

SHORE BANCSHARES INC  
Form 4  
August 01, 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 \*  
**BROWNAWELL CAROL I**

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)  
**18 E. DOVER STREET**  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**07/31/2006**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Secretary

**EASTON, MD 21601**

(City) (State) (Zip)

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

**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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common Stock                    | 07/31/2006                           |  | M                              |   | 100   | A  | \$ 18.47                          |
|                                 |                                      |  |                                |   |   |  | 1,727 <sup>(1)</sup>              |
| Common Stock                    | 07/31/2006                           |  | M                              |   | 38  | A  | \$ 13.17                          |
|                                 |                                      |  |                                |   |   |  | 1,765 <sup>(1)</sup>              |

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

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**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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Employee Stock Purchase Plan Option        | \$ 18.47<br>(2)  | 07/31/2006                           |  | M                              | 100<br>(2)  | 01/31/2006 04/30/2008                                    | Common Stock  | 100                        |
| Stock Option                               | \$ 13.17<br>(3)  | 07/31/2006                           |  | M                              | 38<br>(3)   | 05/09/2003(4) 05/09/2012                                 | Common Stock  | 38                         |

## Reporting Owners

| Reporting Owner Name / Address                               | Relationships |           |           |       |
|--|---------------|-----------|-----------|-------|
|  | Director      | 10% Owner | Officer   | Other |
| BROWNAWELL CAROL I<br>18 E. DOVER STREET<br>EASTON, MD 21601 |               |           | Secretary |       |

## Signatures

By: /s/ Carol I. Brownawell 07/31/2006

\*\*Signature of Reporting Person Date

## 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 is payable on June 5, 2006 to holders of record on May 22, 2006.
  - (2) This option was previously reported as covering 95 shares at an exercise price of \$27.70 per share, but was adjusted to cover 142 shares at an exercise price of \$18.47 per share effective May 22, 2006 pursuant to the anti-dilution provisions of the underlying employee stock purchase plan to reflect the 3-for-2 stock split in the form of a stock dividend that was payable to holders of record as of May 22, 2006.
  - (3) This option was previously reported as covering 789 shares at an exercise price of \$19.75 per share, but was adjusted to cover 1,183 shares at an exercise price of \$13.17 per share effective May 22, 2006 pursuant to the anti-dilution provisions of the underlying stock

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option plan to reflect the 3-for-2 stock split in the form of a stock dividend that was payable to holders of record as of May 22, 2006.

(4) 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.

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