

SHORE BANCSHARES INC  
Form 8-K  
September 25, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): September 21, 2015 (September 25, 2015)

**SHORE BANCSHARES, INC.**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

0-22345

(Commission file number)

52-1974638

(IRS Employer Identification No.)

28969 Information Lane, Easton, Maryland 21601

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (410) 763-7800

N/A

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On September 21, 2015, Shore Bancshares, Inc. (the “Company”) entered into an amended and restated employment agreement with Mr. Lloyd L. Beatty, Jr., President and Chief Executive Officer (the “Employment Agreement”). The description of this Employment Agreement contained herein is not complete and is qualified in its entirety by reference to the full text of the Employment Agreement, a copy of which is filed as Exhibits 10.1 to this Form 8-K and is incorporated into this Item 5.02 by reference.

The Employment Agreement for Mr. Beatty provides that he will serve as the Company’s President and Chief Executive Officer, and entitles him to receive an annual base salary of \$355,350 subject to periodic review and adjustment. In addition, Mr. Beatty is entitled to: (i) participate in our bonus plans; (ii) receive employee benefits of the type offered by the Company and its affiliates to similarly-situated officers, including vacation, sick leave and disability leave; (iii) receive fringe benefits of the type customarily made available by the Company to its officers; and (iv) be reimbursed for employment-related expenses.

The Employment Agreement has a twelve month term, which will automatically renew for successive 12-month terms unless a party notifies the other party at least sixty (60) days prior to the end of the then-current term of its or his decision not to renew the Employment Agreement. The term of Mr. Beatty’s employment under his Employment Agreement may be terminated at any time and for any reason by either the Company or Mr. Beatty (upon 30 days’ prior written notice), and it will automatically terminate upon Mr. Beatty’s death.

Generally, the Company’s obligations to Mr. Beatty under his Employment Agreement will be suspended if any regulatory agency with jurisdiction over the Company temporarily prohibits his continued employment. If such regulator’s charges are later dismissed, then the Company must reinstate Mr. Beatty and pay him all compensation that was withheld during the suspension.

Upon the termination of his employment, Mr. Beatty is entitled to receive all unpaid base salary that has accrued through the date of termination, all bonus awards (prorated through the last day of the month in which termination occurs) that he would have received had he remained employed when bonuses are next declared or paid on a pro rata basis provided any applicable performance goals are satisfied, and reimbursement of all unreimbursed expenses, all of which must be paid no later than the last day of the calendar quarter in which the termination occurs. In addition, all unexercised or unvested equity awards, or portions thereof, held by Mr. Beatty as of the date of termination shall vest or terminate and be exercisable in accordance with their terms.

If Mr. Beatty's employment is terminated without "Cause" (as defined in the Employment Agreement) prior to the expiration of the term of his Employment Agreement, then, except in the case of termination following a "Change in Control" of the Company, he will additionally be entitled to receive severance ("Severance") in the form of continued base salary (at the then-current level) for a period of 24 months following the date of termination (the "Severance Period"). The Employment Agreement provides that the first Severance payment will be made on the first regular payroll date that occurs on or after the 60<sup>th</sup> day following the termination of employment, provided that Mr. Beatty has executed and delivered a release of claims and the statutory period during which he may revoke that release has expired on or before that 60<sup>th</sup> day.

In lieu of Severance, the Employment Agreement provides for the payment of a Change in Control benefit (the “CiC Benefit”) should the Company terminate Mr. Beatty’s employment without Cause within 12 months of a Change in Control of the Company. In this case, Mr. Beatty will be entitled to receive an amount equal to the difference between (i) the product of 2.99 times the officer’s “base amount” as defined in Section 280G(b)(2) of the Internal Revenue Code (the “Code”) and (ii) the sum of any other parachute payments as defined under Section 280G(b)(2) of the Code that the officer receives on account of the Change in Control. The CiC Benefit will be paid in one lump sum on the 60<sup>th</sup> day following termination of employment, provided that Mr. Beatty has executed and delivered a release of claims and the statutory period during which he may revoke that release has expired on or before that 60<sup>th</sup> day.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The exhibits that are filed or furnished with this report are listed in the Exhibit Index that immediately follows the signatures hereto, which list is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHORE BANCSHARES, INC.

Dated: September 25, 2015 By: /s/ Lloyd L. Beatty, Jr.  
Lloyd L. Beatty, Jr.  
President and Chief Executive Officer

**EXHIBIT INDEX**

Exhibit

NumberDescription

10.1 Amended and Restated Employment Agreement, dated September 21, 2015, between Shore Bancshares, Inc. and Lloyd L. Beatty, Jr.