

SHORE BANCSHARES INC  
Form 4  
December 08, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
CANNON DANIEL T

2. Issuer Name and Ticker or Trading Symbol  
SHORE BANCSHARES INC  
[SHBI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
P.O. BOX 566  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/07/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Executive Vice President

CENTREVILLE, MD 21617

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	12/07/2006		M	V	\$ 420	A	8,437
					13.17		D
Common Stock	12/07/2006		M	V	\$ 250 <sup>(1)</sup>	A	8,687
					21.33 <sup>(1)</sup>		D
Common Stock	12/07/2006		M	V	\$ 750 <sup>(1)</sup>	A	9,437
					14 <sup>(1)</sup>		D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form**

SEC 1474  
(9-02)

displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option	\$ 21.33 <sup>(2)</sup>	12/07/2006		M	250 <sup>(2)</sup>	01/31/2000 <sup>(3)</sup> 01/31/2009	Common Stock	250
Stock Option	\$ 14 <sup>(4)</sup>	12/07/2006		M	750 <sup>(4)</sup>	01/31/2001 <sup>(5)</sup> 01/31/2010	Common Stock	750
Stock Option	\$ 13.17	12/07/2006		M	420	05/09/2003 <sup>(6)</sup> 05/09/2012	Common Stock	420

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CANNON DANIEL T P.O. BOX 566 CENTREVILLE, MD 21617		X	Executive Vice President	

## Signatures

By: /s/ Daniel T. Cannon  
12/07/2006  
Date

\*\*Signature of Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This amount has been adjusted to reflect the 3-for-2 stock split in the form of a stock dividend that was payable on June 5, 2006 to holders of record on May 22, 2006.
- (2) This option was previously reported as covering 500 shares at an exercise price of \$32.00 per share, but was adjusted to cover 750 shares at an exercise price of \$21.33 per share effective May 22, 2006 pursuant to the anti-dilution provisions of the underlying stock option plan to reflect the 3-for-2 stock split in the form of a stock dividend that is payable to holders of record as of May 22, 2006.

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- (3) 20% vest each January 31, beginning January 31, 2000

This option was previously reported as covering 500 shares at an exercise price of \$21.00 per share, but was adjusted to cover 750 shares

- (4) at an exercise price of \$14.00 per share effective May 22, 2006 pursuant to the anti-dilution provisions of the underlying stock option plan to reflect the 3-for-2 stock split in the form of a stock dividend that is payable to holders of record as of May 22, 2006.
- (5) 20% vest each January 31, beginning January 31, 2001
- (6) 20% vest each May 9, beginning May 9, 2003

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.