

VERMILYE W MOORHEAD
 Form 4
 July 03, 2008

FORM 4

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

OMB APPROVAL

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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 *
VERMILYE W MOORHEAD

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)
07/02/2008

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

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) | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-------------|
| | | | | (A) or (D) Code V | Amount | Price | | |
| Common Stock | 07/02/2008 | | M | 4,500 | A | \$ 13.17 | 162,856 | D |
| Common Stock | | | | | | | 2,958 | I By Spouse |

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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Stock Option | \$ 13.17 <u>(1)</u> | 07/02/2008 | | M | 4,500 <u>(1)</u> | 05/09/2003 ⁽²⁾ 05/09/2012 | Common Stock 4,500 <u>(1)</u> |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------|-------|
| | Director | 10% Owner | Officer | Other |
| VERMILYE W MOORHEAD 18 E. DOVER STREET EASTON, MD 21601 | X | | President | |

Signatures

By: /s/ W. Moorhead 07/03/2008
Vermilye

__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).

This option was previously reported as covering 3,000 shares at an exercise price of \$19.75 per share, but was adjusted to cover 4,500 shares at an exercise price of \$13.17 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 was paid to holders of record as of May 22, 2006.

(2) 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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