.

◆ **Fulton's investment in equity securities exposes it to negative movements in the stock prices of the companies whose stock it owns.** Equity market price risk is the risk that changes in the values of equity investments could have a material impact on the financial position or results of operations of Fulton. Fulton's equity investments consist primarily of common stocks of publicly traded financial institutions. Although the carrying value of equity investments accounted for only 1.0% of Fulton's total assets, the unrealized gains on the portfolio represent a potential source of revenue and, if values were to decline significantly, this revenue source could be lost. Management of Fulton continuously monitors the fair value of its equity investments and evaluates current market conditions and operating results of the companies. Periodic sale and purchase decisions are made based on this monitoring process. Certain of Fulton's equity

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investments have shown negative returns in tandem with the general performance of equity markets. Fulton has evaluated, based on current accounting guidance, whether the decreases in value of any of these investments constitute other than temporary impairment which would require a write-down through a charge to earnings. In the first quarter of 2003, Fulton recorded a write-down for specific equity securities which were deemed to exhibit other than temporary impairment in value. If the performance of certain equity securities does not improve over the next twelve months, additional impairment charges may be necessary. In addition to its equity portfolio, Fulton's investment management and trust services could be impacted by fluctuations in the securities markets. A portion of Fulton's trust revenue is based on the value of the underlying investment portfolios. If securities markets contract, Fulton's revenue could be negatively impacted. In addition, the ability of Fulton to sell its brokerage services is dependent, in part, upon consumers' level of confidence in the outlook for rising securities prices.

◆ **Fulton may not be able to supplement its growth with acquisitions in the future and future evaluations of goodwill recorded in connection with acquisitions may require write-downs.** Fulton has historically supplemented its internal growth with strategic acquisitions of banks, branches and other financial services companies. There can be no assurance that Fulton will be able to effect future acquisitions on favorable terms or that Fulton will be able to assimilate acquired institutions successfully. Applicable accounting standards adopted recently require that the purchase method of accounting be used for all business combinations and eliminated the use of pooling of interests for transactions initiated subsequent to June 30, 2001. Under purchase accounting, if the purchase price of an acquired company exceeds the fair value of the company's net assets, the excess is carried on the acquiror's balance sheet as goodwill. Goodwill is to be evaluated for impairment at least annually. Write-downs 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. Fulton performed its initial test of goodwill impairment on January 1, 2002 and its annual test of goodwill impairment on October 31, 2002. Based on the results of these tests, the Corporation concluded that there was no impairment and no write-downs were recorded. There can be no assurance that the future evaluations of goodwill will not result in findings of impairment and write-downs.

◆ **The level of some of Fulton's non-interest expenses is beyond its control and could adversely affect its earnings.** Fulton strives to control its level of non-interest expenses. However, some of these expenses are beyond Fulton's control. For example, Fulton's defined benefit plan expense increased 83.2% in 2002. This trend is expected to continue into 2003, with a projected increase of 56.4%. This expense is greatly impacted by the return realized on invested plan assets. With the recent turndown in the equity markets, these returns have lagged the growth in the projected benefit obligation, resulting in an increase in expense. If this trend continues, Fulton's expense may continue to grow.

◆ **The competition Fulton faces is increasing and may have a negative impact on Fulton's performance.** The banking and financial services industries are highly competitive. Within its geographical region, Fulton's subsidiaries face direct competition from other commercial banks, varying in size from local community banks to larger regional and national banks, and credit unions. With the growth in electronic commerce and distribution channels, Fulton's banks also face competition from banks not physically located in Fulton's geographic markets.

The competition in the industry has also increased as a result of the passage of various legislation. Under such legislation, banks, insurance companies or securities firms may affiliate

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under a financial holding company structure, allowing expansion into non-banking financial services activities that were previously restricted. These include a full range of banking, securities and insurance activities, including securities and insurance underwriting, issuing and selling annuities and merchant banking activities. While Fulton does not currently engage in all of these activities, the ability to do so without separate approval from the Federal Reserve Board enhances the ability of Fulton and financial holding companies in general to compete more effectively in all areas of financial services.

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

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

◆ **Monetary and fiscal policy may affect Fulton's earnings and are not predictable.** Fulton and its subsidiary banks are affected by fiscal and monetary policies of the federal government, including those of the Federal Reserve Board, which regulates the national money supply in order to manage recessionary and inflationary pressures. Among the techniques available to the Federal Reserve Board are engaging in open market transactions of U.S. Government securities, changing the discount rate and changing reserve requirements against bank deposits. Their use may also affect interest rates charged on loans and paid on deposits. The effect of monetary policies on the earnings of Fulton cannot be predicted.

## THE ANNUAL MEETING

We are providing this document to holders of Premier common stock to solicit your proxy for use at the annual meeting of Premier shareholders and any adjournments or postponements of the meeting.

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### **Time, Date and Place**

The annual meeting of Premier's shareholders will be held at 9:00 a.m., local time, on Thursday, July 10, 2003, at the Doylestown Country Club, located at Green Street, Doylestown, Pennsylvania 18901.

### **Matters to be Considered**

The purposes of the annual meeting are to elect five Class 2 directors to the Board of Directors, to consider and approve and adopt the merger agreement, to approve a proposal to adjourn the meeting if more time is needed to solicit proxies and to transact such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting. At this time, the Premier board of directors is unaware of any matters, other than set forth in the preceding sentence, that may be presented for action at the annual meeting.

A vote for approval of the merger agreement is a vote for approval of the merger of Premier into Fulton and for the exchange of Premier common stock for Fulton common stock. If the merger is completed, Premier common stock will be cancelled and you will receive 1.407 shares (subject to adjustment for stock splits, stock dividends and similar matters) of Fulton common stock in exchange for each share of Premier common stock that you hold. Fulton will pay cash in lieu of issuing any fractional share interests to you.

### **Shares Outstanding and Entitled to Vote; Record Date**

The close of business on June 2, 2003 has been fixed by Premier's board of directors as the record date for the determination of holders of Premier common stock entitled to notice of and to vote at the annual meeting and any adjournment or postponement of the annual meeting. At the close of business on the record date, 3,417,515 shares of Premier common stock were outstanding and entitled to vote. Each share of Premier common stock entitles the holder to one vote at the annual meeting on all matters properly presented at the annual meeting, except for the election of five (5) Class 2 directors, where cumulative voting is permitted.

### **How to Vote Your Shares**

Shareholders of record may vote by mail or by attending the annual 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 annual 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 Premier prior to the annual meeting a written notice of revocation addressed to John J. Ginley, Corporate Secretary, Premier Bancorp, Inc., 379 North Main Street, Doylestown, Pennsylvania 18901;

delivering to Premier prior to the annual meeting a properly executed proxy with a later date; or

attending the annual meeting and voting in person.

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

Each proxy returned to Premier (and not revoked) by the holder of Premier common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted **FOR** election of each of the nominees, **FOR** approval and adoption of the merger agreement, and **FOR** each proposal.

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At this time, the Premier board of directors is unaware of any matters, other than set forth above, that may be presented for action at the annual meeting or any adjournment or postponement of the annual meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters. The persons named as proxies by a shareholder may propose and vote for one or more adjournments or postponements of the annual meeting to permit additional solicitation of proxies in favor of approval and adoption of the merger agreement, but no proxy voted against the merger agreement will be voted in favor of any such adjournment or postponement.

### **Vote Required**

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Premier common stock, must be present in person or by proxy before any action may be taken at the annual meeting. Abstentions will be treated as shares that are present for purposes of determining the presence of a quorum but will not be counted in the voting on a proposal.

Cumulative voting rights exist only with respect to the election of directors. This means that each shareholder has the number of votes equal to the number of directors to be elected multiplied by the number of shares owned and is entitled to cast the whole number of votes for one nominee or to distribute them among two or more nominees, as the shareholder determines. The proxy holders also have the right to vote cumulatively and to distribute their votes among nominees as they consider advisable, unless a shareholder indicates on his or her proxy how he or she desires the votes to be cumulated for voting purposes. On all other matters to come before the annual meeting, each share of common stock is entitled to one vote for each share owned.

If a quorum is present, the five nominees for Class 2 Director receiving a majority of the votes cast by the shareholders entitled to vote will be elected. The proxy holders will not cast votes withheld or broker non-votes for or against any director nominees.

The affirmative vote of 66 <sup>2</sup>/<sub>3</sub>% of the outstanding shares of Premier common stock, in person or by proxy, is necessary to approve and adopt the merger agreement on behalf of Premier.

Premier intends to count shares of Premier common stock present in person at the annual meeting but not voting, and shares o