FULTON FINANCIAL CORP
Form S-4/A
October 31, 2005

Table of Contents

As filed with the Securities and Exchange Commission on October 31, 2005
Registration Statement No. 333-128894

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

Amendment No. 1
to
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FULTON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**6720**	**23-2195389**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

One Penn Square
Lancaster, Pennsylvania 17602
717-291-2411

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

Rufus A. Fulton, Jr.
Chairman and Chief Executive Officer
One Penn Square
Lancaster, Pennsylvania 17602
717-291-2411

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

Copies to:

Paul G. Mattaini, Esquire Kimberly J. Decker, Esquire Barley Snyder LLC 126 East King Street Lancaster, Pennsylvania 17604-2893 Telephone: (717) 291-5201	R.W. Smith, Jr. Esquire Jason C. Harmon, Esquire DLA Piper Rudnick Gray Cary US LLP 6225 Smith Avenue Baltimore, MD 21209-3600 Telephone: (410) 580-3000

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: o

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. o

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. o

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)	14,382,332	$39.77	$246,015,192	$27,641(5)

(1) Based on maximum number of shares of the Registrant s common stock that may be issued in connection with the proposed merger of Columbia Bancorp 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.

(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 Columbia Bancorp on October 5, 2005 of $39.77 and based on 5,550,621 shares of Columbia Bancorp common stock to be exchanged in the merger and unexercised options to purchase 635,328 shares of Columbia Bancorp common stock.

(3) Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock. Value attributable to these rights, if any, is reflected in the market price of the Registrant s common stock.

(4) Pursuant to Rule 457(p), we are offsetting the filing fee with $1,315 of filing fees which are associated with

$11,177,765 of securities which remain unsold and were registered on Registration Statement No. 333-124053, filed by the Registrant on April 13, 2005.

(5) Previously paid.

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

Table of Contents

Proxy Statement/ Prospectus

COLUMBIA BANCORP
PROXY STATEMENT
FOR SPECIAL MEETING OF STOCKHOLDERS
December 5, 2005
Nasdaq National Market Symbol: CBMD

FULTON FINANCIAL CORPORATION
PROSPECTUS FOR
14,382,332 SHARES OF FULTON FINANCIAL COMMON STOCK
Nasdaq National Market Symbol: FULT

This document constitutes a proxy statement of Columbia Bancorp in connection with the solicitation of proxies by the board of directors of Columbia Bancorp for use at the special meeting of stockholders to be held at Historic Oakland, 5430 Vantage Point Road, Columbia, Maryland 21044, on Monday, December 5, 2005, at 10:00 a.m., local time. At the special meeting, Columbia Bancorp stockholders will be asked to consider and vote on the following proposals:

1. To approve and adopt the Agreement and Plan of Merger, dated July 26, 2005, between Columbia Bancorp and Fulton Financial Corporation (Fulton) which provides, among other things, for the merger of Columbia Bancorp with and into Fulton and the conversion of each share of common stock of Columbia Bancorp outstanding immediately prior to the merger into either: (i) 2.325 shares of Fulton common stock (subject to adjustment); or (ii) $42.48 in cash, with stockholders being permitted to elect to receive all stock, all cash, or one of nine possible combinations of stock and cash, all of which are subject to proration;

2. To adjourn the special meeting if necessary to allow Columbia Bancorp time to solicit additional votes in favor of the merger agreement; and

3. To transact such other business as may properly be brought before the special meeting or any adjournment thereof.

This document also constitutes a prospectus of Fulton and is part of a registration statement filed by Fulton with the Securities and Exchange Commission relating to up to 14,382,332 shares of Fulton common stock being registered in connection with the merger. On October 24, 2005, the closing price of Fulton s common stock was $16.42, making the value of 2.325 shares of Fulton common stock equal to $38.18 on that date. The closing price of Columbia Bancorp s common stock on October 24, 2005 was $40.00. These prices will fluctuate between now and the closing of the merger, but the exchange ratio in the merger and the cash consideration per share of Columbia Bancorp common stock will remain fixed despite these fluctuations. This document does not cover any resale of the Fulton common stock being registered for this transaction by any stockholders deemed to be affiliates of Fulton or Columbia Bancorp. Columbia Bancorp and Fulton have not authorized any person to make use of this document in connection with any such resale.

Columbia Bancorp 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 other governmental agency.

All investors should review the Risk Factors beginning on page 22.

The date of this document is November 1, 2005. This document was first sent to stockholders on or about November 3, 2005.

Table of Contents

You should rely only on the information contained in this document or to which this document has referred you. Columbia Bancorp 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 Columbia Bancorp 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 Columbia Bancorp or Fulton:

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

Sibyl S. Malatras, Secretary
Columbia Bancorp
7162 Columbia Gateway Drive
Columbia, MD 21046
410-423-8000

To obtain timely delivery of requested documents, you must request the information no later than November 28, 2005.

TABLE OF CONTENTS

Table of Contents

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

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

A: You will be voting on a merger transaction in which Fulton will acquire Columbia Bancorp.

Q2: What will happen in the merger?

A: In the merger, Columbia Bancorp will merge with and into Fulton, and The Columbia Bank, a subsidiary of Columbia Bancorp, will become a wholly owned subsidiary of Fulton. In the merger, you will receive either cash in the amount of $42.48 per share, Fulton common stock at the rate of 2.325 shares of Fulton common stock for each share of Columbia Bancorp common stock owned or a combination of both. See answer to Q9.

Q3: When and where will the special stockholders meeting of Columbia Bancorp be held?

A: The special stockholders meeting of Columbia Bancorp is scheduled to take place at Historic Oakland, 5430 Vantage Point Road, Columbia, Maryland 21044 on December 5, 2005 at 10:00 a.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 the proxy card in the enclosed prepaid return envelope as soon as possible, so that your shares may be represented and voted at the special meeting of the stockholders of Columbia Bancorp to be held on December 5, 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 for the approval of 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. If my shares are held in our 401(k) plan, who votes those shares?

A. Based on your instructions on how to vote the shares deemed to be held by you in our 401(k) plan, the trustees of the 401(k) plan will cast the actual vote. If you are deemed to hold shares in our 401(k) plan, you will receive a separate voting instruction form with respect to those shares.

Q8: Can I change my vote after I have mailed my signed proxy card?

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

Q9: What will Columbia Bancorp stockholders receive as a result of the merger?

A: As described in the following section entitled Summary and elsewhere in this document, if you are a Columbia Bancorp stockholder, in exchange for each share of your Columbia Bancorp common stock, you will be entitled to elect to receive merger consideration in the form of cash, shares of Fulton common stock,

Table of Contents

or a combination of cash and Fulton common stock as further described in this document. The actual form of merger consideration you receive will depend on your election and, in some circumstances, on the election made by other Columbia Bancorp stockholders. Although the merger agreement permits you to elect the form of consideration you want to receive in exchange for your Columbia Bancorp common stock, your election is subject to proration if the total number of shares for which cash is elected is less than 20% or more than 50% of the total number of Columbia Bancorp shares outstanding. If that occurs, all elections 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 elections were made for cash), or 50% (if too many elections were made for cash), as the case may be, of the total number of shares outstanding. If the total number of shares for which all Columbia Bancorp stockholders elect to receive cash is equal to or within the range of 20%-50% of the total number of shares of Columbia Bancorp outstanding, then all stockholders who made valid elections will receive the consideration that they elect. The consideration that you will receive for your shares of Columbia Bancorp common stock, including the exchange ratio for the shares of Fulton common stock, will not change even if the market prices of Columbia Bancorp or Fulton common stock fluctuate. However, if you elect to receive some or all of the merger consideration in the form of shares of Fulton common stock, the value of the shares of Fulton common stock will fluctuate up or down with fluctuations in the market price of Fulton common stock.

Q10. What is the value of merger consideration if I elect to receive all stock?

A. The value of the consideration you receive in the merger if you properly and timely elect to receive the stock consideration may be more or less than the $42.48 that you would receive if you elect to receive the cash consideration. In addition, the trading price of Fulton common stock on the date you receive your merger consideration in exchange for your shares of Columbia common stock could be more or less than the trading price of Fulton common stock on the date you make your election to receive the merger consideration. This means that the then-current value of the stock consideration that you would receive for each share of Fulton common stock if you properly and timely elect to receive some or all of the merger consideration in Fulton common stock could be more or less than the value of the stock consideration on the date you make your election to receive the merger consideration. The following table illustrates the effect of changes in the value of Fulton common stock on the value of the consideration you may receive:

Price Per Share of Fulton Common Stock	Stock Election	Cash Election
$ 16.00	$ 37.20	$ 42.48
$ 16.42[1]	$ 38.18	$ 42.48
$ 17.00	$ 39.53	$ 42.48
$18.271[2]	$ 42.48	$ 42.48
$ 20.00	$ 46.50	$ 42.48

(1) The closing price per share of Fulton common stock on The Nasdaq National Market on October 24, 2005.

(2) The price per share of Fulton common stock at which the value of the stock consideration is equal to the value of the cash consideration.

Q11: How do Columbia Bancorp stockholders elect the form of merger consideration they wish to receive?

A: An election form/letter of transmittal will be mailed to you shortly. 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 Columbia Bancorp common stock, should be sent to the exchange agent, Fulton Financial Advisors, N.A., before the election deadline, which is December 15, 2005.

Q12: What if I do not complete and return the election form before the election deadline?

Table of Contents

A: If you do not submit a properly completed election form prior to the election deadline, you will receive cash consideration or Fulton stock consideration in exchange for your shares of Columbia Bancorp common stock as follows:

If proration is not required, you will receive cash consideration until 50% (the maximum cash percentage) of Columbia Bancorp s outstanding shares have been converted into cash. If and when the maximum cash percentage is reached, you will receive Fulton common stock consideration for your remaining shares.

If proration is required because the maximum cash percentage of 50% is exceeded, you will receive Fulton stock consideration.

If proration is required because less than 20% of Columbia Bancorp s outstanding shares (the minimum cash percentage) have been converted into cash, you will receive cash consideration.

In all other situations, you will receive cash consideration.

Q13. Can I change my election?

A. Yes. You can change or revoke your election at any time prior to December 15, 2005 by delivering a written notice of revocation to Columbia Bancorp, attending the special meeting and voting in person or delivering a new properly completed election form/letter of transmittal with Fulton Financial Advisors, N.A., the exchange agent, no later than December 15, 2005.

Q14: Should I send in my stock certificates now?

A: No. You should send your Columbia Bancorp stock certificates to the exchange agent with the election form/letter of transmittal that will be mailed to you shortly. In order to make a valid election of the consideration you want to receive, you must return your certificates and the election form/letter of transmittal to the exchange agent no later than December 15, 2005.

Q15. What does the board of directors of Columbia Bancorp recommend?

A: The board of directors of Columbia Bancorp has approved the merger, the merger agreement and the other transactions contemplated by the merger agreement and recommends that you vote FOR the merger and the merger agreement.

Q16. Am I entitled to dissenters rights?

A. No. Under Maryland law, holders of Columbia Bancorp common stock are not entitled to dissenters rights in connection with the merger.

Q17. Will I recognize gain or loss for federal income tax purposes?

A. Generally, you will not recognize gain or loss for federal income tax purposes of any shares of Fulton common stock that you receive in connection with the merger. You will, however, be taxed on cash you receive in the merger. See the section of this document titled The Merger Material Federal Income Tax Consequences for a summary discussion of material U.S. federal income tax consequences to Columbia Bancorp stockholders in connection with the merger.

You should consult your tax advisor about the particular tax consequences of the merger to you.

Q18. Is Fulton shareholder approval required to complete the merger?

A. No.

Table of Contents

Q19. Will I be able to trade any Fulton common stock that I receive in the merger?

A. The Fulton common stock you receive if you properly make a timely election to receive some or all of the merger consideration in shares of Fulton common stock will be freely tradeable, unless you are an affiliate of Fulton or Columbia Bancorp. Fulton s common stock is traded on the Nasdaq National Market under the symbol FULT.

Q20: When do you expect to merge?

A: Fulton and Columbia Bancorp expect to complete the merger during the first quarter of 2006. In addition to the approval of Columbia Bancorp stockholders, Fulton must also obtain regulatory approvals. Fulton and Columbia Bancorp expect to receive all necessary approvals no later than December 31, 2005.

Q21: Who should I contact 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 17602
717-291-2411

Sibyl S. Malatras, Secretary
Columbia Bancorp
7162 Columbia Gateway Drive
Columbia, MD 21046
410-423-8000

Table of Contents

SUMMARY

This summary highlights selected information from this document. Because this is a summary, it does not contain all of the information that may be 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 67 for reference to additional information available to you regarding Fulton and Columbia Bancorp.

Agreement to Merge (See page 29)

Fulton and Columbia Bancorp entered into a merger agreement on July 26, 2005. The merger agreement provides that Columbia Bancorp will merge with and into Fulton and that each share of Columbia Bancorp common stock outstanding on the effective date of the merger will be exchanged for either: (i) 2.325 shares of Fulton common stock (subject to adjustment); (ii) $42.48 in cash; or (iii) a combination of cash and Fulton common stock with a stockholder being permitted to elect one of nine permitted combinations of stock and cash for their shares. The permitted cash/stock combinations which Columbia Bancorp stockholders may elect are as follows:

- 90% cash and 10% stock
- 80% cash and 20% stock
- 70% cash and 30% stock
- 60% cash and 40% stock
- 50% cash and 50% stock
- 40% cash and 60% stock
- 30% cash and 70% stock
- 20% cash and 80% stock
- 10% cash and 90% stock

See The Merger Effect of the Merger on Page 38.

Stockholder 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.

Columbia Bancorp Stockholders may Elect their Form of Consideration (See page 39)

Shortly after you receive this document, you will receive an election form on which you may indicate your election regarding the form of merger consideration you wish to receive. Election forms must be returned to Fulton Financial Advisors, N.A., Fulton s transfer agent, no later than December 15, 2005. Any Columbia Bancorp stockholder who has not returned an election form by the indicated deadline will have all of his, her or its Columbia Bancorp shares of common stock exchanged for Fulton common stock or cash in the merger, depending on whether proration is necessary and whether it is the cash consideration or the stock consideration that must be prorated. See The Merger Election Procedures on page 39.

Stockholder Elections may be Subject to Proration (See page 39)

Although the merger agreement permits each Columbia Bancorp stockholder to elect the form of consideration he, she or it wants to receive in exchange for his, her or its shares of Columbia Bancorp common stock, all stockholder elections are subject to proration if the total number of shares for which cash is elected is less than 20% or more than 50% of the total number of Columbia Bancorp shares of common stock outstanding. If proration is necessary, each Columbia Bancorp stockholder 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 elections were made for cash), or 50% (if too many elections were made for cash), as the case may be, of the total number of shares outstanding. If the total number of shares for which Columbia Bancorp stockholders elect to receive cash is equal to or within the range of 20%-50% of the total number of shares of Columbia Bancorp outstanding, then all stockholders who made valid elections will receive the consideration that they elect.

With respect to options to purchase shares of Columbia Bancorp s common stock, option holders may elect to receive Fulton options based on the 2.325 exchange rate or cash equal to the difference between the exercise price of their option shares and $42.48. In the absence of an election by the holder, all Columbia Bancorp options shall be converted to cash. The election by option holders is not subject to proration.

Table of Contents

Columbia Bancorp Consideration (See page 38)

If the merger is completed, you will receive in exchange for each share of Columbia Bancorp common stock you own, at your election, and subject to proration as explained above, either: (i) 2.325 shares of Fulton common stock (subject to adjustment); or (ii) $42.48 in cash. A Columbia Bancorp stockholder may elect to receive all cash, all stock or a combination of cash and stock in one of nine permissible combinations. See The Merger Effect of the Merger on page 38. Fulton will not issue any fractional shares and, therefore, you will receive a cash payment for any fractional shares based on the $42.48 per share cash consideration. On October 24, 2005, the closing price of Fulton common stock was $16.42, making the value of 2.325 shares of Fulton common stock equal to $38.18 on that date. The closing price of Columbia Bancorp s common stock on October 24, 2005, was $40.00. 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 Columbia Bancorp 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 $42.48 per share will also remain fixed. You should obtain current market quotations for Fulton common stock and Columbia Bancorp common stock before making your election and voting on the merger.

Adoption of SFAS 123R (See page 54)

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123R, Share-Based Payments . Statement 123R is a revision to the original Statement 123 which disallows the APB 25 method of accounting for stock options and requires public companies to recognize compensation expense related to stock-based compensation in their income statements. Companies can adopt Statement 123R using either modified prospective application or modified retrospective application . Modified retrospective application also results in restatement of prior period results, based on the amounts previously disclosed in prior period financial statements.

The effective date of Statement 123R was originally the beginning of the first fiscal quarter after June 15, 2005. In April 2005, the Securities and Exchange Commission (SEC) delayed the effective date to the beginning of the first fiscal year after June 15, 2005, or January 1, 2006 for Fulton. Early adoption is permissible. Fulton expects to adopt the provisions of Statement 123R in 2005, using modified retrospective application.

The financial information presented in this Registration Statement and incorporated by reference to previous filings with the SEC has not been restated for SFAS 123R. It has not been restated as Fulton s first filing subsequent to adoption of SFAS 123R under the 1934 Act is not expected to be made until subsequent to the effective date of this Registration Statement.

To understand the expected impact of restatement for SFAS 123R, the reader should reference the footnotes to consolidated financial statements for Fulton s 2004 Form 10-K, which is incorporated by reference. For 2004, the impact on diluted net income per share was a reduction of approximately $0.02 (restated for the impact of the stock dividend issued in 2005). Implementation of SFAS 123R is a complex process and the actual impact of a restatement may vary.

Table of Contents

Comparative Per Share Data

Fulton and Columbia Bancorp 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 Columbia Bancorp have filed with the SEC. See Where You Can Find More Information on page 67. The Fulton pro forma information gives effect to the merger, assuming that 2.325 shares of Fulton common stock are issued for 50% of the outstanding shares of Columbia Bancorp common stock.

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

	As of or for the six months ended June 30, 2005	As of or for the year ended December 31, 2004
Fulton		
Historical Per Common Share:		
Average Shares Outstanding (Basic)	155,922,000	149,294,000
Average Shares Outstanding (Diluted)	157,750,000	150,801,000
Book Value	$ 7.81	7.91
Cash Dividends	$ 0.277	0.518
Net Income (Basic)	$ 0.53	1.02
Net Income (Diluted)	$ 0.53	1.01
Fulton and Columbia Bancorp Combined		
Pro Forma Per Common Share:		
Average Shares Outstanding (Basic)	164,006,025	157,603,550
Average Shares Outstanding (Diluted)	166,130,463	159,393,038
Book Value	$ 8.33	8.40
Cash Dividends	$ 0.277	0.518
Net Income (Basic)	$ 0.52	0.99
Net Income (Diluted)	$ 0.51	0.98

(A) The pro forma per share equivalent information is based on average shares outstanding during the periods except that 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 2.325 shares of Fulton common stock, for each share of Columbia Bancorp common stock to the Fulton, Columbia Bancorp, combined pro forma per common share information. The combined pro forma financial information assumes that the holders of 50% of Columbia Bancorp s shares elect to receive the cash consideration of $42.48. It is assumed that the funding for this cash portion of the consideration is obtained at a rate of 6.00%. The pro forma

numbers do not reflect operating cost reductions or revenue enhancements that are expected to be realized after the acquisition. The pro forma numbers do not reflect the acquisition, by Fulton, of SVB Financial Services, Inc. that occurred on July 1, 2005 or the impact of the 2004 acquisitions of certain banks for the periods prior to the date on which the business combinations were consummated.

Table of Contents

Selected Historical and Pro Forma Per Share Equivalent Data (A)

	As of or for the six months ended June 30, 2005	As of or for the year ended December 31, 2004
	(share amounts in thousands)	
Columbia Historical Per Common Share:		
Average Shares Outstanding (Basic)	6,954	7,148
Average Shares Outstanding (Diluted)	7,209	7,391
Book Value	$13.17	$ 12.98
Cash Dividends (Declared)	.34	$ .62
Net Income (Basic)	$ 1.10	$ 1.86
Net Income (Diluted)	$ 1.06	$ 1.80
Equivalent Pro Forma Per Common Share:		
Book Value	$19.37	$ 19.53
Cash Dividends	$0.644	$ 1.204
Net Income (Basic)	$ 1.21	$ 2.29
Net Income (Diluted)	$ 1.20	$ 2.27

(A) The pro forma per share equivalent information is based on average shares outstanding during the periods except that 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 2.325 shares of Fulton common stock for each share of Columbia Bancorp common stock to the Fulton, Columbia Bancorp, combined pro forma per common share information. The combined pro forma financial information assumes that 50% of Columbia Bancorp s shares elect to receive the cash consideration of $42.48. It is assumed that the funding for this cash portion of the consideration is obtained at a rate of 6.00%. The pro forma numbers do not reflect operating cost reductions or revenue enhancements that are expected to be

realized after the acquisition. The pro forma numbers do not reflect the acquisition, by Fulton, of SVB Financial Services, Inc. that occurred on July 1, 2005 or the impact of the 2004 acquisitions of certain banks for the periods prior to the date on which the business combinations were consummated.

Table of Contents

Selected Financial Data

The following tables show selected historical consolidated summary financial data for both Fulton and Columbia Bancorp. This information is derived from the consolidated financial statements of Fulton and Columbia Bancorp incorporated by reference in this document. See Where You Can Find More Information on page 67.

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

FOR THE SIX MONTHS AND YEAR ENDED	June 30 2005	June 30 2004	December 31 2004	December 31 2003	December 31 2002	December 31 2001	December 31 2000
Interest income	$ 289,421	$ 235,960	$ 493,643	$ 435,531	$ 469,288	$ 518,680	$ 519,661
Interest expense	91,248	64,287	135,994	131,094	158,219	227,962	243,874
Net interest income	198,173	171,673	357,649	304,437	311,069	290,718	275,787
Provision for loan losses	1,525	2,540	4,717	9,705	11,900	14,585	15,024
Other income	74,168	68,700	138,864	134,370	114,012	102,057	76,717
Other expenses	151,837	132,809	273,615	231,559	223,765	218,234	186,209
Income before income taxes	118,979	105,024	218,181	197,543	189,416	159,956	151,271
Income taxes	35,868	31,314	65,264	59,363	56,468	46,367	44,437
Net income	$ 83,111	$ 73,710	$ 152,917	$ 138,180	$ 132,948	$ 113,589	$ 106,834
PER SHARE DATA							
Net income (basic)	$ 0.53	$ 0.50	$ 1.28	$ 1.23	$ 1.17	$ 1.00	$ 0.95
Net income (diluted)	0.53	0.50	1.27	1.22	1.17	0.99	0.95
Cash dividends declared	0.277	0.254	0.647	0.593	0.531	0.481	0.430
AT PERIOD END							
Total assets	$ 11,571,083	$ 10,556,421	$ 11,158,351	$ 9,767,288	$ 8,387,778	$ 7,770,711	$ 7,364,804
Loans, net of unearned income	7,861,508	7,042,311	7,584,547	6,159,994	5,317,068	5,373,020	5,374,659
Deposits	8,139,667	7,430,988	7,895,524	6,751,783	6,245,528	5,986,804	5,502,703
Long-term debt	951,745	654,886	684,236	568,730	535,555	456,802	559,503
Stockholders equity	1,194,075	1,107,482	1,242,290	946,936	863,742	811,454	731,171
AVERAGE BALANCES							
Stockholders equity	$ 1,222,511	$ 1,025,658	$ 1,068,464	$ 894,469	$ 838,213	$ 779,014	$ 673,971
Total assets	11,314,220	10,140,019	10,343,328	8,802,138	7,900,500	7,520,071	7,019,523

(A) The numbers presented above do not reflect

the acquisition, by Fulton, of SVB Financial Services, Inc. that occurred on July 1, 2005 or the impact of the 2004 acquisitions of certain banks for the periods prior to the date on which the business combinations were consummated.

Table of Contents

Columbia Bancorp
Selected Historical Financial Data
(In thousands, except for per share data)

FOR THE SIX MONTHS AND YEAR ENDED	June 30 2005	June 30 2004	December 31 2004	December 31 2003	December 31 2002	December 31 2001	December 31 2000
Interest income	$ 35,601	$ 26,663	$ 57,546	$ 51,403	$ 52,566	$ 58,061	$ 58,917
Interest expense	9,410	5,335	11,963	10,736	15,479	23,983	24,176
Net interest income	26,191	21,328	45,583	40,667	37,087	34,078	34,741
Provision for loan losses	810	500	728	1,170	835	1,534	3,423
Other income	3,408	3,653	6,798	8,963	7,945	5,930	3,960
Other expenses	16,802	15,077	31,045	29,970	27,166	26,192	27,209
Income before income taxes	11,987	9,404	20,608	18,490	17,031	12,282	8,069
Income taxes	4,316	3,310	7,323	6,586	6,160	4,100	2,848
Net income	$ 7,671	$ 6,094	$ 13,285	$ 11,904	$ 10,871	$ 8,182	$ 6,796
PER SHARE DATA							
Net income (basic)	$ 1.10	$ .85	$ 1.86	$ 1.67	$ 1.53	$ 1.15	$ .73
Net income (diluted)	1.06	.82	1.80	1.62	1.50	1.13	.73
Cash dividends declared	.34	.30	.62	.53	.46	.41	.37
AT PERIOD END							
Total assets	$ 1,284,115	$ 1,126,916	$ 1,179,006	$ 1,029,255	$ 982,002	$ 849,649	$ 812,650
Loans, net of unearned income	1,029,568	900,320	950,170	835,484	664,826	602,087	539,051
Deposits	976,491	891,001	912,578	787,608	730,613	638,001	630,484
Long-term debt	36,496	26,186	30,310	20,000	20,000	20,000	20,000
Stockholders equity	91,331	88,039	92,348	85,449	76,923	69,362	64,520
AVERAGE BALANCES							
Stockholders equity	$ 90,402	$ 87,960	$ 89,261	$ 81,377	$ 73,622	$ 67,557	$ 62,421
Total assets	1,227,902	1,052,448	1,100,098	977,201	907,465	812,890	733,279

Table of Contents

Federal Income Tax Consequences (See page 51)

Columbia Bancorp stockholders 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. Columbia Bancorp stockholders 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 stockholders. Fulton and Columbia Bancorp 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 trading symbol FULT . Columbia Bancorp common stock trades on the National Market System of the Nasdaq Stock Market under the trading symbol CBMD . The table below shows the closing price of Fulton common stock and Columbia Bancorp common stock and the equivalent price per share of Columbia Bancorp common stock based on the exchange ratio on July 26, 2005, the last full trading day before public announcement of the merger, and on October 24, 2005, the most recent practicable date prior to the date of this document.

	Historical Price Per Share	Pro Forma Equivalent Price Per Share (1)
Fulton Common Stock		
Closing Price on July 26, 2005	$ 18.49	N/A
Closing Price on October 24, 2005	$ 16.42	N/A
Columbia Bancorp Common Stock		
Closing Price on July 26, 2005	$ 37.25	$ 42.99
Closing Price on October 24, 2005	$ 40.00	$ 38.18

(1) Based upon the product of the exchange ratio (2.325) and the closing price of Fulton common stock.

Merger Consideration is Fair From a Financial Point of View According to Columbia Bancorp s Financial Advisor (See page 34)

Danielson Associates, Inc. (Danielson) has given an opinion to Columbia Bancorp s board of directors that, as of July 26, 2005, the consideration in the merger is fair from a financial point of view to Columbia Bancorp s stockholders. The full text of Danielson s opinion is attached as Exhibit C to this document. Fulton and Columbia Bancorp encourage you to read the opinion carefully. Pursuant to an engagement letter between Columbia Bancorp and Danielson, in exchange for Danielson s services, Danielson will receive a transaction fee equal to 0.35% of the total consideration paid to Columbia Bancorp s stockholders, to be valued at the time of consummation and which is payable promptly after the consummation of the merger. Danielson also charged Columbia Bancorp $10,000, plus reasonable out-of-pocket costs for travel and related expenses, materials and data and for other assistance. If Fulton and Columbia Bancorp merge, the $10,000 will be subtracted from the transaction fee.

No Dissenters Rights Of Appraisal (See page 41)

Columbia Bancorp s stockholders are not entitled to exercise dissenters rights under the provisions of Section 3-202(c) of the Maryland General Corporation Law.

Your rights as Stockholder will change after the Merger (See page 61)

Upon completion of the merger, if you elect to receive Fulton shares in the merger or receive Fulton shares by virtue of proration, you will become a shareholder of Fulton. Fulton s Amended and Restated Articles of

Table of Contents

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 stockholders of Columbia Bancorp. The most significant of these differences include:

- § 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 Columbia Bancorp 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 Columbia Bancorp s directors may not be removed without cause.

- § Fulton s Amended and Restated Articles of Incorporation deny shareholders the right to take action without a shareholder s meeting, while Columbia Bancorp s stockholders are permitted to take action without a stockholder s meeting if a written consent is signed by all of its holders of outstanding stock entitled to vote at such meeting and if a written waiver of any right to dissent signed by each stockholder entitled to notice of the meeting but not entitled to vote at it, are filed with the records of the stockholders meetings.

- § Fulton s Amended and Restated Articles of Incorporation provide 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 Columbia Bancorp s charter provides that all business combinations in which Columbia Bancorp is a party with an interested stockholder are subject to the approval of at least 80% of votes entitled to be cast at a stockholders meeting unless the stockholders receive, in any such business combination, a minimum price determined in accordance with the applicable Maryland statute.

- § Fulton s Amended and Restated Articles of Incorporation may be amended by either a majority of its Board of Directors and the affirmative vote of holders of a majority of the voting power or by holders of not less than 85% of its then outstanding voting power, except with respect to certain provisions which may only be amended upon the approval of either the affirmative vote of holders of 85% of the voting power or approval of a majority of the directors and continuing directors and affirmative vote of 66-2/3% of holders of voting power, while Columbia Bancorp s charter may be amended by a the affirmative vote of a majority of all votes entitled to be cast by stockholders following approval by its board of directors, except that certain provisions require the approval of 80% of the votes entitled to be cast.

The Companies (See page 54 for Fulton and page 59 for Columbia Bancorp)

Fulton Financial Corporation
One Penn Square
Lancaster, Pennsylvania 17602
717-291-2411

Fulton Financial Corporation is a Pennsylvania business corporation and a registered financial holding company that maintains its headquarters in Lancaster, Pennsylvania. As a financial holding company, Fulton engages in general commercial and retail banking and trust business, and also in related financial businesses, through its bank and nonbank subsidiaries. Fulton s bank subsidiaries currently operate approximately 227 banking offices in Pennsylvania, Maryland, Delaware, New Jersey and Virginia. As of June 30, 2005, Fulton had consolidated total assets of approximately $11.6 billion.

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

- § Maryland state-chartered institutions include: Hagerstown Trust Company; and The Peoples Bank of Elkton.

Table of Contents

- Nationally chartered associations include: Swineford National Bank; FNB Bank, National Association; and Delaware National Bank.

- New Jersey state-chartered institutions include: The Bank; First Washington State Bank; Skylands Community Bank; and Somerset Valley Bank.

- Pennsylvania state-chartered institutions include: Fulton Bank; Lafayette Ambassador Bank; Lebanon Valley Farmers Bank; and Premier Bank.

- Virginia state-chartered institutions include: Resource Bank.

In addition, Fulton has the following wholly-owned non-bank 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, Resource Capital Trust III, SVB Bald Eagle Statutory Trust I and SVB Bald Eagle Statutory Trust II, each of which has issued trust preferred securities; and

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

Columbia Bancorp
7162 Columbia Gateway Drive
Columbia, MD 21046
908-541-9500

Columbia Bancorp, a Maryland corporation, is the bank holding company for The Columbia Bank, a Maryland commercial bank. At June 30, 2005, Columbia Bancorp had total consolidated assets of approximately $1.28 billion, deposits of approximately $976 million and stockholders equity of approximately $91 million. The Columbia Bank has 24 branches that span from the Washington, D.C. area to the northeast of Baltimore, Maryland. The Columbia 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. Columbia Bancorp has the following wholly-owned non-bank subsidiaries:

Table of Contents

- Columbia Bancorp Statutory Trust I, Columbia Bancorp Statutory Trust II and Columbia Bancorp Statutory Trust III, each of which has issued trust preferred securities.

In addition, The Columbia Bank has the following wholly-owned subsidiaries:

- McAlpine Enterprises, Inc, Howard I, LLC and Howard II, LLC, all of which are inactive, but have been used primarily to manage properties acquired through foreclosure; and

- Columbia Leasing, Inc., which is an inactive commercial leasing company.

Vote Required to Approve Merger Agreement (See page 28)

Approval of the merger agreement requires the affirmative vote of the holders of at least two-thirds of all votes entitled to be cast on the matter. The directors and executive officers of Columbia Bancorp and their affiliates together own about 19.39% of Columbia Bancorp s outstanding common stock as of October 24, 2005. Certain of the directors and executive officers of Columbia Bancorp, who together own about 19.25% of Columbia Bancorp s outstanding common stock as of October 24, 2005, have signed voting agreements pursuant to which they have agreed to vote their shares in favor of the merger agreement.

Brokers who hold shares of Columbia Bancorp common stock as nominees will not have authority to vote those shares with respect to the merger agreement unless stockholders provide them with voting instructions. Such broker non-votes effectively act as a vote against the merger agreement.

Neither the merger nor the merger agreement requires the approval of Fulton s shareholders.

Columbia Bancorp Board Recommends Stockholder Approval (See page 32)

The Columbia Bancorp board believes that the merger is in the best interests of Columbia Bancorp and its stockholders and recommends that you vote FOR approval of the merger agreement.

Special Meeting to be Held December 5, 2005 (See page 27)

Columbia Bancorp will hold its special meeting of stockholders on Monday, December 5, 2005, at 10:00 a.m., local time, at Historic Oakland, 5430 Vantage Point Road, Columbia, Maryland 21044. At the special meeting, you will be asked to vote on a proposal to approve the merger agreement under which Columbia Bancorp 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 October 26, 2005; Voting (See page 27)

You are entitled to vote at the special meeting if you owned shares of Columbia Bancorp common stock at the close of business on October 26, 2005, the record date. On October 26, 2005, there were 6,938,897 shares of Columbia Bancorp common stock outstanding. You will have one vote on all matters at the special meeting for each share of Columbia Bancorp common stock you owned on the record date.

Conditions that must be Satisfied for the Merger to Occur (See page 41)

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

- approval of the merger by Columbia Bancorp s stockholders;

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

Table of Contents

- § receipt of a legal opinion from Fulton s legal counsel that the merger will be tax-free to Columbia Bancorp stockholders 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 Columbia Bancorp or Fulton;

- § receipt of all required regulatory approvals; and

- § the continuing effectiveness of the registration statement filed with the SEC with respect to the merger.

Regulatory Approvals Required (See page 50)

Fulton and Columbia Bancorp cannot complete the merger unless Fulton obtains the approvals of the Federal Reserve Board and the Maryland Commissioner of Financial Regulation. Fulton has filed the required applications and notices seeking approval of the merger. Although Fulton and Columbia Bancorp believe regulatory approvals will be received in a timely manner, Fulton and Columbia Bancorp cannot be certain when or if the approvals will be obtained.

Termination and Amendment of the Merger Agreement (See page 48)

Columbia Bancorp 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 June 30, 2006 (which date may be extended if the delay is a result of the failure to obtain necessary regulatory approvals), 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 30 days of receiving written notice of the breach.

In addition, Fulton may terminate the merger agreement if Columbia Bancorp s board of directors terminates the merger with Fulton to pursue a proposed acquisition of Columbia Bancorp by someone other than Fulton. In such an event, Fulton may be able to exercise the warrant for Columbia Bancorp common stock that it holds. Columbia Bancorp 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:

- § $14.79; and

- § 80% of the starting price of Fulton stock ($18.49) multiplied by the ratio of the Nasdaq Bank Index over the same ten-day period compared to the Index on July 26, 2005.

However, if Columbia Bancorp is permitted to terminate the merger agreement because of a decline in Fulton s stock price as explained above, Fulton may, at its option, cause Columbia Bancorp to amend the merger agreement to increase the exchange ratio to a level equal to the exchange ratio multiplied by (14.79 divided by the closing market price), and Columbia Bancorp will no longer have the right to terminate the merger agreement as a result of the decline in Fulton s stock price.

Fulton and Columbia Bancorp can agree to amend the merger agreement in any way, except that after the stockholders special meeting they cannot change 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.

Table of Contents

Fulton to Continue as Surviving Corporation (See page 38)

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 John M. Bond, Jr., the Chairman of Columbia Bancorp s board of directors and its Chief Executive Officer, to its board of directors or, in the event he is unable to serve, another member of Columbia Bancorp s current board of directors that is reasonably acceptable to Fulton.

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

Warrant Agreement makes Third Party Offers for Columbia Bancorp More Expensive (See page 45)

To induce Fulton to enter into the merger agreement, Columbia Bancorp issued Fulton a warrant to purchase up to 1,881,809 shares of Columbia Bancorp common stock at an exercise price of $37.26 per share, subject to certain restrictions on both (i) Fulton s maximum beneficial ownership of Columbia Bancorp common stock and (ii) the maximum value Fulton may realize from the warrant. The warrant may discourage other companies from attempting to acquire Columbia Bancorp prior to completion of the merger by making third party offers for Columbia Bancorp more expensive. It also provides compensation to Fulton in the event that the merger fails to close because a third party gains control of Columbia Bancorp. Generally, Fulton may exercise this warrant only if a third party seeks to gain control of Columbia Bancorp. Fulton and Columbia Bancorp 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 will expire upon completion of the merger.

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

Risk Factors (See page 22)

You should carefully consider the information under Risk Factors and all other information incorporated by reference in this document.

Financial Interests of Management in the Merger (See page 53)

When considering the recommendation of Columbia Bancorp s board of directors, you should be aware that some Columbia Bancorp directors and executive officers have interests in the merger which may conflict with both your and their interests as stockholders. These interests include:

- John M. Bond, Jr., Chairman and Chief Executive Officer of Columbia Bancorp, and John A. Scaldara, Jr., President and Chief Operating Officer of Columbia Bancorp, have each entered into a new employment agreement with The Columbia Bank, Columbia Bancorp and Fulton that will become effective upon completion of the merger. These employment agreements replace existing employment agreements that each of Messrs. Bond and Scaldara has with Columbia Bancorp and The Columbia Bank. Each of Messrs. Bond and Scaldara will receive a portion of certain change of control payments which are triggered by the merger under their existing employment agreements;

- Executive officers and directors hold options to purchase Columbia Bancorp common stock that will convert into options to purchase Fulton stock or cash, some of which may accelerate, in terms of vesting, as a result of the merger. As of October 24, 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 Columbia Bancorp, which represents the economic value of the options, was approximately $8,295,496;

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

Table of Contents

- Following the merger, the current members of Columbia Bancorp s board of directors, all of which are also directors of The Columbia Bank, will remain directors of The Columbia Bank, and the compensation for non-employee directors of The Columbia Bank will remain unchanged for three years following the effective time of the merger.

Accounting Treatment (see page 51)

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, as amended. 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 both nationally and in Fulton s and Columbia Bancorp s market areas;
- 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 Columbia Bancorp;
- the ability of Fulton to integrate Columbia Bancorp after the merger; and
- other risks detailed from time to time in Columbia Bancorp s and Fulton s SEC filings, including Quarterly Reports on Form 10-Q and Annual Report on Form 10-K.

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

Table of Contents

RISK FACTORS

An investment in Fulton common stock in connection with the merger involves certain risks, including, among others, 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 Columbia Bancorp stockholders may not receive their requested form of merger consideration.

The merger agreement provides that, in accordance with elections by Columbia Bancorp s stockholders, 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 Columbia Bancorp common stock for which cash elections are received is greater than 50% of the number of shares of Columbia Bancorp 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 Effect of the Merger Proration on page 39. In addition, if the aggregate number of shares of Columbia Bancorp common stock for which cash elections are received is less than 20% of the number of Columbia Bancorp 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 Effect of the Merger Proration on page 39. Accordingly, holders of Columbia Bancorp common stock may not receive their requested form and/or allocation of merger consideration.

Fluctuations in the market price of Fulton common stock may cause the value of the stock portion of the merger consideration to decrease, and Columbia Bancorp s board of directors may be able to abandon the merger as a result of such a decrease.

The aggregate market value of the Fulton common stock that you may receive in the merger is not fixed. Columbia Bancorp has the right to terminate the merger agreement and abandon the merger before the closing if the price of Fulton s common stock, averaged over a 10 day period occurring just before the merger, is less than $14.79 and has decreased by 20% more than the Nasdaq Bank Index when compared, in each instance, to the value of such index and Fulton common stock on July 26, 2005. The satisfaction of the termination condition creates a right, but not an obligation, to terminate the merger agreement. The opportunity to evaluate the 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 Columbia Bancorp to terminate the merger agreement and Columbia Bancorp intends to exercise that right, Fulton has the right to cause Columbia Bancorp to amend the merger agreement and increase the exchange ratio in lieu of terminating the merger agreement.

Upon completion of the merger, certain of your shares of Columbia Bancorp 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 Columbia Bancorp stockholders may elect to receive 2.325 shares of Fulton common stock for some or all of their shares of Columbia Bancorp common stock which is to be exchanged for Fulton common stock, the value of 2.325 shares of Fulton common stock at closing will not be known at the time you are required to make your election. Changes in Fulton s stock price 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 price of Fulton common stock may vary from its price on the date of this document, the date of the Columbia Bancorp special meeting, the date you are required to make an election concerning the consideration you would like to receive and the date of closing. You will not know at the time of the special meeting or the date you make election what the price of the Fulton common stock will be on the date the merger is completed.

Table of Contents

You will have less influence as a stockholder of Fulton than as a stockholder of Columbia Bancorp.

As a Columbia Bancorp stockholder, you currently have the right to vote in the election of the board of directors of Columbia Bancorp and on other matters affecting Columbia Bancorp. The merger will result in the transfer of control of Columbia Bancorp and The Columbia Bank to the stockholders of Fulton. Although when the merger occurs you may become a shareholder of Fulton, your percentage ownership of Fulton will be significantly smaller than your percentage ownership of Columbia Bancorp. 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 Columbia Bancorp.

Fulton may fail to realize all of the anticipated benefits of the merger.

The success of the merger will depend, in part, on Fulton s ability to realize the anticipated benefits and cost savings from combining the businesses of Columbia Bancorp and Fulton. However, to realize these anticipated benefits and cost savings, Fulton must successfully combine the businesses of Columbia Bancorp and Fulton. If Fulton is not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

Columbia Bancorp and Fulton have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect Fulton s ability to maintain its relationships with their respective clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies may, to some extent, also divert management attention and resources. These integration matters could have an adverse effect on each of Columbia Bancorp and Fulton during such transition period.

The merger agreement limits Columbia Bancorp s ability to pursue alternatives to the merger.

The merger agreement contains no shop provisions that, subject to limited exceptions, limit Columbia Bancorp s ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of the company. In addition, Columbia Bancorp has issued Fulton a warrant to acquire up to 1,881,809 shares of Columbia Bancorp common stock pursuant to the terms of the warrant. These provisions may discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Columbia Bancorp from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Columbia Bancorp than it might otherwise have proposed to pay.

Columbia Bancorp s executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Columbia Bancorp stockholders.

Executive officers of Columbia Bancorp negotiated the terms of the merger agreement with their counterparts at Fulton, and Columbia Bancorp s board of directors unanimously approved the merger agreement and recommended that Columbia Bancorp stockholders vote to approve the merger agreement. In considering these facts and the other information contained in this document, you should be aware that Columbia Bancorp s executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Columbia Bancorp stockholders. For example, certain executive officers have entered into agreements with Fulton that may provide, among other things, non-competition payments and severance and other benefits following the merger. These and other additional interests of Columbia Bancorp directors and executive officers may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it, as a stockholder. Please see The Merger Financial Interests of Management in the Merger Employment Agreements for information about these financial interests.

Table of Contents

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 and 73% of revenues in the first half of 2005. 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 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 and the first half of 2005, the Federal Reserve Board has increased short-term interest rates several times. 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.

The absolute difference between short-term interest rates and intermediate-term interest rates can also affect Fulton s net interest income. When intermediate-term interest rates exceed short-term interest rates, generally, an increase in the interest rate differential will increase the net interest income earned by Fulton on a portion of its earning assets. Conversely, a reduction in the interest rate differential will generally cause a reduction in net interest income earned by Fulton on a portion of its earning assets.

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 76.3% of our loan portfolio is secured by real estate as of June 30, 2005; and
- the quality of Fulton s loan portfolio may decline.

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

Table of Contents

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, the amount of 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 and June 30, 2005 is sufficient to 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 June 30, 2005, Fulton s investments consisted of $67.0 million of stocks of other financial institutions, $67.0 million of FHLB and other government agency stock and $34.3 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 acquiror s balance sheet as goodwill. At June 30, 2005, Fulton had approximately $364 million of goodwill on its balance sheet. With the acquisition of SVB Financial on July 1, 2005, goodwill was approximately $418 million. 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.

Table of Contents

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.

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 increases Fulton s expense, requires management s attention and can be a disadvantage from a competitive standpoint with respect to non-regulated competitors.

Table of Contents

THE SPECIAL MEETING

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

Time, Date and Place

The special meeting of Columbia Bancorp s stockholders will be held at 10:00 a.m., local time, on Monday, December 5, 2005, at Historic Oakland, 5430 Vantage Point Road, Columbia, Maryland 21044.

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 additional 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, Columbia Bancorp 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 Columbia Bancorp with and into Fulton and for the exchange of Columbia Bancorp common stock for Fulton common stock, cash or a combination of the two. If the merger is completed, Columbia Bancorp common stock will be cancelled and you will receive: (i) 2.325 shares of Fulton common stock (subject to adjustment for stock splits, stock dividends and similar matters); (ii) $42.48 in cash; or (iii) one of nine combinations of cash and stock in exchange for each share of Columbia Bancorp common stock that you hold, in each case subject to proration, as necessary, to ensure that at least 20%, and at most 50%, of Columbia Bancorp 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 October 26, 2005 has been fixed by Columbia Bancorp s board of directors as the record date for the determination of holders of Columbia Bancorp common stock entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, 6,938,897 shares of Columbia Bancorp common stock were outstanding and entitled to vote. Each share of Columbia Bancorp 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

Columbia Bancorp stockholders 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 Columbia Bancorp stockholder executing a proxy may revoke it at any time before it is voted by:

delivering to the Secretary of Columbia Bancorp prior to the special meeting a written notice of revocation, addressed to Sibyl S. Malatras, Columbia Bancorp, 7162 Columbia Gateway Drive, Columbia, MD 21046;

Table of Contents

- delivering to Columbia Bancorp 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 Columbia Bancorp (and not revoked) by the holder of Columbia Bancorp 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 Columbia Bancorp time to solicit additional votes in favor of the merger agreement and, as to any other proposal properly brought before the special meeting, in the discretion of Messrs. Bond and Scaldara in their capacity as attorney-in-fact.

At this time, Columbia Bancorp s board of directors is unaware of any matters, other than set forth above, that may be presented for action at the special meeting or any adjournment or postponement of the special meeting. If other matters are properly presented, however, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Vote Required

A quorum, consisting of the holders of a majority of the issued and outstanding shares of Columbia Bancorp 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 Columbia Bancorp s charter and the Maryland General Corporate Law, the affirmative vote of two-thirds of all votes entitled to be cast on the matter is necessary to approve and adopt the merger agreement on behalf of Columbia Bancorp.

Because the affirmative vote of two-thirds of all votes entitled to be cast at the special meeting is needed for Columbia Bancorp to proceed with the merger, the failure to vote by proxy or in person will have the same effect as a vote against the merger. Abstentions and broker non-votes also will have the same effect as a vote against the merger. Accordingly, Columbia Bancorp s board of directors urges Columbia Bancorp stockholders to promptly vote by completing, dating and signing the accompanying proxy card and to promptly return it in the enclosed postage-paid envelope, or, if you hold your stock in street name through a bank or a broker, by following the voting instructions of your bank or broker.

The directors and executive officers of Columbia Bancorp collectively owned approximately 19.39% of the outstanding shares of Columbia Bancorp common stock as of the record date for the special meeting. Certain of Columbia Bancorp s directors and executive officers, collectively owing approximately 19.25% of the outstanding shares of Columbia Bancorp common stock as of the record date, have signed voting agreements pursuant to which they have agreed to vote all of their shares in favor of the merger.

Solicitation of Proxies

Columbia Bancorp will pay all costs incurred by it in connection with the solicitation of proxies (including any costs incurred by Columbia Bancorp in connection with the retention by it of a third party to solicit proxies) from its stockholders 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 Columbia Bancorp and its subsidiaries may solicit proxies from stockholders of Columbia Bancorp in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement by Columbia Bancorp 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 Columbia Bancorp common stock held of record by such persons, and Columbia Bancorp will reimburse such firms, custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith. Columbia Bancorp may retain the services of a third

Table of Contents

party to solicit proxies by personal interview, telephone, facsimile and/or mail, but has no current intent to retain such services.

Do not send in your stock certificates with your proxy card. As described under the caption The Merger Effect of the Merger Exchange of Columbia Bancorp Stock Certificates on page 40, a letter of transmittal/election form will be mailed to you shortly.

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 a copy of the merger agreement, the amended and restated warrant agreement and the warrant to this document as Exhibits A and B, respectively, 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 terms. It is not intended to provide any other factual information about Fulton or Columbia Bancorp. Such information can be found elsewhere in this document and in the other public filings Fulton and Columbia Bancorp make with the Securities and Exchange Commission, which are available without charge at www.sec.gov.

The merger agreement provides, among other things, that:

- Columbia Bancorp will merge with and into Fulton, with Fulton surviving; and

- If the merger is completed, you, as a stockholder of Columbia Bancorp, will receive, at your election (but subject to proration): (i) 2.325 shares of Fulton common stock for each share of Columbia Bancorp common stock owned (subject to adjustment for stock splits, stock dividends and similar events); (ii) $42.48 in cash for each share of Columbia Bancorp Stock owned; or (iii) one of nine permissible combinations of Fulton common stock and cash consideration for your shares of Columbia Bancorp common stock.

The board of directors of Columbia Bancorp has approved and adopted the merger agreement and believes the merger is in the best interests of Columbia Bancorp and its stockholders. Columbia Bancorp s board of directors recommends that you vote FOR the merger agreement.

Background of Merger

Columbia Bancorp s business strategy has been focused on growing its business independently and serving its customers and employee constituents. However, members of Columbia Bancorp s executive management have, on occasion, talked with principals of various interested parties and received indications of interest to enter into discussions regarding, and at times received proposals with various levels of specificity for, a business combination with such interested parties. Traditionally, these indications of interest commenced through discussions between Columbia Bancorp s Chief Executive Officer and the principals of the other financial institutions. The Chief Executive Officer would discuss any indications of interest that he considered significant with the executive members of Columbia Bancorp s Board of Directors (consisting of Messrs. Bond, Kelly, Langenthal, Moxley and Scaldara) (the Executive Members). Under procedures approved by the Board of Directors, any possible business combination that the Executive Members considered to be worthy of further consideration was referred to the Strategic Planning Committee of Columbia Bancorp s Board of Directors (the Strategic Planning Committee) for further consideration. If, after evaluating the terms and conditions and merits of the proposed business combination, the Strategic Planning Committee determined the proposal to be desirable and in the best interests of Columbia Bancorp and its stockholders, the Strategic Planning Committee would then recommend that Columbia Bancorp s entire Board of Directors evaluate the proposed transaction. The final step would be for Columbia Bancorp s Board of Directors to evaluate the terms and conditions and merits of the proposed business combination to determine whether it is advisable and in the best interests of Columbia Bancorp and its stockholders. No proposed business combination has been deemed by all three levels of authority to meet the strategic objectives of Columbia Bancorp other than the proposed business combination with Fulton.

Table of Contents

At each stage of review, the evaluations of potential business combinations have been undertaken in accordance with Columbia Bancorp s charter and the Maryland General Corporation Law. Columbia Bancorp s charter requires that, in determining what is in the best interests of Columbia Bancorp and its stockholders, due consideration be given to all relevant factors, including but not limited to (a) the economic effect, both immediate and long-term, upon Columbia Bancorp s stockholders; (b) the social and economic effect on employees and customers of, and others dealing with, Columbia Bancorp and its subsidiaries and on the communities in which Columbia Bancorp and its subsidiaries operate; (c) whether the proposal is acceptable based on the historical and current operating results or financial condition of Columbia Bancorp; (d) whether a more favorable price could be obtained for Columbia Bancorp s stock or other securities in the future; (e) the reputation and business practices of the other party and its management and affiliates as they would affect the employees of Columbia Bancorp; (f) the future value of the stock or any other securities of Columbia Bancorp; and (g) any antitrust or other legal and regulatory issues that are raised by the proposal.

In the Fall of 2003, Columbia Bancorp s executive management was formally introduced to Fulton by Arnold G. Danielson, of Danielson, to discuss interest in a potential business combination between Columbia Bancorp and Fulton. In order to facilitate discussions, Fulton and Columbia Bancorp executed a mutual confidentiality agreement at that time. Columbia Bancorp s executive management also stated that it would be considering two other proposals from financial institutions with which it had been having discussions regarding a potential business combination. Fulton was asked to submit a proposal to be considered along with the other proposals. Ultimately, Columbia Bancorp received three proposals during October and November 2003, including one from Fulton. At that time, the Board of Directors concluded that two of the proposals (including Fulton s) were not in the best interests of Columbia Bancorp and its stockholders. The third proposal was withdrawn for reasons stated to be unrelated to Columbia Bancorp.

Following that determination, John M. Bond, Jr., Chairman and Chief Executive Officer of Columbia Bancorp, was in contact from time to time with Mr. Rufus Fulton, Chairman and Chief Executive Officer of Fulton. In October 2004, Mr. Bond and Mr. Fulton met at an investor conference in New York and agreed to discuss the merits of a possible business combination at a later time.

On November 22, 2004, Mr. Bond and Mr. John A. Scaldara, Jr., President and Chief Operating Officer of Columbia Bancorp, met with Mr. Fulton and Mr. R. Scott Smith, Jr., President and Chief Operating Officer of Fulton. A possible business combination was discussed. Based on the level of interest expressed and the favorable preliminary terms and conditions contemplated, the Executive Committee was informed of the meeting and agreed unanimously that Mr. Bond and Mr. Scaldara should continue discussions with Fulton.

On December 2, 2004, Mr. Bond and Mr. Scaldara visited with Mr. Fulton, Mr. Smith and Mr. Charles J. Nugent, Senior Executive Vice President and Chief Financial Officer of Fulton, to discuss other aspects of a potential business combination, including pricing, deal structure, assumptions employed by Fulton with regard to cost savings and the corporate and management structure of Columbia Bancorp following completion of a business combination. Following the meeting, the Executive Members determined that pursuit of a business combination with Fulton might be desirable, but that the timing was problematic and inopportune. Specifically, Columbia Bancorp s data processing system conversion, which began in September 2004 and was still continuing, and the enactment by Congress of the Sarbanes-Oxley Act of 2002, were placing enormous demands on management s time and required management s full attention. As a result, the parties deferred further discussion of terms of a possible business combination pending completion of these items. Columbia Bancorp and Fulton continued to remain in contact and, on January 7, 2005, Mr. Fulton and Mr. Smith met with the Executive Members of Columbia Bancorp s Board of Directors to discuss Fulton s history, business model, financial performance and succession planning.

Following the completion of Columbia Bancorp s data processing system conversion, completion of Sarbanes-Oxley 404 compliance and the publication of Columbia Bancorp s first quarter 2005 earnings press release on April 25, 2005, Mr. Bond contacted Mr. Fulton and both parties decided to renew discussions once again to determine whether a business combination was in the interests of both parties.

Table of Contents

On May 12, 2005, Mr. Scaldara met with Mr. Nugent and his staff to discuss a potential business combination, including detailed pricing assumptions.

On May 13, 2005, Mr. Bond and Mr. Scaldara met with Mr. Fulton, Mr. Smith and Mr. Nugent to further discuss business terms, address personnel matters and clarify issues regarding corporate structure subsequent to the closing of a transaction.

On May 16, 2005, the Executive Members met to evaluate the preliminary terms and conditions and merits of a proposed business combination with Fulton and authorized Mr. Bond to continue negotiations of the terms and conditions of the proposed transaction and to arrange due diligence procedures as soon as practicable.

On May 27, 2005, Mr. Bond and Mr. Scaldara met with Mr. Smith and others from Fulton to further negotiate the business terms of the proposed business combination and to begin to discuss the schedule for drafting a merger agreement and the performance by Columbia Bancorp and Fulton of due diligence.

From May 27, 2005 through July 6, 2005, Columbia Bancorp and Fulton exchanged information and conducted limited due diligence.

On July 6, 2005, Mr. Bond and Mr. Scaldara met with Mr. Fulton and Mr. Smith to finalize the business terms of the proposed business combination and requested that Fulton deliver a term sheet detailing in definitive form the terms on which they were prepared to conclude a business combination. On July 8, 2005, Fulton presented to Columbia Bancorp a non-binding proposal outlining the material terms of a potential business combination which was consistent with the terms negotiated and discussed in May and June.

On July 12, 2005, Columbia Bancorp formally engaged Danielson Associates Inc. to act as Columbia Bancorp s financial advisor in connection with a possible business combination with Fulton.

From July 13, 2005 through July 26, 2005, Columbia Bancorp, its legal counsel, the law firm of DLA Piper Rudnick Gray Cary US LLP (DLA Piper), and Danielson, drafted, negotiated and finalized the merger agreement and the related agreements (including a warrant agreement, a warrant, a form of stockholder voting agreement and employment agreements for each of Mr. Bond and Mr. Scaldara) with Fulton and its legal counsel, Barley Snyder LLC. During this period, Columbia Bancorp and Fulton also conducted additional due diligence on each other. On July 19, 2005, Fulton and Columbia Bancorp executed an updated mutual confidentiality agreement.

On July 23, 2005, a combined special meeting of the Strategic Planning Committee and the Executive Committee of the Board of Directors of Columbia Bancorp was held at the offices of DLA Piper to review the terms of the proposed business combination. Presentations were made to the committees by management, Mr. Danielson and DLA Piper. The members of each of the Strategic Planning Committee and the Executive Committee voted to authorize Mr. Bond to continue negotiations with Fulton and to recommend the proposed business combination to the Board of Directors.

On July 25, 2005, a special meeting of the board of directors was held at the offices of DLA Piper. At the meeting, Columbia Bancorp s directors received a draft of merger agreement, pursuant to which Columbia Bancorp would merge with and into Fulton, along with the related agreements (including the warrant agreement, the warrant, the form of stockholder voting agreement and employment agreements for each of Mr. Bond and Mr. Scaldara). DLA Piper made a presentation to the board of directors, which included a review of the duties of Columbia Bancorp s directors, and presented an overview of the terms of the merger agreement. DLA Piper also answered questions raised by Columbia Bancorp s directors relative to their duties and the proposed transaction. Danielson then made a presentation to the board of directors, which included a review of the financial aspects of the transaction and an analysis of the financial performance of Fulton and the fairness of the transaction from a financial point of view to Columbia Bancorp and its stockholders. The meeting of the board of directors adjourned without the directors voting on the proposed business combination or adopting any resolutions.

On July 26, 2005, at a regularly scheduled meeting of the board of directors, Columbia Bancorp s board of directors received a report on the final proposed terms of the transaction and voted to approve the merger agreement

Table of Contents

on substantially the same terms as the draft previously distributed to the members of the board of directors and the merger of Columbia Bancorp with and into Fulton. Danielson opined that the transaction was fair from a financial point of view to Columbia Bancorp and its stockholders. Subsequent to the close of the Nasdaq stock market later that evening, Mr. Bond, on behalf of Columbia Bancorp, executed the merger agreement and the applicable parties signed the related agreements. At approximately 8:45 p.m., Columbia Bancorp and Fulton then each issued a press release announcing the potential merger and the execution of the merger agreement.

Recommendation of the Columbia Bancorp Board of Directors and Reasons for the Merger

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

In approving the merger agreement and the merger, Columbia Bancorp s board of directors consulted with Danielson, Columbia Bancorp 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, Columbia Bancorp s board of directors also considered all material factors concerning the merger, including the following, the order of which does not necessarily reflect their relative significance:

- § the financial terms of the transaction, including the fact that the cash merger consideration, which shall represent a minimum of 20% of the total merger consideration based upon a price of $42.48 proposed by Fulton, represented a premium of approximately 14% over $37.25, the closing price per share of Columbia Bancorp common stock as reported on The Nasdaq National Market on July 26, 2005;

- § the ability of Columbia Bancorp stockholders to elect to receive stock at an exchange ratio of 2.325 shares for a maximum of 80% of the total consideration in shares of Fulton common stock represented the potential for Columbia Bancorp stockholders to receive consideration with a value in excess of $42.48;

- § the ability of Columbia Bancorp stockholders to elect to receive $42.48 per share in cash for a minimum of 50% of the total consideration represented the potential for Columbia Bancorp stockholders to receive at least a minimum amount of cash consideration;

- § the ability of Columbia Bancorp s stockholders to use any cash received in the merger to purchase shares of Fulton common stock on the open market, and, as a result, participate in any future increases in the value of the combined company;

- § that Fulton, through prior acquisitions, already serves markets in Maryland and several other mid-Atlantic states, and that Columbia Bancorp s trade area was a natural extension of Fulton s existing trade area;

- § the fact that Fulton s common stock is more regularly traded on the Nasdaq National Market and provides greater liquidity than Columbia Bancorp s common stock;

- § that Fulton offers a broader range of products and services and the merger will provide Columbia Bancorp s customers with access to these products and services;

- § the availability of Fulton staff with specialized capabilities and experience to deal with regulatory compliance and to support The Columbia Bank s continuing operations;

- § the strength of Fulton s management and the similarity of the commitment to the community and operating philosophies of Columbia Bancorp;

Table of Contents

- § that Columbia Bancorp s board of directors will be entitled to appoint one of its members to Fulton s board of directors;

- § that, for at least three years following the merger, Fulton s intention is to operate The Columbia Bank as a stand-alone subsidiary, thereby providing Columbia Bancorp s existing customers the opportunity to obtain broader products and services from personnel with whom they are familiar;

- § the likelihood that potential staff reductions would be minimal as compared to other potential business combinations;

- § the projected increase in the effective dividend yield for Columbia Bancorp s stockholders;

- § the opinion of Columbia Bancorp s financial advisor, Danielson that as of July 26, 2005, and based upon and subject to the facts and assumptions set forth in the opinion, that the consideration to be received by holders of Columbia Bancorp s common stock pursuant to the merger agreement was fair from a financial point of view to such holders, as more fully described below under the caption The Merger-Opinion of Columbia Bancorp s Financial Advisor;

- § the ability of Columbia Bancorp to accept a superior proposal, as defined in the merger agreement, under certain circumstances.

- § other terms of the merger agreement, including the opportunity for Columbia Bancorp stockholders to receive shares of Fulton common stock in a tax free exchange; and

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

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

- § the fact that the certain provisions of the merger agreement forbid Columbia Bancorp from soliciting third parties in connection with potential business combinations;

- § the fact that Columbia Bancorp has to waive certain anti-takeover protections provided by Maryland law;

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

- § the fact that the exchange ratio is fixed except in extraordinary circumstances, thus rendering Columbia Bancorp stockholders subject to the risk of declines in the market price of Fulton common stock.

The discussion and factors considered by Columbia Bancorp s Board of Directors are not intended to be exhaustive, but include all material factors considered. In approving the merger agreement, Columbia Bancorp 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 Columbia Bancorp Board of Directors and described above will be realized or will outweigh the risks and uncertainties.

Table of Contents

Opinions of Columbia Bancorp s Financial Advisor

Columbia Bancorp retained Danielson to advise Columbia Bancorp s board of directors as to the fairness to its stockholders of the financial terms of the offer to be acquired by Fulton. Danielson was selected by Columbia Bancorp because of its knowledge, expertise and reputation in the financial services industry, as well as, its specific knowledge of Mid-Atlantic markets and banking organizations operating in those markets. Danielson is regularly engaged in the valuation of banks and bank holding companies in connection with mergers, acquisitions and other securities transactions.

Danielson reviewed the merger agreement with respect to the pricing and other terms and conditions of the merger. Danielson rendered its opinion directly to the Columbia Bancorp board of directors on July 26, 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 Columbia Bancorp and its stockholders. No limitations were imposed by the Columbia Bancorp board of directors upon Danielson with respect to the investigation made or procedures followed by it in arriving at its opinion. While the board of directors considered the Danielson opinion in its determination, the decision to accept the offer was ultimately made by the board of directors of Columbia Bancorp. In arriving at its opinion, Danielson:

- Reviewed certain business and financial information relating to Columbia Bancorp and Fulton including call report data from January 1, 2000 through March 31, 2005, quarterly earnings releases from January 1, 2000 through June 30, 2005 and Annual Report on Form 10-K for fiscal years ended December 31, 2003 and December 31, 2004.

- Discussed with members of Columbia Bancorp s executive management their assessment of the strategic rationale for, and potential benefits of, the merger described under The Merger Recommendation of the Columbia Bancorp Board of Directors and Reasons for the Merger on page 32.

- Discussed the past and current operations, financial condition and future prospects of Columbia Bancorp and Fulton with senior executives of Columbia and Fulton.

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

- Reviewed the Fulton-Columbia Bancorp 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 Columbia Bancorp or Fulton. Furthermore, Danielson did not independently verify the information provided by Columbia Bancorp 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 Columbia Bancorp 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 outstanding options to buy common stock of Columbia Bancorp for approximately $311 million, in the aggregate, in a combination of cash and stock of which at least 50% would be Fulton common stock, Danielson considered whether the Fulton common stock was fairly valued and the impact of the Columbia Bancorp 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 earnings per share and/or capital adequacy as a result of the Columbia Bancorp acquisition.

Comparable Companies

The Fulton common stock to be exchanged for the common stock of Columbia Bancorp was compared to ten publicly-traded bank holding companies (comparable banks). These comparable banks had assets between $5 billion and $20 billion and were located on the East Coast.

Summary and Description of Comparable Banks*

Short Name of Institution	Assets (in mill.)	Headquarters
Chittenden	$ 6,202	Burlington, Vt.
F.N.B.	5,702	Hermitage, Pa.
First Commonwealth	6,182	Indiana, Pa.
Mercantile	14,628**	Baltimore, Md.
Provident	6,407	Baltimore, Md.
South Financial	14,879	Greenville, S.C.
Susquehanna	7,253**	Lititz, Pa.
United	6,311**	Charleston, W. Va.
Valley National	12,267	Wayne, N.J.
Wilmington Trust	9,791	Wilmington, Del.

*Publicly-traded banks on the East Coast with assets between $5 billion and $20 billion as of June 30, 2005 unless otherwise noted.

**March 31, 2005 or twelve months ending March 31, 2005.

Source: SNL Financial, Charlottesville, Virginia.

Danielson compared Fulton s financial performance, balance sheet strength and stock price with the medians of the comparable banks. Among the financial performance criteria compared were net income and net 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 the mix of loans and deposits all as a percent of assets or tangible assets. The current pricing ratios compared were price as a multiple of earnings, price as a percent of book and tangible book, dividend yield and payout ratio.

In making these comparisons, Danielson noted that Fulton s financial performance, balance sheet strength, stock liquidity and dividend policy were generally superior to the medians of the comparable banks. Its earnings when measured as a percent of average assets and average equity was slightly higher as was its book and tangible book as a percent of assets. Its balance sheet mix was not materially different, though, asset quality was better. In terms of dividend yield, it was slightly superior. With about 190,000 shares traded daily, the liquidity of the Fulton stock was not a concern.

The impact of location value is difficult to statistically compare as population density, affluence and growth rates do not always reflect market value. The markets served by Fulton south central Pennsylvania, Delaware, Maryland, New Jersey and Virginia are generally, however, considered to have a high investor/acquirer appeal.

Table of Contents

Thus, Danielson concluded that Fulton is at least as good, if not better, than the comparable banks from a location perspective.

Fulton Comparable Banks Summary*

	Fulton	Comparable Banks Medians
Income		
Net income/Avg. assets	1.49%	1.27%
Net oper. income**/Avg. assets	2.14	2.08
Return on average equity	13.91	12.69
Balance Sheet		
Equity/Assets	10.32%	9.86%
Tangible capital/Tangible assets	7.22	6.57
NPAs***/Assets	.27	.42
Loans/Assets	69	67
Deposits/Assets	70	70
Stock Price****		
Price/Earnings	17.6X	16.6X
Price/Tangible book	349	321
Dividend yield	3.15	3.05
Payout ratio	53	53

* June 30, 2005 or the twelve months ending June, 2005, or if unavailable, March 31, 2005 or the twelve months ending March 31, 2005.

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

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

**** Closing prices as of July 25,

2005 and financial data for March 31, 2005 or the twelve months ending March 31, 2005.

Source: SNL Financial, Charlottesville, Virginia.

With Fulton s stock price, when valued as a multiple of earnings, only slightly above the upper end of the comparable bank s normal range and its financial performance, balance sheet condition and location that, collectively, are superior to the medians of the comparative group, Danielson concluded that the Fulton common stock to be exchanged for the common stock of Columbia Bancorp is fairly valued. Danielson also noted that the higher value based on a multiple of earnings was supported by a good dividend yield and high stock liquidity.

Pro Forma Merger Analyses

Danielson analyzed the likely impact on Fulton s future earnings, book value per share and capital adequacy of its $311 million offer for all of the outstanding shares of Columbia Bancorp common stock and options to purchase Columbia Bancorp 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

Table of Contents

is negligible. Accordingly, Danielson concluded that the Fulton stock is fairly valued by the market and that any dilution from the transaction is manageable.

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 Columbia Bancorp as a multiple of earnings and percent of book with the pricing of bank acquisitions nationally and in the Maryland-Northern Virginia area. In doing so, Danielson stated that in determining the fair sale value of Columbia Bancorp, the key factor, other than its earnings, is the prices paid in recent comparable bank transactions. The national group was comprised of 20 bank sales in 2003, 2004 and approximately the first half of 2005 with deal values between $200 million and $700 million and returns on equity over 10%. This group had median deal values of 22.1 times earnings and 259% of book. If the deal value floor of the group were raised from $200 million to $300 million a price that would include Fulton s offer to acquire Columbia Bancorp the median slips to 20.5 times earnings and 233% of book. The three most comparable sales in the group that involved sellers in Maryland and Northern Virginia, had a deal values of about 23 times earnings for the two in Northern Virginia and 19.7 times earnings for the one in Maryland.

Comparable Transaction Summary

	Median Price		
	Times Earnings	Percent of Book	No. in Sample
Acquisition Pricing 2003-05			
National Median*	22.1X	259%	20
-Over $300 million**	20.5	233	12
Most Applicable			
Provident-Southern Financial	23.1X	313%	
Mercantile-Community N.Va.	23.0	341	
Mercantile-F&M	19.7	259	

* Deal values between $200 and $700 million and seller with a double-digit return on equity.

** Deal value between $300 and $700 million and seller with a double-digit return on equity.

Source: SNL Financial, Charlottesville, Virginia.

If recent bank acquisition pricing were applied to Columbia Bancorp, it would suggest a value in the 20 to 22 times earnings range. This pricing range times Columbia Bancorp s earnings for the twelve months ending June 30, 2005 of $14,862,000 creates a fair value range of $297 million to $327 million, or $40.66 to $45.50 per share.

Discounted Dividends Analysis

Danielson applied present value calculations to Columbia Bancorp 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 Columbia Bancorp common stock. The discounted dividend calculation resulted in a value of 16.8 times earnings, with a 14% discount rate, 12% growth rate, 10% cost savings and a terminal value of 14 times earnings. If the discount rate is reduced to 12%, the value increases to 22.6 times earnings. The results of this analysis showed the most applicable discounted dividend analysis to be below recent acquisition pricing.

Value Adjustments

In addition to performing the analyses summarized above, Danielson also considered other factors. These included how Columbia Bancorp compared with other banks that were sold relative to earnings, capitalization,

Table of Contents

market size, deposit and asset mix, asset quality and management. When the various components of Columbia Bancorp s value are considered, there were no components that suggest a value based on earnings would merit 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, Columbia Bancorp 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 the bank acquisition prices of comparable banks are applicable to the pertinent 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 July 26, 2005, which sets forth the assumptions made and matters considered, is attached hereto as Exhibit C of this document. **Columbia Bancorp stockholders should read the opinion in its entirety**. Danielson s opinion is directed only to the fairness of the consideration received by Columbia Bancorp stockholders and does not constitute a recommendation to any Columbia Bancorp stockholder as to how such stockholder should vote relative to this merger or as to how such stockholder should elect to allocate such stockholder s receipt of the merger consideration. Further, Danielson s opinion was not intended to address the propriety of every individual stockholder decision as to how such stockholder should elect to allocate such stockholder s receipt of the merger consideration.

Compensation of Financial Advisor

Pursuant to a contract dated July 13, 2005, if Columbia Bancorp and Fulton merge, Danielson will be paid a fee of 0.35% of the transaction s value at closing less $10,000. At the time of the announcement of the merger, assuming Columbia Bancorp and Fulton merge, this fee would have been approximately $1,078,500.

Fulton s Board of Directors Reasons for the Merger

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

The Fulton board of directors met at a board meeting on each of June 21, 2005 and July 19, 2005 and approved the nature and amount of consideration that could be offered by management, the form of the definitive merger agreement and authorized the Chairman of the board of directors, President or any Executive Vice President to negotiate and sign the definitive merger agreement.

Effect of the Merger

Upon completion of the merger, Columbia Bancorp will merge with and into Fulton, and the separate legal existence of Columbia Bancorp will cease. As a consequence of the merger, all property, rights, debts and obligations of Columbia Bancorp will automatically transfer to and vest in Fulton, in accordance with Pennsylvania and Maryland law. Fulton, as the surviving corporation, will be governed by the Amended and Restated Articles of Incorporation and Bylaws, as amended, of Fulton in effect upon consummation 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 John M. Bond, Jr., the Chairman of the board of directors and Chief Executive Officer of Columbia Bancorp.

Exchange of Shares

On the effective date of the merger, each outstanding share of Columbia Bancorp common stock will, at the holder s election and subject to proration as explained below, be exchanged for: (i) 2.325 shares of Fulton common stock; (ii) $42.48 in cash; or (iii) a combination of (i) and (ii). Even if you elect to receive all of your consideration in Fulton stock, you will still receive cash instead of any resulting fractional share interests of Fulton common stock.

Table of Contents

The permitted cash/stock consideration combinations which Columbia Bancorp stockholders may elect are as follows:

- 90% cash and 10% stock
- 80% cash and 20% stock
- 70% cash and 30% stock
- 60% cash and 40% stock
- 50% cash and 50% stock
- 40% cash and 60% stock
- 30% cash and 70% stock
- 20% cash and 80% stock
- 10% cash and 90% stock

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

Election Procedures

All stockholder elections will be made on the election form/letter of transmittal that will be mailed to you shortly after you receive 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 Columbia Bancorp 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 December 15, 2005. A record holder that fails to submit a valid election form/letter of transmittal prior to the election deadline will receive cash or Fulton stock, depending on whether proration is necessary and whether proration applies to the aggregate cash consideration or stock consideration as described below:

- If proration is not required, you will receive cash consideration until 50% (the maximum cash percentage) of Columbia Bancorp s outstanding shares have been converted into cash. If and when the maximum cash percentage is reached, you will thereafter receive Fulton common stock consideration for your remaining shares.
- If proration is required because the maximum cash percentage of 50% is exceeded, you will receive Fulton stock consideration.
- If proration is required because less than 20% of Columbia Bancorp s outstanding shares (the minimum cash percentage) have not been converted into cash, you will receive cash consideration.
- In all other situations you will receive cash consideration.

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 Columbia Bancorp 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 stockholders will make an election to receive their preferred form of consideration, a stockholder may not receive the exact form of consideration elected due to certain limits on the total number of Columbia Bancorp shares

for which a cash election may be made. See The Merger Effect of the Merger Proration , below. No one is making any recommendation as to whether Columbia Bancorp stockholders should elect to receive cash or Fulton common stock in the merger. Each Columbia Bancorp stockholder must make his, her or its own decision with respect to such election.

Proration

In certain circumstances, a Columbia Bancorp stockholder s election of merger consideration may be subject to adjustment. If elections to receive cash are made for fewer than 20% of the outstanding Columbia Bancorp shares, then the number of shares to be converted into cash by each stockholder will be increased by the same proportion until at least 20% of the Columbia Bancorp shares are converted into cash consideration. If

Table of Contents

elections to receive cash are made for greater than 50% of the outstanding shares of Columbia Bancorp, then the number of shares to be converted into cash by each stockholder will be decreased by the same proportion until no more than 50% of the outstanding shares of Columbia Bancorp 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 stockholder elections, shares for which no valid election has been made will be converted into cash or stock (depending on whether too much cash or too much stock was elected) as described above under the heading Election Procedures . If proration is still necessary after the conversion of all non-electing shares, then all electing shares will be prorated as described above.

In addition, in order to ensure that the merger qualifies as a reorganization under federal tax laws, Fulton will increase the number of shares of Columbia Bancorp common stock that are exchanged for Fulton common stock and reduce the number of shares of Columbia Bancorp common stock that will be exchanged for cash to the extent necessary, if at all, to cause the value of the Fulton stock issued, based on the lowest price at which a share of Fulton common stock trades on Nasdaq on the effective date of the merger, to exceed the value of the cash consideration paid by at least $100.00.

Stock Options

Columbia Bancorp option holders will have the option to elect to either (i) cash out their options for an amount equal to the number of shares subject to the option times the difference between $42.48 and the exercise price of each option; or (ii) automatically convert their Columbia Bancorp option on the effective date of the merger into an option to purchase shares of Fulton common stock. In the absence of an election, each Columbia Bancorp option holder will be deemed to have made an election to convert their Columbia Bancorp option into cash. If an option holder s Columbia Bancorp 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 Columbia Bancorp common stock subject to the option multiplied by the exchange ratio, rounded down 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 the exchange ratio, rounded up to the nearest whole cent;

- The duration and other terms of the Fulton stock option will be identical to the duration and other terms of the Columbia Bancorp option, except that all references to Columbia Bancorp 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 Columbia Bancorp 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 Columbia Bancorp under which Columbia Bancorp issued the options.

Exchange of Columbia Bancorp Stock Certificates

An election form/letter of transmittal will be mailed to you shortly. The form contains instructions on how to surrender certificates representing Columbia Bancorp common stock in exchange for the merger consideration and also contains instructions on how to elect the merger consideration you would like to receive.

Table of Contents

Effective Date of the Merger

The effective date of the merger will occur within 30 days following the receipt of all regulatory and stockholder approvals. However, Fulton and Columbia Bancorp may also mutually agree on a different date. Fulton and Columbia Bancorp presently expect that the effective date of the merger will occur in the first quarter of 2006.

On or prior to the effective date of the merger, Fulton and Columbia Bancorp will file articles of merger with the Pennsylvania Department of State and the State Department of Assessments and Taxation of Maryland, and such document will set forth the effective date of the merger. Either Fulton or Columbia Bancorp can terminate the merger agreement if, among other reasons, the merger does not occur on or before June 30, 2006 (which date may be extended to September 30, 2006 if closing hasn t occurred because of a failure to obtain regulatory approval), and the terminating party has not breached or failed to perform any of its obligations under the merger agreement. See Termination of Merger; Effect of Termination on page 48.

No Dissenters Rights

Columbia Bancorp stockholders are not entitled to dissenters rights under Section 3-202(c) of the Maryland General Corporation Law in connection with the merger.

Dividends

The merger agreement permits Columbia Bancorp to pay a dividend of up to $0.17 per share on each of July 28, 2005 and October 28, 2005, and a dividend of up to $0.19 per share on January 25, 2006, April 14, 2006 and July 14, 2006. However, each such dividend may only be paid if the merger is not completed on or before the record date for the Fulton dividend corresponding to the Columbia Bancorp dividend for any such quarter prior to completion of the merger.

Conditions to the Merger

The obligations of Fulton and Columbia Bancorp 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 Columbia Bancorp s stockholders;
- 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 Columbia Bancorp;
- listing of the Fulton stock to be issued as consideration on the Nasdaq National Market;
- the registration statement of which this document is a part has been declared effective;
- 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

Table of Contents

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

Except for the requirements of stockholder 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 The Merger Merger Agreement Amendment; Waivers on page 48. As of the date of this document, Fulton s counsel has delivered the required tax opinion.

Representations and Warranties

The merger agreement contains customary representations and warranties that Fulton and Columbia Bancorp made to each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that Fulton and Columbia Bancorp have exchanged in connection with the signing of the merger agreement. While Fulton and Columbia Bancorp do not believe that the disclosure schedules 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. 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 each company s 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 organization of Fulton, Columbia Bancorp, The Columbia Bank and their respective subsidiaries and capital structures;
- the approval and enforceability of the merger agreement;
- the consistency of financial statements with generally accepted accounting principles;
- the filing of tax returns and payment of taxes;
- the absence of material adverse changes, since March 31, 2005, in the condition, assets, liabilities, business or operations of either Fulton or Columbia Bancorp, 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, as amended;
- 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;

Table of Contents

- 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 Columbia Bancorp s stockholders; and

- the accuracy of information supplied by Fulton and Columbia Bancorp 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 Columbia Bancorp relating to:

- transactions between Columbia Bancorp 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 Columbia Bancorp or any of its subsidiaries; and

- the receipt by Columbia Bancorp s board of directors of a written fairness opinion.

Conduct of Columbia Bancorp Business Pending the Merger

Under the merger agreement, between the date the merger agreement was signed and the date the merger occurs, Columbia Bancorp 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 substantially all 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 any of their 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, in any case, do not exceed $100,000), 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;

Table of Contents

- 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 Columbia Bancorp common stock or preferred stock except as otherwise permitted by the merger agreement;
- not authorize, purchase, redeem, issue or sell any shares of Columbia Bancorp common stock or any other equity or debt security of Columbia Bancorp (other than for the exercise of outstanding options, the warrant or the Columbia Bancorp common stock issuable under the warrant);
- not increase compensation, or pay a bonus or severance compensation to, establish or amend any Columbia Bancorp 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;
- 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 The Columbia Bank in classifying, valuing and retaining its investment portfolio, during the fiscal year ending December 31, 2005 and thereafter, 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 $250,000 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;
- 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 stockholder and regulatory approval of the merger and upon agreement as to the effective date by Fulton and Columbia Bancorp, 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 Columbia Bancorp or any of its affiliates or representatives from:

- initiating, encouraging or taking any other action to facilitate any inquiries relating to an acquisition of Columbia Bancorp; and
-

withdrawing approval or recommendation of the merger agreement or the merger, approving a third party s proposal to acquire Columbia Bancorp or entering into a letter of intent, acquisition agreement or similar agreement with a third party with respect to an acquisition of Columbia Bancorp by such

Table of Contents

party, except under limited circumstances where a third party s proposal to acquire Columbia Bancorp or its subsidiaries is superior to Fulton s proposal, and Columbia Bancorp s board of directors determines, in good faith, and with the advice of outside counsel, that failure to do so would be inconsistent with their responsibilities under Maryland law.

Columbia Bancorp 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

Columbia Bancorp s board of directors is permitted to withdraw, modify or change in a manner adverse to Fulton, its recommendation to Columbia Bancorp stockholders 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 inconsistent with their responsibilities under Maryland law;

- Columbia Bancorp has not breached its obligations under the merger agreement regarding no solicitation of offers from third parties in connection with a business combination with Columbia Bancorp and the board of directors has authorized, subject to complying with the terms of the merger agreement, Columbia Bancorp to enter into a binding written agreement for a transaction that is a superior proposal;

- Fulton does not make, within five business days after receipt of Columbia Bancorp s written notice of its intention to enter into a binding agreement for a superior proposal, any offer that the board of directors of Columbia Bancorp reasonably and in good faith determines, after consultation with its financial and legal advisors, is at least as favorable to the stockholders of Columbia Bancorp as the superior proposal and during such period Columbia Bancorp reasonably considers and discusses in good faith all proposals submitted by Fulton and meets and discusses with Fulton its proposals; and

- prior to the termination of the merger agreement, Columbia confirms in writing that such termination allows exercise of the warrant.

Amended and Restated Warrant Agreement and Warrant

General

To induce Fulton to enter into the merger agreement, Columbia Bancorp executed a warrant agreement, dated July 26, 2005, and which was subsequently amended and restated, which permits Fulton to purchase shares of Columbia Bancorp common stock under the circumstances described below. Under the warrant agreement, Fulton received a warrant to purchase up to 1,881,809 shares of Columbia Bancorp common stock, subject to adjustment. This number represents approximately 19.9% of the issued and outstanding shares of Columbia Bancorp common stock on July 26, 2005, assuming exercise of the warrant by Fulton and assuming exercise of all outstanding Columbia Bancorp options. The exercise price per share to purchase Columbia Bancorp common stock under the warrant is $37.26, subject to adjustment. The exercise price represents Columbia Bancorp s closing common stock price plus one cent on July 26, 2005, the day Columbia Bancorp s board of directors approved the merger agreement. The warrant is only exercisable if the events specified in the warrant occur. These triggering events are described below. To the best of Fulton s or Columbia Bancorp s knowledge, as of the date of this document, none of the triggering events have occurred.

Table of Contents

Effect of Warrant Agreement

Attempts by a third party to acquire Columbia Bancorp or an interest in Columbia Bancorp, as described under Exercise of the 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 Columbia Bancorp compared to the cost that would be incurred without the warrant agreement. Therefore, the warrant agreement, together with Columbia Bancorp s agreement not to solicit other transactions relating to the acquisition of Columbia Bancorp by a third party, may have the effect of discouraging third parties from making a proposal to acquire Columbia Bancorp, including one that may be more favorable, from a financial point of view, to Columbia Bancorp stockholders than the merger.

Terms of Warrant and Warrant Agreement

The following is a brief summary of the material provisions of the warrant and warrant agreement, and we qualify this discussion by reference to the full amended and restated warrant agreement and warrant. Complete copies of the amended and restated warrant agreement and warrant are included as Exhibit B to this document, and are incorporated in this document by reference. Fulton and Columbia Bancorp 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 Columbia Bancorp breaches any representation or covenant in the merger agreement which would permit Fulton to terminate the merger agreement and which occurs following a third party s offer (consummated within twelve months) to acquire 25% or more of the voting power of Columbia Bancorp or one of its subsidiaries;

- if Columbia Bancorp s stockholders fail to approve the merger agreement and, at the time of the stockholders special meeting, a third party proposal to merge with or acquire or lease all or substantially all of the assets of Columbia Bancorp or one of its subsidiaries, or to acquire 25% or more of the voting power of Columbia Bancorp or a subsidiary, has been announced and Columbia Bancorp s board fails to either recommend against accepting the third party offer or takes no position;

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

- if a person other than Fulton makes an offer (and such offer is consummated within twelve months) to acquire 25% or more of the voting power of Columbia Bancorp or one of its subsidiaries;

- if a person or group, other than Fulton, enters into any agreement, letter of intent, or other understanding with Columbia Bancorp to merge or consolidate with Columbia Bancorp, to acquire all or substantially all of the assets or liabilities of Columbia Bancorp or one of its subsidiaries, or to acquire beneficial ownership of 25% or more of the voting power of Columbia Bancorp or one of its subsidiaries or to negotiate such a transaction except as specifically permitted by the Merger Agreement; or

- if Fulton or Columbia Bancorp terminates the merger agreement because Columbia Bancorp s board of directors takes certain actions inconsistent with Fulton s acquisition of Columbia Bancorp.

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

- a written notice of exercise;

Table of Contents

- payment to Columbia Bancorp 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

- valid termination of the merger agreement (other than a termination by Fulton caused by Columbia Bancorp s board of directors 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;

- 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; or

- twelve months after a valid termination by Fulton caused by Columbia Bancorp s board taking action with respect to a third party offer.

Adjustments and Limitations

In the event of any change in Columbia Bancorp 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. However, adjustments to the number of warrant shares on account of the issuance of additional shares for consideration is limited in that the number of warrant shares cannot exceed 19.9% of the outstanding shares of Columbia common stock as of July 26, 2005 if the exercise price adjusts to a price less than $37.26. In addition, Fulton may not beneficially own greater than 19.9% of Columbia Bancorp s common stock after exercise of the warrant (and giving effect to the exercise).

However, notwithstanding any other provision of the warrant, the amended and restated warrant agreement or the merger agreement, in no event shall Fulton s Total Profit (as defined in the warrant agreement) exceed $21,900,000, and, if it otherwise would exceed such amount, Fulton, at its sole discretion, shall either (i) reduce the number of shares subject to the warrant, (ii) deliver to Columbia Bancorp, for cancellation, shares of Columbia Bancorp common stock, (iii) pay cash to Columbia Bancorp, (iv) reduce the amount of the consideration paid pursuant to the warrant agreement or (v) any combination of the foregoing so that Fulton s actually realized Total Profit shall not exceed $21,900,000 after taking into account the foregoing actions. Notwithstanding any other provision of the warrant, the warrant agreement or the merger agreement, the warrant may not be exercised for a number of shares as would, as of the date of exercise, result in a Notional Total Profit (as defined in the warrant agreement) of more than $21,900,000 and, if exercise of the warrant would otherwise result in the Notional Total Profit exceeding such amount, Fulton, in its discretion, may take any of the actions above so that the Notional Total Profit shall not exceed $21,900,000; provided, however, that Fulton is not restricted from a subsequent exercise of the warrant which at such time complies with the foregoing.

Repurchase of Warrant or Warrant Shares

Under the warrant agreement, in the event the warrant has become exercisable, Fulton has the right to require Columbia Bancorp 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 Columbia Bancorp 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

Table of Contents

Columbia Bancorp 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 Columbia Bancorp as determined by a recognized investment banking firm selected by Fulton and reasonably acceptable to Columbia Bancorp, divided by (y) the number of shares of Columbia Bancorp 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 then current market value as determined by a recognized investment banking firm selected by Fulton and reasonably acceptable to Columbia Bancorp.

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 Columbia Bancorp common stock represented by the portion of the warrant that Fulton is requiring Columbia Bancorp to repurchase, multiplied by (ii) the excess of the redemption price over the exercise price, subject to the limitations on Fulton s Total Profit described above.

Registration Rights

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

Merger Agreement Amendment; Waivers

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

- amend the merger agreement, except that any amendment relating to the consideration to be received by the Columbia Bancorp stockholders in exchange for their shares must be approved by the Columbia Bancorp stockholders;

- extend the time for the performance of any of the obligations or other acts of Fulton and Columbia Bancorp required in the merger agreement; or

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

Termination of Merger; Effect of Termination

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

Either Fulton or Columbia Bancorp 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 30 days after written notice of such breach has been given; or

- any condition precedent to its obligations under the merger agreement remains unsatisfied as of June 30, 2006 through no fault of its own; or

- the board of directors of Columbia Bancorp, acting in good faith and consistent with Maryland law, takes certain actions in connection with an acquisition of Columbia Bancorp by a party other than Fulton, which it believes is more favorable to Columbia Bancorp s stockholders.

Columbia Bancorp can terminate the merger agreement if the closing market price for Fulton common stock, determined by averaging the price of Fulton s common stock over a ten day period occurring just before the merger, is less than both:

Table of Contents

- § $14.79; and

- § 80% of the ratio of the Nasdaq Bank Index over the same ten-day period compared to the Index on July 26, 2005, times the starting price of Fulton stock ($18.49).

However, if Columbia Bancorp is permitted to terminate on account of a reduction in Fulton s stock price as explained above, Fulton may, at its option, cause Columbia Bancorp to amend the merger agreement to increase the exchange ratio to a level equal to the exchange ratio times 14.79 divided by the closing market price. This increase will end Columbia Bancorp s ability to terminate the merger agreement under the Fulton stock price provisions.

We anticipate that the merger will close in the first quarter of 2006. Neither Columbia Bancorp 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 Columbia Bancorp terminates the merger agreement, neither Fulton nor Columbia Bancorp 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 John M. Bond, Jr., the Chairman of the board of directors and Chief Executive Officer of Columbia Bancorp. The Columbia Bank s current directors will remain as directors of The Columbia Bank.

Employment; Severance

Upon completion of the merger, Fulton will use its good faith efforts to continue the employment of the present employees of Columbia Bancorp and The Columbia Bank. Where that is not possible, Fulton will make severance payments to affected persons as described below.

Except for Messrs. Bond and Scaldara and any other employees who have agreed in writing with Fulton otherwise, employees with written employment agreements will receive any severance payments to which they are entitled 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 Columbia Bancorp 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 Columbia Bancorp 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 Columbia Bancorp 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 Columbia Bancorp employee who becomes an employee of Fulton or of a Fulton subsidiary will be entitled to full credit for each year of service with Columbia Bancorp for purposes of determining eligibility for vesting in Fulton s employee benefit plans, programs and policies.

Table of Contents

Regulatory Approvals

Fulton and Columbia Bancorp 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 Columbia Bancorp 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 Columbia Bancorp cannot assure you that the regulatory approvals of the merger will not contain terms, conditions or requirements that would have such an impact.

Fulton and Columbia Bancorp 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, as amended. 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, as amended.

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 October 20, 2005, 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 Maryland Commissioner of Financial Regulation under the provisions of the Financial Institutions Article of the Annotated Code of Maryland. As of the date of this document, the Commissioner of Financial Regulation has not yet approved or disapproved the merger.

Material Contacts between the Parties

There have been no other material contracts or other transactions between Columbia Bancorp 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 Columbia Bancorp and Fulton during the past five years, other than in connection with the merger agreement and as described in this document.

Table of Contents

Material Federal Income Tax Consequences

To complete the merger, Fulton and Columbia Bancorp 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 Columbia Bancorp 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.

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

Fulton and Columbia Bancorp will not recognize gain or loss in the merger;

Columbia Bancorp s stockholders will not recognize any gain or loss upon receipt of Fulton common stock in exchange for Columbia Bancorp common stock, except that (1) stockholders 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 stockholders held their Columbia Bancorp common stock as a capital asset at the effective date of the merger and (2) stockholders who receive cash consideration and Fulton common stock in exchange for Columbia Bancorp common stock will recognize gain, but not loss, realized with respect to any Columbia Bancorp common share but not in excess of the amount of cash received or deemed received for that Columbia Bancorp common share, and such gain will constitute capital gain if the stockholders held their Columbia Bancorp common stock as a capital asset at the effective date of the merger;

Columbia Bancorp s stockholders who elect to receive only cash consideration in exchange for Columbia Bancorp 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 Columbia Bancorp common stock exchanged;

the tax basis of shares of Fulton common stock received by Columbia Bancorp s stockholders in the merger will be the same as the tax basis of their shares of Columbia Bancorp 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 Columbia Bancorp s stockholders receive in the merger will include the holding period of their shares of Columbia Bancorp common stock, provided that they hold their Columbia Bancorp 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 stockholders who acquired their Columbia Bancorp common stock pursuant to the exercise of employee stock options or otherwise as compensation, or stockholders which are exempt organizations or who are not citizens or residents of the United States. Each stockholder s individual circumstances may affect the tax consequences of the merger to such stockholder. 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 Columbia Bancorp s operations will be included in Fulton s financial statements prospectively from the date of the acquisition.

Table of Contents

The total purchase price is estimated to be approximately $295 million, which includes the cost of Fulton stock to be issued, Columbia Bancorp 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 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 have been prepared based on Columbia Bancorp s net assets and the fair market values of those net assets as calculated by Columbia Bancorp as of December 31, 2004 and June 30, 2005. In addition, the core deposit intangible was estimated to be $18.6 million, representing 3.5% 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 $185.6 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.

Expenses

Fulton and Columbia Bancorp 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 except for shares issued to any Columbia Bancorp stockholder who is an affiliate of Columbia Bancorp or Fulton for purposes of SEC Rule 145.

An affiliate of Columbia Bancorp is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Columbia Bancorp. These restrictions are expected to apply to the directors and executive officers of Columbia Bancorp and the holders of 10% or more of the outstanding Columbia common stock. The same restrictions apply to spouses and certain relatives of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest. Any subsequent transfers of Fulton shares, however, by any person who is an affiliate of Columbia Bancorp at the time the merger is submitted for a vote of the Columbia Bancorp stockholders will, under existing law, require:

- the further registration under the Securities Act of the Fulton stock to be transferred;
- compliance with Rule 145 promulgated under the Securities Act, which permits sales under certain circumstances; or
- the availability of another exemption from registration.

Each director and executive officer of Columbia Bancorp is expected to 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.

Dividend Reinvestment Plan

Fulton currently maintains a stockholder dividend reinvestment plan. This plan provides stockholders 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 stockholders of Columbia Bancorp who become stockholders of Fulton will be eligible to participate in this plan.

Table of Contents

Financial Interests of Management in the Merger

When you are considering the recommendation of Columbia Bancorp s board of directors with respect to approving the merger agreement and the merger, you should be aware that Columbia Bancorp directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as stockholders of Columbia Bancorp. The Columbia Bancorp 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 Columbia Bancorp hold options to purchase approximately 429,305 shares of Columbia Bancorp 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 Effect of the Merger Stock Options on page 40. In addition, all Columbia Bancorp options subject to vesting will immediately vest, in full, upon closing of the merger.

Employment Agreements

In connection with the merger agreement, Columbia Bancorp, The Columbia Bank, Fulton and each of Messrs. Bond and Scaldara entered into employment agreements. The employment agreements become effective on the effective date of the merger and, until effective, Messrs. Bond and Scaldara remain subject to existing employment agreements with Columbia Bancorp. Following the merger, Mr. Bond will be Chairman and Chief Executive Officer of The Columbia Bank and Mr. Scaldara will be President and Chief Operating Officer of The Columbia Bank. Each will be entitled to an annual base salary and to participate in The Columbia Bank s incentive compensation plans. The Columbia Bank has also agreed to pay a portion of the change in control payment that each of Messrs. Bond and Scaldara would otherwise have been entitled to receive under his existing agreement with The Columbia Bank, with half of this amount payable on the effective date of the merger and half payable six months thereafter. If The Columbia Bank terminates either of Messrs. Bond or Scaldara s employment without cause (as defined in the respective employment agreement) or if either of them terminates his employment for good reason (as defined in the respective employment agreement), the terminated person will be entitled to receive his base salary and incentive compensation for a period of three years and to receive all employee benefits that he was receiving prior to termination of employment during such three year period, subject to certain minimum payment amounts. Mr. Scaldara is also entitled to certain excise tax gross-up payments with respect to payments under his employment agreement. In addition, upon a change in control, all option grants and shares of restricted stock held by Messrs. Bond and Scaldara shall immediately become fully vested and exercisable. Each of Messrs. Bond and Scaldara will be subject to certain confidentiality and non-competition and non-solicitation provisions.

Indemnification and Insurance

The merger agreement provides that Fulton shall indemnify and hold harmless each present and former director, officer and employee of Columbia Bancorp or a Columbia Bancorp 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 Columbia Bancorp or any of its subsidiaries.

In addition, the merger agreement provides that Fulton shall maintain tail coverage for Columbia Bancorp 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 six years following the effective time of the merger. Fulton may, however, substitute new policies in lieu of Columbia Bancorp 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.

Table of Contents

Directors Fees

Certain of Columbia Bancorp s and The Columbia Bank s current directors will serve in one or more of the following capacities after the effective date of the merger:

One Columbia Bancorp director, John M. Bond, Jr., will serve as director of Fulton; and

All directors of The Columbia Bank will continue to serve as directors of The Columbia Bank.

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 in effect from time to time, subject to restrictions set forth on the merger agreement, for a period of three years. The fees payable to each non-employee director are $425 per meeting. Chairmen of committees of The Columbia Bank s board of directors receive an additional $125 per meeting.

Other than as set forth above, no director or executive officer of Columbia Bancorp has any direct or indirect material interest in the merger, except insofar as ownership of Columbia Bancorp 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 67 and Incorporation By Reference on page 67.

Adoption of SFAS 123R

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123R, Share-Based Payments . Statement 123R is a revision to the original Statement 123 which disallows the APB 25 method of accounting for stock options and requires public companies to recognize compensation expense related to stock-based compensation in their income statements. Companies can adopt Statement 123R using either modified prospective application or modified retrospective application . Modified retrospective application also results in restatement of prior period results, based on the amounts previously disclosed in prior period financial statements.

The effective date of Statement 123R was originally the beginning of the first fiscal quarter after June 15, 2005. In April 2005, the SEC delayed the effective date to the beginning of the first fiscal year after June 15, 2005, or January 1, 2006 for Fulton. Early adoption is permissible. Fulton expects to adopt the provisions of Statement 123R in 2005, using modified retrospective application.

The financial information presented in this Registration Statement and incorporated by reference to previous filings with the SEC has not been restated for SFAS 123R. It has not been restated as Fulton s first filing subsequent to adoption of SFAS 123R under the 1934 Act is not expected to be made until subsequent to the effective date of this Registration Statement.

To understand the expected impact of restatement for SFAS 123R, the reader should reference the footnotes to consolidated financial statements for Fulton s 2004 Form 10-K, which is incorporated by reference. For 2004, the impact on diluted net income per share was a reduction of approximately $0.02 (restated for the impact of the stock dividend issued in 2005). Implementation of SFAS 123R is a complex process and the actual impact of a restatement may vary.

Table of Contents

Market Price of and Dividends on Fulton Common Stock and Related Shareholder Matters

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.

	Price Range Per Share		Per Share Dividend
	High	Low	
2005			
Fourth Quarter (through October 24, 2005)	$16.91	$15.61	$ 0.145
Third Quarter	18.90	16.20	0.145
Second Quarter	18.00	16.46	0.145
First Quarter	18.82	16.80	0.132
2004			
Fourth Quarter	18.88	16.84	0.132
Third Quarter	17.52	16.00	0.132
Second Quarter	17.31	15.31	0.132
First Quarter	17.36	15.89	0.122
2003			
Fourth Quarter	16.76	15.05	0.122
Third Quarter	16.38	14.66	0.122
Second Quarter	16.00	13.61	0.122
First Quarter	13.86	12.71	0.109

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 67.

On July 26, 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:	$18.63
Low:	$18.40
Last Sales price:	$18.49

On October 24, 2005, 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:	$16.45
Low:	$16.20
Last Sales price:	$16.42

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.

Table of Contents

Insofar as indemnification for liabilities arising under the Securities Act 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 SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Description of Fulton Financial Common Stock

General

The authorized capital of Fulton consists exclusively of 600 million shares of common stock, par value $2.50 per share, and 10 million shares of preferred stock, without par value. As of June 30, 2005, there were issued and outstanding approximately 152,956,077 shares of Fulton common stock, which shares were held by 19,843 owners of record, and there were 5,942,926 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:

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
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 Commissioner of Financial Regulation) 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 s 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

Table of Contents

New Jersey Banks	The Bank, Skylands Community Bank, First Washington State Bank, Somerset Valley 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 earning

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, First Washington State Bank and Somerset Valley Bank), the Federal Reserve Board (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 Office of the Comptroller of the Currency (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 and is also subject to similar requirements under state securities laws. Fulton s common stock is registered with the SEC under Section 12(g) of the Securities Exchange Act of 1934, as amended, or the 1934 Act, and Fulton is subject to the periodic reporting, proxy solicitation and insider trading requirements of the 1934 Act. The executive officers, directors and 10% 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 C Rule 144 promulgated under the Securities Act, (ii) in compliance with the provisions of another applicable exemption from the registration requirements of the Securities Act, or (iii) pursuant to an effective registration statement filed with the SEC under the Securities Act.

Anti-takeover Provisions

The Amended and Restated Articles of Incorporation and Bylaws of Fulton include certain provisions which may be considered to be anti-takeover 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 by providing a measure of assurance that Fulton s shareholders will be treated fairly in the event of an unsolicited takeover bid

57

Table of Contents

and by preventing a successful takeover bidder from exercising its voting control to the detriment of the other shareholders. However, the anti-takeover provisions set forth in the Amended and Restated 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 Amended and Restated Articles of Incorporation of Fulton which may be considered to be anti-takeover 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 Amended and Restated Articles of Incorporation.

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

- a provision that limits the permissible number of directors;
- 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 1934 Act, Fulton is subject to, and may take advantage of the protections of, the anti-takeover provisions of the Pennsylvania Business Corporation Law of 1988, as amended. These anti-takeover 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

Table of Contents

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 anti-takeover provisions of the Pennsylvania corporate law. Fulton has not elected to opt out of any of the protections provided by the anti-takeover 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 Columbia Bancorp s stockholders in the merger, also represent one right pursuant to the terms of the shareholder rights 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 stockholders of Columbia Bancorp.

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

INFORMATION ABOUT COLUMBIA BANCORP

As permitted by the rules of the SEC, financial and other information relating to Columbia Bancorp, including information relating to Columbia Bancorp s directors and executive officers, is incorporated herein by reference. See Where You Can Find More Information on page 67 and Incorporation By Reference on page 68. A copy of Columbia Bancorp s 10-K for the year ended December 31, 2004 is incorporated herein by reference.

General

Columbia Bancorp is a Maryland corporation and a registered bank holding company headquartered in Columbia, Maryland. Columbia Bancorp is the holding company for The Columbia Bank, a Maryland state chartered commercial bank. The bank is a full service commercial bank, providing a wide range of business and consumer financial services through 24 branch offices that span from the Washington, D.C. area to northeast of Baltimore, Maryland. In addition to The Columbia Bank, Columbia Bancorp has the following wholly-owned subsidiaries:

Table of Contents

- § Columbia Bancorp Statutory Trust I, Columbia Bancorp Statutory Trust II and Columbia Bancorp Statutory Trust III, each of which has issued trust preferred securities.

In addition, The Columbia Bank has the following wholly-owned subsidiaries:

- § McAlpine Enterprises, Inc, Howard I, LLC and Howard II, LLC, which are inactive, but have been used primarily to manage properties acquired through foreclosure; and

- § Columbia Leasing, Inc., which is an inactive commercial leasing company.

Columbia Bancorp had approximately $1.28 billion in assets and $976 million in deposits at June 30, 2005. On June 30, 2005, The Columbia Bank employed 309 full-time and 76 part-time employees throughout its branch offices.

Market Price of and Dividends on Columbia Bancorp Common Stock and Related Stockholder Matters

The Columbia Bancorp common stock trades on the NASDAQ National Market under the symbol CBMD . As of October 24, 2005, there were 6,938,867 shares of Columbia Bancorp common stock issued and outstanding, held by approximately 752 stockholders of record. The following table sets forth the high and low sale prices for shares of Columbia Bancorp 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 Dividend
	High	Low	
2005			
Fourth Quarter (through October 24, 2005)	$ 40.54	$ 38.48	$ .170
Third Quarter	42.19	34.85	.170
Second Quarter	36.96	30.21	.170
First Quarter	35.49	31.30	.170
2004			
Fourth Quarter	$ 37.49	$ 28.25	$ .170
Third Quarter	30.10	26.50	.150
Second Quarter	32.00	28.05	.150
First Quarter	32.86	29.00	.150
2003			
Fourth Quarter	$ 32.49	$ 27.21	$ .150
Third Quarter	29.67	23.96	.125
Second Quarter	26.00	22.41	.125
First Quarter	25.32	21.35	.125

The merger agreement restricts the amount of dividends that Columbia Bancorp may pay as described under the heading The Merger Dividends on page 42.

On July 26, 2005, the last full trading day prior to public announcement of the proposed merger, the high, low and last sales price of Columbia Bancorp common stock were as follows:

High:	$ 37.47
Low:	$ 36.82
Last Sales Price:	$ 37.25

Table of Contents

On October 24, 2005, the most recent practicable date prior to the printing of this document, the high, low and last sales price of Columbia Bancorp common stock were as follows:

High:	$40.00
Low:	$39.62
Last Sales Price:	$40.00

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

COMPARISON OF STOCKHOLDER RIGHTS

If Fulton and Columbia Bancorp complete the merger, stockholders of Columbia Bancorp automatically will become shareholders of Fulton, and their rights as shareholders will thereafter be determined by the Pennsylvania Business Corporation Law of 1988, as amended, and by Fulton s Amended and Restated 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 Columbia Bancorp common stock. These differences arise from differing provisions of the charter and bylaws of Fulton and Columbia Bancorp, differences in Maryland and Pennsylvania corporate law and from the existence of Fulton s Shareholder Rights Plan.

	COLUMBIA BANCORP	FULTON
Title	Common Stock, $0.01 par value per share	Common Stock, $2.50 par value per share
Shares Authorized	Columbia Bancorp s charter authorizes issuance of up to 10,000,000 shares of capital stock, $0.01 par value per share, all of which are classified as Common Stock . Columbia Bancorp s charter provides that the board of directors has the power to classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock.	Fulton s charter authorizes issuance of up to 600,000,000 shares of common stock, par value $2.50 per share.
Shares Issued & Outstanding	6,938,276 shares, as of September 30, 2005	156,953,150 shares, as of September 30, 2005
Preemptive Rights	No	No
Classification of board of directors	Columbia Bancorp s bylaws provide that the board of directors shall be divided into three classes as nearly equal in number as possible, with each class serving a three year term.	Fulton s bylaws provide that the board of directors shall be divided into three classes as nearly equal as possible with each class serving a three year term.
Voting: Election and Removal of Directors	Columbia Bancorp s bylaws provide that a plurality of all the votes cast at a meeting of stockholders at which a quorum is present is sufficient to elect a director. There is no cumulative voting.	Fulton s bylaws provide that a plurality of all the votes cast at a meeting of stockholders at which a quorum is present is sufficient to elect a director. There is no cumulative voting. Fulton s articles of incorporation provide that,

61

Table of Contents

COLUMBIA BANCORP		FULTON
Columbia Bancorp s charter provides that, subject to the rights of the holders of any class separately entitled to elect one or more directors, any director or the entire board of directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of the holders of at least 80% of the combined voting power of all classes of shares of capital stock entitled to vote in the election of directors.	s	