

EAGLE BANCORP INC  
Form 424B3  
July 28, 2008

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On December 2, 2007, Eagle Bancorp, Inc. and Fidelity & Trust Financial Corporation entered into an Agreement and Plan of Merger pursuant to which Fidelity will be merged into Woodmont Holdings, Inc., a newly formed wholly owned subsidiary of Eagle, and shares of Fidelity common stock will be converted into shares of Eagle common stock. Shareholders of Fidelity are being asked to approve the merger and the merger agreement at a special meeting of Fidelity shareholders to be held on August 26, 2008. Eagle shareholders are being asked to approve the issuance of shares of Eagle common stock in connection with the merger at a special meeting of Eagle shareholders to be held on August 27, 2008.

As a result of the merger, each share of Fidelity common stock, other than those shares as to which an objecting shareholder's right to demand and receive the payment of fair value have been properly exercised, will be converted into shares of Eagle common stock. The initial conversion ratio set forth in the merger agreement was 0.9202 shares of Eagle common stock for each share of Fidelity common stock, subject to reduction in accordance with the merger agreement. See "The Merger Merger Consideration at page 30 for a discussion of factors which could result in a reduction of the conversion ratio. If the merger had been completed as of March 31, 2008, then based on a preliminary, partial and estimated application of the adjustment provisions of the merger agreement, the conversion ratio would have been 0.6867 shares of Eagle common stock for each share of Fidelity common stock. The actual conversion ratio may be higher or lower than the estimated adjusted conversion ratio as of March 31, 2008. Based on the number of shares of Fidelity common stock outstanding as of July 25, 2008, and assuming no options to acquire Fidelity common stock are exercised, Eagle will issue approximately 3,871,296 shares of Eagle common stock, or approximately 28% of the outstanding shares of Eagle common stock in connection with the merger, based on the initial conversion ratio of 0.9202, and approximately 2,888,958 shares of Eagle common stock, or approximately 23% of the outstanding shares of Eagle common stock following the merger, based on the estimated adjusted conversion ratio of 0.6867 as of March 31, 2008. Each outstanding and unexercised option to acquire Fidelity common stock will be assumed by Eagle and converted into an option to acquire Eagle common stock. The price at which each converted option will be exercisable will be the current exercise price divided by the conversion ratio, rounded to the next higher whole cent. No fractional shares of Eagle common stock will be issued in connection with the merger. Outstanding shares of Eagle common stock will not be changed as a result of the merger. Eagle and Fidelity are sending you this Joint Proxy Statement/Prospectus to ask you to vote on these matters.

**The board of directors of Fidelity has unanimously approved the merger and the merger agreement and recommends that Fidelity shareholders vote "FOR" the merger and the merger agreement. The board of directors of Eagle has unanimously approved the merger and the merger agreement and recommends that the shareholders of Eagle vote "FOR" the issuance of shares of Eagle common stock in connection with the merger.** The merger is subject to the receipt of regulatory approvals and to the receipt of the shareholder approvals being sought at the special meetings of Eagle and Fidelity shareholders, as well as the satisfaction of other conditions set forth in the merger agreement.

Please carefully review this joint proxy statement/prospectus in its entirety, as it provides detailed information about the merger and the proposals being presented at the meetings, and contains important information about Fidelity and Eagle. **In particular, you should review the information under "Risk Factors" at page 16.**

Directors and executive officers of Fidelity owning or controlling approximately 31.4% of the outstanding shares of Fidelity common stock as of the record date for the Fidelity special meeting have entered into agreements in which they have agreed to vote all of such shares in favor of the proposal to approve the merger and the merger agreement. Directors of Eagle and its wholly owned subsidiary, EagleBank, owning or controlling approximately 26.2% of the outstanding shares of Eagle common stock as of the record date for the Eagle special meeting have indicated their intention to vote in favor of the proposal approving the issuance of shares of Eagle common stock in connection with the merger.

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Eagle common stock is listed under the symbol "EGBN" on The NASDAQ Capital Market. On November 30, 2007, the last trading day before the public announcement of the merger agreement, Eagle's closing price was \$12.51 per share, and on July 23, 2008, the last trading day before the date of this joint proxy statement/prospectus, Eagle's closing price was \$8.04 per share. You should obtain current market quotations for Eagle common stock. There is no public market for Fidelity common stock.

**YOUR VOTE IS IMPORTANT. The merger cannot be completed unless Eagle's shareholders approve the issuance of shares of Eagle common stock in connection with the merger and Fidelity shareholders approve the merger and the merger agreement. Whether or not you plan to attend your special meeting, please complete, date, sign and return promptly your proxy card in the enclosed postage pre-paid envelope. Abstentions and failures to vote, including by failing to instruct your broker how to vote, will have the same effect as votes against the proposal to approve the merger and the merger agreement at the Fidelity meeting.**

We are very enthusiastic about the merger and thank you for your continued support.

Sincerely,

Susan B. Hepner  
Board Chair  
Fidelity & Trust Financial Corporation

Ronald D. Paul  
President, Chief Executive Officer and Chairman  
Eagle Bancorp, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this joint proxy statement/prospectus, or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**Shares of Eagle common stock are not savings or deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

**This joint proxy statement/prospectus is dated July 25, 2008, and is first being mailed to shareholders of Fidelity on or about July 29, 2008, and is first being mailed to shareholders of Eagle on or about July 29, 2008.**

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**EAGLE BANCORP, INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
Wednesday, August 27, 2008**

To the Shareholders of Eagle Bancorp, Inc.:

Eagle Bancorp, Inc. will hold a special meeting of shareholders on Wednesday, August 27, 2008 at 10:00 A.M. local time, at The Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Maryland, for the following purposes:

- (1) To consider and vote upon a proposal to approve the issuance of up to a maximum of 4,338,363 shares of Eagle common stock in connection with a proposed merger pursuant to which Fidelity & Trust Financial Corporation will be merged into a wholly owned subsidiary of Eagle.
- (2) To consider and vote upon a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares in connection with the merger.
- (3) To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

We have fixed the close of business on July 17, 2008 as the record date for determining those Eagle shareholders entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting. If your shares are not registered in your own name, you will need additional documentation from your recordholder in order to vote in person at the meeting.

Holders of Eagle common stock do not have the right under Maryland law to demand and receive the fair value of their shares, as a result of the merger or the issuance of shares in connection with the merger.

We cannot complete the merger unless the proposed issuance of shares of Eagle common stock to Fidelity shareholders on the terms and conditions set out in the merger agreement is approved by the affirmative vote of a majority of the shares of Eagle common stock voting on the issuance. The joint proxy statement/prospectus accompanying this notice explains the merger and the merger agreement, the proposals to be considered at the Eagle special meeting and specific information concerning the Eagle special meeting. Please review this joint proxy statement/prospectus carefully.

**The Eagle board of directors believes that the proposal to issue shares of Eagle common stock to Fidelity shareholders on the terms and conditions set forth in the merger agreement is in the best interests of Eagle and its shareholders, has unanimously approved the proposal and recommends that Eagle shareholders vote "FOR" approval of the issuance of shares.**

The joint proxy statement/prospectus follows this notice, and a proxy card is enclosed. To ensure that your vote is counted, please complete, sign, date and return the proxy card in the enclosed, postage-paid return envelope, whether or not you plan to attend the meeting in person. If you attend the meeting, you may revoke your proxy and vote your shares in person. However, attendance at the meeting will not of itself revoke a proxy.

By Order of the Board of Directors

Ronald D. Paul  
*President, Chief Executive Officer and Chairman*

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July 29, 2008

**Please complete and sign the enclosed proxy and return it promptly in the envelope provided, whether or not you plan to attend the meeting.**

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**FIDELITY & TRUST FINANCIAL CORPORATION**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
Tuesday, August 26, 2008**

To the Shareholders of Fidelity & Trust Financial Corporation:

Fidelity & Trust Financial Corporation will hold a special meeting of shareholders on Tuesday, August 26, 2008 at 10:00 A.M. local time, at 2445 M Street, NW, Washington, DC, 20037, for the following purposes:

- (1) To consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated as of December 2, 2007, among Eagle Bancorp, Inc., Woodmont Holdings, Inc., Fidelity and Fidelity & Trust Bank, pursuant to which Fidelity will merge with and into Woodmont, with Woodmont as the surviving corporation, upon the terms and subject to the conditions set forth in the merger agreement. As a result of the merger, each share of Fidelity common stock will be automatically converted into and exchangeable for the right to receive 0.9202 shares of Eagle common stock, subject to reduction as provided in the merger agreement. Cash will be paid in lieu of fractional shares. A copy of the merger agreement is attached as Exhibit A to the joint proxy statement/prospectus.
- (2) To consider and vote upon a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger and the merger agreement.
- (3) To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

We have fixed the close of business on July 25, 2008 as the record date for determining those Fidelity shareholders entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting. If your shares are not registered in your own name, you will need additional documentation from your recordholder in order to vote in person at the meeting.

Fidelity shareholders have the right to assert rights as an objecting shareholder with respect to the merger and demand in writing that the surviving corporation in the merger pay the fair value of their shares of Fidelity common stock under applicable provisions of Maryland law. In order to exercise and perfect these rights, Fidelity shareholders must give written notice of their intent to demand payment for their shares to Fidelity before voting on the merger at the special meeting and must not vote in favor of or consent to the merger. A copy of the applicable Maryland statutory provisions is included as Appendix D of the attached joint proxy statement/prospectus, and a summary of these provisions can be found under the section entitled "The Merger Dissenters' Rights" at page 71 of the attached joint proxy statement/prospectus.

We cannot complete the merger unless the merger and the merger agreement are approved by the affirmative vote of two-thirds of the outstanding shares of Fidelity common stock entitled to vote at the Fidelity special meeting. The joint proxy statement/prospectus accompanying this notice explains the merger and the merger agreement, the proposals to be considered at the Fidelity special meeting and specific information concerning the Fidelity special meeting. Please review this joint proxy statement/prospectus carefully.

**The Fidelity board of directors has unanimously determined that the merger and the other transactions contemplated by the merger agreement are in the best interests of Fidelity and its shareholders, has adopted the merger agreement and recommends that Fidelity shareholders vote "FOR" approval of the merger and the merger agreement.**

The joint proxy statement/prospectus follows this notice, and a proxy card is enclosed. To ensure that your vote is counted, please complete, sign, date and return the proxy card in the enclosed, postage-paid

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return envelope, whether or not you plan to attend the meeting in person. If you attend the meeting, you may revoke your proxy and vote your shares in person. However, attendance at the meeting will not of itself revoke a proxy. If you should have any questions about voting, please call our proxy solicitor, Laurel Hill Advisory Group at (888) 742-1305.

By Order of the Board of Directors

J. Mercedes Alvarez, *Secretary*

July 29, 2008

**Please complete and sign the enclosed proxy and return it promptly in the envelope provided, whether or not you plan to attend the meeting.**

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## TABLE OF CONTENTS

	<u>Page</u>
ADDITIONAL INFORMATION	1
QUESTIONS AND ANSWERS ABOUT THE MEETINGS AND THE MERGER	2
SUMMARY	6
RISK FACTORS	16
SELECTED CONSOLIDATED FINANCIAL DATA	18
FIDELITY & TRUST FINANCIAL CORPORATION	19
COMPARATIVE PER SHARE DATA	20
COMPARATIVE STOCK PRICES AND DIVIDENDS	22
FORWARD-LOOKING STATEMENTS	23
THE MEETINGS	24
THE MERGER	30
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION	73
UNAUDITED PRO FORMA COMBINED BALANCE SHEET	74
UNAUDITED PRO FORMA COMBINED INCOME STATEMENT	75
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION	80
INFORMATION ABOUT EAGLE	84
INFORMATION ABOUT FIDELITY	88
COMPARATIVE RIGHTS OF SHAREHOLDERS	141
LEGAL MATTERS	144
EXPERTS	144
WHERE YOU CAN FIND MORE INFORMATION	145
COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES	146
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (UNAUDITED) AND THE YEARS ENDED DECEMBER 31, 2007 AND 2006, AND INDEPENDENT AUDITORS' REPORT	F-1
APPENDIX A AGREEMENT AND PLAN OF MERGER	A-1
APPENDIX B OPINION OF MILESTONE ADVISORS, LLC	B-1
APPENDIX C OPINION OF SANDLER O'NEILL & PARTNERS, L.P.	C-1
APPENDIX D SECTIONS 3-201 to 3-213 OF THE MARYLAND GENERAL CORPORATION LAW	D-1
PART II: INFORMATION NOT REQUIRED IN PROSPECTUS	II-1
EXHIBITS	

**ADDITIONAL INFORMATION**

This document is the joint proxy statement of Eagle Bancorp, Inc. and Fidelity & Trust Financial Corporation for their respective special meetings of shareholders. This document is also the prospectus of Eagle Bancorp for the shares of Eagle common stock to be issued in connection with the merger. This joint proxy statement/prospectus incorporates important business and financial information about Eagle from documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from Eagle at 7815 Woodmont Avenue, Bethesda, Maryland 20814, Attention: Michael T. Flynn, Executive Vice President, 301.986.1800.

If you would like additional copies of this joint proxy statement/prospectus, please contact Computershare Investor Services, toll-free at 877-282-1168.

**If you would like to request documents, please do so by August 18, 2008 in order to receive them before the special meeting.**

See "Where You Can Find More Information" at page 145 for further information.



**QUESTIONS AND ANSWERS ABOUT THE MEETINGS AND THE MERGER**

*Q: Why am I receiving this joint proxy statement/prospectus?*

A: You are receiving this joint proxy statement/prospectus because you are a shareholder of either Eagle or Fidelity as of the respective record dates for the Eagle and Fidelity special meetings of shareholders. This joint proxy statement/prospectus is being used by the boards of directors of Eagle and Fidelity to solicit your proxy for use at the special meetings. This joint proxy statement/prospectus also serves as the prospectus for shares of Eagle common stock to be issued in exchange for shares of Fidelity common stock in connection with the merger.

**The Merger and the Special Meetings of Shareholders**

*Q: What matters will be considered at the Fidelity special meeting of shareholders?*

A: At the special meeting of shareholders of Fidelity & Trust Financial Corporation, Fidelity shareholders will be asked to vote on: (1) the Agreement and Plan of Merger among Eagle Bancorp, Inc., Woodmont Holdings, Inc., a wholly owned subsidiary of Eagle, Fidelity and Fidelity & Trust Bank, under which Fidelity will merge with and into Woodmont, with Woodmont surviving the merger, and (2) a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the agreement and plan of merger and the merger contemplated thereby. The Agreement and Plan of Merger and the merger contemplated thereby are referred to in this joint proxy statement/prospectus as the "merger agreement" and "merger," respectively. The merger agreement is included with this joint proxy statement/prospectus as Appendix A.

*Q: What matters will be considered at the Eagle special meeting of shareholders?*

A: At the special meeting of shareholders of Eagle, Eagle shareholders will be asked to vote on: (1) the issuance of up to a maximum of 4,338,363 shares of Eagle common stock to Fidelity shareholders in connection with the merger; and (2) a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares. As Fidelity will be merged into Woodmont, and not into Eagle, Eagle shareholders are not required to vote on or approve the merger. However, because more than 20% of the outstanding shares of Eagle common stock are proposed to be issued in connection with the merger, Eagle shareholders are required to approve the issuance of shares to Fidelity shareholders under the listing requirements of The NASDAQ Capital Market.

*Q: What shareholder vote is necessary?*

A: At the Fidelity meeting, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Fidelity common stock is required to approve the merger agreement and the merger, and the affirmative vote of a majority of the shares present or represented at the special meeting is required to approve the proposal, if necessary, to adjourn the special meeting to permit further solicitation of proxies. Directors and executive officers of Fidelity and F&T Bank owning or controlling approximately 31.4% of the outstanding shares of Fidelity common stock as of the record date for the Fidelity special meeting have entered into agreements with Eagle under which they have agreed to vote their shares for approval of the merger agreement and the merger.

At the Eagle special meeting, the affirmative vote of a majority of the votes cast on the proposal is necessary to approve the issuance of shares of Eagle common stock to Fidelity shareholders in connection with the merger, and the affirmative vote of a majority of the shares present or represented at the special meeting is required to approve the proposal, if necessary, to adjourn the special meeting to permit further solicitation of proxies. Directors of Eagle and EagleBank owning or controlling approximately 26.2% of the outstanding shares of Eagle common stock as of the record date for the Eagle special meeting have

indicated their intention to vote such shares for approval of the proposed issuance of shares of Eagle common stock in connection with the merger.

*Q: What vote does the Fidelity board of directors recommend?*

A: Fidelity's board of directors unanimously recommends that Fidelity shareholders vote "FOR" approval of the merger agreement and the merger and "FOR" the proposal to approve, if necessary, an adjournment of the special meeting to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement and the merger.

*Q: What vote does the Eagle board of directors recommend?*

A: Eagle's board of directors unanimously recommends that Eagle shareholders vote "FOR" approval of the issuance of shares of Eagle common stock to Fidelity shareholders in connection with the merger and "FOR" the proposal to approve, if necessary, an adjournment of the special meeting to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares.

*Q: What do I need to do now?*

A: After you have carefully read this joint proxy statement/prospectus, indicate on your proxy card how you want to vote with respect to the proposal to approve the merger agreement and the merger, if you are a Fidelity shareholder, or the issuance of shares in connection with the merger, if you are an Eagle shareholder, and the proposal, if necessary, to adjourn the special meeting to a later date to permit the further solicitation of proxies. Complete, sign, date and mail the proxy card in the enclosed postage-paid return envelope as soon as possible so that your shares will be represented and voted at the special meeting. The proxy card should be mailed in accordance with the instructions provided thereon. **Do not send your Fidelity stock certificates with your proxy card.**

*Q: How do I change my vote after I have mailed my signed proxy card?*

A: You may change your vote at any time before your proxy is voted by revoking your proxy in any of the following three ways:

by delivering a written notice to the secretary of the company in which you currently own shares stating that you would like to revoke your proxy;

by submitting another duly executed proxy with a later date; or

by attending your special meeting and voting in person at the special meeting. Your attendance at the special meeting will not by itself revoke your proxy. If you hold your shares in "street name," you will need additional documentation from your bank or broker in order to vote in person at the special meeting.

*Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?*

A: No. If you do not provide your broker with instructions on how to vote your shares held in "street name," your broker will not be permitted to vote your shares on the proposal to approve the merger agreement and the merger at the Fidelity meeting, or the proposal to approve the issuance of shares of Eagle common stock at the Eagle special meeting, without your instructions. You should therefore instruct your broker how to vote your shares. Your failure to instruct your broker to vote your shares of Fidelity common stock will be the equivalent of voting against the approval of the merger agreement and the merger. Your failure to instruct your broker to vote your shares of Eagle common stock will have no effect on either proposal being presented at the Eagle special meeting, unless it prevents the presence of a quorum at the Eagle special meeting.

*Q: What if I abstain from voting?*

A: If a Fidelity shareholder abstains from voting it will have the same effect as a vote against the merger agreement and the merger but will have no effect on the proposal, if necessary, to adjourn the special meeting to permit further solicitation of proxies. An abstention by an Eagle shareholder will have no effect on either proposal being presented.

*Q: Am I entitled to dissenters' rights or similar rights?*

A: Yes, if you are a Fidelity shareholder. Under Maryland law, Fidelity shareholders may exercise their rights as objecting shareholders to demand the payment of the fair value of their shares of Fidelity common stock in connection with the merger. These rights are occasionally referred to as "dissenters' rights" in this joint proxy statement/prospectus. The provisions of Maryland law governing dissenters' rights are complex, and you should study them carefully if you wish to exercise these rights. Multiple steps must be taken to properly exercise and perfect such rights. A copy of Sections 3-201 through 3-213 of the Maryland General Corporation Law (the "MGCL") is included with this joint proxy statement/prospectus as Appendix D.

If you are an Eagle shareholder, you are not entitled to dissenters' rights in connection with the merger.

For a more complete description of dissenters' rights, please refer to the section of this joint proxy statement/prospectus entitled "Dissenters' Rights" in the Summary and the section "The Merger Dissenters' Rights" at page 71.

*Q: When do you expect to complete the merger?*

A: We presently expect to complete the merger in the third quarter, or early in the fourth quarter, of 2008. However, we cannot assure you when or if the merger will occur. Shareholders of Fidelity holding at least two-thirds of the outstanding shares of Fidelity common stock must first approve the merger agreement and the merger at the Fidelity special meeting, Eagle shareholders must approve the issuance of shares of Eagle common stock to holders of Fidelity common stock in connection with the merger, we must obtain the necessary regulatory approvals, and other conditions specified in the merger agreement must be satisfied.

*Q: Is consummation of the merger subject to any conditions?*

A: Yes. In addition to the shareholder approvals being sought at the special meetings, consummation of the merger requires the receipt of the necessary regulatory approvals, and the satisfaction of other conditions specified in the merger agreement. See "The Merger Regulatory Approvals Required for the Merger" and "The Merger Conditions to the Merger" at pages 39 and 59 of this joint proxy statement/prospectus, respectively.

## **Merger Consideration**

*Q: What will Fidelity shareholders receive in the merger?*

A: As a result of the merger, each share of Fidelity common stock (other than shares with respect to which dissenters' rights have been properly exercised and perfected) will be converted into the right to receive 0.9202 of a share of Eagle common stock, subject to reduction as provided in the merger agreement. Please refer to The Merger Merger Consideration Potential Reduction of the Conversion Ratio" at page 30, for a discussion of factors which may result in a reduction in the number of shares of Eagle common stock into which each share of Fidelity common stock may be converted.

The merger will not result in any change to the outstanding shares of Eagle common stock.

*Q: What are the tax consequences of the merger to me?*

A: We expect that for United States federal income tax purposes, in general, the merger will not be a taxable event to those Fidelity shareholders who receive solely Eagle common stock in exchange for their Fidelity common stock. However, Fidelity shareholders generally will recognize gain or loss with respect to

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cash received in lieu of fractional shares of Eagle common stock that they would otherwise be entitled to receive. See "Material United States Federal Income Tax Consequences" at page 35.

Eagle and Fidelity will have no obligation to complete the merger until they have received an opinion of counsel to the effect that the merger will be a reorganization within the meaning of Section 368 of the Internal Revenue Code and that the merger will have certain United States federal income tax results. However, this opinion will not bind the Internal Revenue Service, which could take a different view of the transaction.

We urge you to consult your personal tax advisor to gain a full understanding of the tax consequences of the merger to you. Tax matters are very complicated, and in many cases, the tax consequences of the merger will depend on your particular facts and circumstances.

*Q: When should I send in my stock certificates?*

**A: Do not send in your certificates representing shares of Fidelity common stock with your proxy card.** After the merger is completed, holders of Fidelity common stock will be sent a letter of transmittal and instructions regarding on how to exchange Fidelity common stock certificates for shares of Eagle common stock.

*Q: Is there other information about Eagle I should consider that is not included in this joint proxy statement/prospectus?*

A: Yes. Much of the business and financial information about Eagle that may be important to you is not included in this joint proxy statement/prospectus. Instead, that information is "incorporated by reference" to documents separately filed by Eagle with the Securities and Exchange Commission. This means that Eagle may satisfy its disclosure obligations to you by referring you to one or more documents separately filed by it with the SEC. See "Where You Can Find More Information" at page 145 for a list of documents that Eagle has incorporated by reference into this joint proxy statement/prospectus and for instructions on how to obtain copies of those documents. The documents are available to you without charge.

*Q: What will happen to my Fidelity stock options?*

A: Each option to acquire shares of Fidelity common stock under Fidelity's stock option plans that is outstanding at the effective time of the merger will be converted into an option to purchase shares of Eagle common stock. The number of shares of Eagle common stock that may be acquired pursuant to Fidelity options will be the number of shares of Fidelity common stock underlying such option multiplied by the conversion ratio. The exercise price of the option will be ratably adjusted in accordance with such conversion. See "The Merger Treatment of Fidelity Options" at page 33.

*Q: Who can answer my questions about the merger?*

A: If you need additional copies of this proxy statement or have questions about voting your shares, call:

*If you are an Eagle shareholder*  
Computershare Investor Services  
877-282-1168

*If you are a Fidelity shareholder*  
Laurel Hill Advisory Group  
888-742-1305

If you have other questions about the merger, call:

*If you are an Eagle shareholder*  
Michael T. Flynn  
Executive Vice President  
301-986-1800

*If you are a Fidelity shareholder*  
J. Mercedes Alvarez  
Corporate Secretary  
202-719-9748

**SUMMARY**

*This summary highlights material information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. We urge you to read the entire joint proxy statement/prospectus carefully and the other documents to which we refer to understand fully the merger. See "Where You Can Find More Information" at page 145.*

**Information about Eagle and Fidelity (See page 84 and page 88)**

**Eagle Bancorp, Inc.**  
7815 Woodmont Avenue  
Bethesda, Maryland 20814  
301.986.1800

Eagle Bancorp, Inc., organized in 1997 under Maryland law, is the registered bank holding company for EagleBank, Bethesda, Maryland, a Maryland chartered commercial bank which is a member of the Federal Reserve System. Eagle is a growth oriented institution, providing general commercial and consumer banking services through EagleBank, and subordinated financing for real estate projects through a direct subsidiary, where the primary financing would be provided by EagleBank. EagleBank was organized as an independent, community oriented, and full-service alternative to the super regional financial institutions, which dominate its primary market area. EagleBank's philosophy is to provide superior, personalized service to our customers. EagleBank focuses on relationship banking, providing each customer with a number of services, becoming familiar with and addressing customer needs in a proactive, personalized fashion. EagleBank currently has six offices serving Montgomery County and three offices in the District of Columbia.

Eagle's common stock is listed for trading on The NASDAQ Capital Market under the symbol "EGBN." As of July 17 there were 9,839,164 shares of Eagle common stock outstanding.

At March 31, 2008, Eagle had total assets of approximately \$899 million, total loans of approximately \$760 million, total deposits of approximately \$686 million, and total shareholders' equity of approximately \$84 million. At March 31, 2008, its nonperforming assets (consisting of nonaccrual loans, loans past due 90 or more days and other real estate owned) were approximately \$11.7 million, or 1.30% of total assets. For the year ended December 31, 2007 and the three months ended March 31, 2008, Eagle had earnings of \$0.78 and \$0.17 per diluted share, respectively. Eagle paid a dividend of \$0.06 per share with respect to each quarter of 2007 and the first quarter of 2008.

**Recent Developments.** At June 30, 2008, Eagle had total assets of approximately \$916 million, total loans of approximately \$795 million, total deposits of approximately \$698 million, and total shareholders' equity of approximately \$84 million. At June 30, 2008, its nonperforming assets (consisting of nonaccrual loans, loans past due 90 or more days and other real estate owned) were approximately \$11.6 million, or 1.45% of total assets. For the three and six months ended June 30, 2008, Eagle had earnings of \$0.19 and \$0.35, respectively, per diluted share. Eagle paid a dividend of \$0.06 per share with respect to the second quarter of 2008.

On July 23, 2008, the Board of Directors of Eagle Bancorp authorized Eagle to proceed with preparations for an offering of up to \$30 million of noncumulative preferred stock convertible into shares of Eagle common stock. The specific terms of the preferred stock, including the dividend rate and the conversion rate, have not yet been determined. Eagle intends to first offer the shares to its shareholders following the closing of the merger and the transactions contemplated by the merger agreement, in order that Eagle's existing shareholders and new shareholders resulting from the merger may maintain their proportionate interests in the combined company. On the same date, Eagle's Board of Directors also determined that the Company would discontinue payment of cash dividends on the common stock, in order to increase capital in order to support the combined company's increased asset base and future growth. The Board also determined that the Company would, following effectiveness of the merger, pay a 10% stock dividend, with a record and payable date such that the former Fidelity shareholders would be eligible to receive the dividend.

**Fidelity & Trust Financial Corporation**

4831 Cordell Avenue  
Bethesda, Maryland 20814  
301.657.7800

Fidelity & Trust Financial Corporation, organized in 2003 under Maryland law, is the registered bank holding company for Fidelity & Trust Bank, Bethesda, Maryland, a Maryland chartered commercial bank which is a member of the Federal Reserve System. F&T Bank was organized to provide general commercial and consumer banking services, and to acquire and provide a source of funding for residential mortgage loans originated for sale by Fidelity & Trust Mortgage, Inc., a mortgage brokerage company organized in 2000, and a wholly owned subsidiary of F&T Bank. Since September 11, 2007, F&T Mortgage has ceased all origination activities, and is in the process of liquidating its remaining assets and liabilities.

At March 31, 2008, Fidelity had total assets of approximately \$459 million; total portfolio loans of approximately \$337 million; total deposits of approximately \$369 million; and total shareholders' equity of approximately \$25 million. At March 31, 2008, its nonperforming assets (consisting of nonaccrual loans and loans which were 90 days past due and still accruing) were approximately \$6.3 million, or 1.37% of total assets. For the year ended December 31, 2007 and the three months ended March 31, 2008, Fidelity had a loss of \$3.18 and \$0.19 per share, respectively, primarily as a result of losses incurred by F&T Mortgage.

**Recent Developments.** At June 30, 2008, Fidelity had total assets of approximately \$461 million; total portfolio loans of approximately \$356 million; total deposits of approximately \$368 million; and total shareholders' equity of approximately \$23 million. At June 30, 2008, its nonperforming assets (consisting of nonaccrual loans and loans past due 90 or more days) were approximately \$9.9 million, or 2.14% of total assets. For the three and six months ended June 30, 2008, Fidelity had losses of \$0.25 and \$0.44, respectively, per diluted share, primarily related to losses incurred by F&T Mortgage.

**Fidelity Special Meeting of Shareholders (See page 24)**

The special meeting of Fidelity shareholders will be held at 10:00 a.m., local time, on August 26, 2008, at 2445 M Street NW, Washington, DC, 20037. At the Fidelity meeting, Fidelity shareholders will be asked to vote to approve:

the merger and the merger agreement; and

a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit the further solicitation of proxies in the event there are not sufficient votes at the special meeting to approve the merger agreement and the merger.

You can vote at the special meeting if you were a record holder of Fidelity common stock at the close of business on July 25, 2008, the record date for the special meeting. As of that date, there were 4,207,016 shares of Fidelity common stock outstanding and entitled to be voted at the special meeting. Approval of the merger and the merger agreement requires the affirmative vote of the holders of two-thirds of the shares of Fidelity common stock outstanding at the record date. Approval of the proposal to adjourn the special meeting requires a majority vote of the shareholders present or represented at the special meeting. Directors and executive officers of Fidelity and F&T Bank owning or controlling approximately 31.4% of the outstanding shares of Fidelity common stock as of the record date have agreed to vote their shares to approve the merger and the merger agreement.

**Eagle Special Meeting of Shareholders (See page 27)**

The special meeting of Eagle shareholders will be held at 10:00 a.m., local time, on August 27, 2008, at The Bethesda Marriott Hotel, 5151 Pooks Hill Road, Bethesda, Maryland. At the Eagle special meeting, Eagle shareholders will be asked to vote to approve:

the issuance of up to a maximum of 4,338,363 shares of Eagle common stock in connection with the merger; and

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a proposal, if necessary, to adjourn the special meeting to a later date or dates to permit the further solicitation of proxies in the event there are not sufficient votes at the special meeting to approve the issuance of shares.

You can vote at the special meeting if you were a record holder of Eagle common stock at the close of business on July 17, 2008, the record date for the special meeting. As of that date, there were 9,888,898 shares of Eagle common stock outstanding and entitled to be voted at the special meeting. Approval of the issuance of shares requires the affirmative vote of a majority of the votes cast on the proposal. Approval of the proposal to adjourn the special meeting requires a majority vote of the shareholders present or represented at the special meeting. Directors of Eagle and EagleBank owning or controlling approximately 26.2% of the outstanding shares of Eagle common stock as of the record date have indicated their intention to vote their shares to approve the issuance of shares.

### **The Merger (See page 30)**

Eagle, its wholly owned subsidiary Woodmont Holdings, Inc., Fidelity and F&T Bank have entered into an Agreement and Plan of Merger that provides for the merger of Fidelity with Woodmont, with Woodmont continuing as the surviving corporation. The Agreement and Plan of Merger is attached as Appendix A to this joint proxy statement/prospectus. In addition, promptly following the merger of Fidelity with and into Woodmont, F&T Bank will merge with and into EagleBank, with EagleBank continuing as the surviving bank. Woodmont will then be merged with and into Eagle, with Eagle continuing as the surviving corporation.

Upon effectiveness of the merger, Robert P. Pincus and one other member of the Fidelity board of directors, to be selected by Fidelity, will be appointed to the Eagle board of directors. Upon the effectiveness of the merger of F&T Bank and EagleBank, Mr. Pincus and three other members of the F&T Bank board of directors designated by F&T Bank will be appointed to the EagleBank board of directors. Mr. Pincus will serve as Vice Chairman of both boards of directors. In the event that the merger is effective prior to Eagle's 2008 annual meeting of shareholders at which directors are elected, but too late for inclusion of the F&T designated directors in Eagle's proxy materials for the meeting, Eagle will appoint the designated directors to the Eagle and EagleBank boards of directors following the annual meeting. You should read the Agreement and Plan of Merger because it is the legal document that governs the merger. In this joint proxy statement/prospectus, we sometimes refer to the Agreement and Plan of Merger as the merger agreement.

The merger of Fidelity with and into Woodmont will occur shortly after all of the conditions to its completion have been satisfied or waived. Currently, we anticipate that the merger will occur in the third quarter or early in the fourth quarter of 2008. However, we cannot assure you when or if the merger will occur.

### **What Fidelity Shareholders Will Receive in the Merger (See page 30)**

The merger agreement provides that at the effective time of the merger each outstanding share of Fidelity common stock, other than shares with respect to which dissenters' rights have properly been exercised and perfected, will be converted into the right to receive 0.9202 of a share of Eagle common stock, subject to reduction in accordance with the merger agreement. If the merger had been completed as of March 31, 2008, then based on a preliminary, partial and estimated application of the adjustment provisions of the merger agreement, the conversion ratio would have been 0.6867 shares of Eagle common stock for each share of Fidelity common stock. The actual conversion ratio may be higher or lower than the estimated adjusted conversion ratio as of March 31, 2008. See "The Merger Merger Consideration Potential Reduction of the Conversion Ratio" at page 30.

Eagle will not issue any fractional shares of Eagle common stock in the merger. Fidelity shareholders will receive cash for any fractional shares of Eagle common stock owed to them in an amount, without interest, based on the average closing price of Eagle common stock during a five day period ending immediately before the date which is two business days prior to the effective time of the merger.

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On July 24, 2008, the most recent practicable trading date prior to the filing of this joint proxy statement/prospectus, the closing price of Eagle common stock was \$8.11 per share. No assurance can be given that the current market price of Eagle common stock will be equal to the market price of Eagle common stock on the date that stock is received by a Fidelity shareholder or at any other time. The market price of Eagle common stock when received by a Fidelity shareholder may be higher or lower than the current market price of Eagle common stock.

### **Fidelity's Board of Directors Unanimously Recommends Shareholder Approval of the Merger (See page 42)**

Fidelity's board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of Fidelity and its shareholders and unanimously adopted the merger agreement and the transactions contemplated by the merger agreement. **Fidelity's board of directors unanimously recommends that Fidelity shareholders vote "FOR" approval of the merger and the merger agreement.**

The affirmative vote of the holders of at least two-thirds of the outstanding shares of Fidelity common stock is required to approve the merger and the merger agreement.

As of the record date, the directors and executive officers of Fidelity and F&T Bank owned and were entitled to vote 1,319,179 shares of Fidelity common stock, which represents approximately 31.4% of the outstanding shares of Fidelity common stock. These persons have entered into agreements with Eagle under which they have agreed to vote all of their shares in favor of the merger agreement.

As of the record date, directors of Eagle and EagleBank owned 9,000 shares of Fidelity common stock, all of which were acquired from Fidelity in its 2005 private offering. These directors have indicated that they intend to vote "FOR" approval of the merger and the merger agreement.

### **Fidelity's Reasons for the Merger (See page 41)**

In reaching its determination to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, Fidelity's board consulted with Fidelity's management and its financial and legal advisors, and considered a number of factors, including:

The positive factors included, but were not limited to:

the consideration to be paid to Fidelity's shareholders relative to the market value, book value and earnings per share of Fidelity common stock;

the greater liquidity of Eagle common stock compared to Fidelity common stock;

the terms and conditions of the merger agreement, including the stock consideration, the agreement of certain directors and executive officers of Fidelity and F&T Bank to vote in favor of the merger agreement, the limitations on the interim business operations of Fidelity, the conditions to consummation of the merger, the circumstances under which the merger agreement could be terminated and the advice of Fidelity's financial and legal advisors;

information regarding the business, operations, earnings, financial condition, management and prospects of Fidelity and Eagle;

the belief that the terms of the merger are fair to and in the best interest of the Fidelity shareholders;

that the current consideration to be received in the merger would deliver more value to Fidelity shareholders than the value that could be expected if Fidelity were to continue as an independent company;

the financial condition, results of operations and businesses of Eagle and Fidelity before and after giving effect to the merger based on due diligence and publicly available earnings estimates for Eagle;





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the strategic fit of Eagle and Fidelity, including the belief that the merger has the potential to enhance shareholder value through growth opportunities and synergies resulting from combining the companies' complementary strengths and assets;

the combined capital strength resulting from the merger will provide expanded lending opportunities to meet the needs of the resulting institution's market;

the expansion of the branch network resulting from the merger will provide an expanded market for the delivery of banking products and services;

the combination of human and technological resources resulting from the merger will enhance the delivery of services to our customers;

the importance of maintaining local access to decision makers who know and can deliver to our customers' business needs is satisfied by the merger;

the opinion of Milestone Advisors, LLC that the consideration is fair, from a financial point of view, to Fidelity's shareholders.

The Fidelity board of directors also considered certain potential adverse consequences of the proposed merger that included but were not limited to:

the challenges of combining the businesses, assets and workforces of the two companies;

the risk of not achieving expected operating efficiencies or growth;

the possibility that the consideration payable to shareholders could decrease if the conversion ratio is reduced or the price of Eagle common stock declines prior to the closing date (see "The Merger Merger Consideration Potential Reduction of the Conversion Ratio at page 30);

the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

the risk that the merger will not be consummated.

### **Opinion of Fidelity's Financial Advisor (See page 44)**

Milestone Advisors, LLC has served as financial advisor to Fidelity in connection with the merger and has given its opinion to Fidelity's board of directors that the merger was fair to Fidelity shareholders from a financial point of view. A copy of the opinion delivered by Milestone is included with this joint proxy statement/prospectus as Appendix B. Milestone's opinion is summarized under the caption "The Merger Opinion of Fidelity's Financial Advisor", at page 44 of this joint proxy statement/prospectus. Fidelity shareholders should read the opinion carefully and completely. The opinion outlines the assumptions made, matters considered and limitations of the review undertaken by Milestone in providing its opinion, and the relationships between Milestone, Fidelity and members of the board of directors of Fidelity. Milestone's opinion is directed to the Fidelity board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger. Fidelity has agreed to pay Milestone a success fee of \$350,000, contingent upon the completion of the merger.

### **Eagle's Reasons for the Merger (See page 42)**

In reaching its decision to approve and adopt the merger agreement and the transactions contemplated thereby, the Eagle board of directors, in consultation with management and its financial and legal advisors, considered numerous factors. In determining that the merger was in the best interest of Eagle and its shareholders, the board considered that the merger will, in a cost effective manner, substantially increase

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EagleBank's assets and capital base, allowing it to provide customers with larger loans, and a wider variety of loan, deposit and other products, and expand its human and financial resources; the addition of Fidelity's six offices will provide EagleBank with greater presence in the District of Columbia and Montgomery County, and provide it with the opportunity to enter the northern Virginia market for the first time; provide the combined company with opportunities for cross selling of products and for substantial cost savings through reduction of administrative and overhead expenses, as well as possible branch consolidation in the future, resulting in a transaction which should produce increased

income and benefits for Eagle shareholders. The board of directors also considered the risks related to the proposed merger, including those related to F&T Mortgage.

**Opinion of Eagle's Financial Advisor (See page 50)**

Sandler O'Neill and Partners, L.P. has served as financial advisor to Eagle in connection with the merger and has given its opinion to Eagle's board of directors that the merger was fair to Eagle shareholders from a financial point of view. A copy of the opinion delivered by Sandler O'Neill is included with this joint proxy statement/prospectus as Appendix C. Sandler O'Neill's opinion is summarized under the caption "The Merger Opinion of Eagle's Financial Advisor", at page 50 of this joint proxy statement/prospectus. Eagle shareholders should read the opinion carefully and completely. The opinion outlines the assumptions made, matters considered and limitations of the review undertaken by Sandler O'Neill in providing its opinion. Sandler O'Neill's opinion is directed to the Eagle board of directors and does not constitute a recommendation to any shareholder as to any matters relating to the merger. Eagle has paid Sandler O'Neill a fee of \$100,000 and has agreed to pay Sandler O'Neill a transaction fee of 0.50% of the aggregate purchase price (subject to a minimum fee of \$250,000), which will be due and payable upon the closing of the merger and against which the amount already paid will be credited.

**Fidelity Officers and Directors Have Some Interests in the Merger That Are Different than or in Addition to Their Interests as Shareholders (See page 37)**

In addition to their interests as shareholders, certain directors, executive officers or employees of Fidelity may have interests in the merger that are different from or in addition to your interests. These interests relate to or arise from, among other things:

the retention of certain directors of Fidelity and F&T Bank as directors of Eagle and/or EagleBank and the directors' receipt of compensation for their service;

Robert P. Pincus, a director of Fidelity and Chairman of F&T Bank, has entered into an agreement with EagleBank providing for compensation for his service as Vice Chairman of the Eagle and EagleBank boards of directors;

Robert P. Pincus is the Chairman of Milestone Merchant Partners, LLC, the parent company of Milestone Advisors, LLC. While he is not receiving any compensation related to this transaction, he does receive compensation for other transactions from Milestone Merchant Partners, LLC. Mr. Pincus' relationship with Milestone Merchant Partners, LLC was fully disclosed to the Fidelity board of directors prior to receiving the opinion of Milestone Advisors, LLC;

Barry C. Watkins, President of F&T Bank, has entered into an employment agreement with EagleBank pursuant to which he will become President of EagleBank's District of Columbia/Northern Virginia region;

EagleBank and Eagle will assume the employment agreements of the other executive officers of F&T Bank. As employees of EagleBank, they will be eligible for employee benefits under Eagle's plans;

the potential receipt by certain executive officers and employees of Fidelity of change in control, severance or retention payments; and

as of March 31, 2008, an aggregate of 504,770 shares of Fidelity common stock were subject to outstanding options. Upon the merger, all such options will be fully vested and exercisable. Unless such options are exercised prior to the effective time, they will be converted into options to acquire Eagle common stock at an exercise price equal to the current exercise price divided by the conversion ratio at the effective time of the merger.

Please see the section entitled "*Security Ownership of Directors, Executive Officers and Certain Beneficial Owners of Fidelity*" on page 108 for more information regarding options held by specific individuals.

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Fidelity's board of directors was aware of these interests and took them into account in its decision to approve and adopt the merger agreement and the transactions contemplated by the merger agreement. For information concerning these interests, please see the discussion under the caption "Interests of Certain Persons in the Merger."

### **Material United States Federal Income Tax Consequences (See page 35)**

The merger has been structured as a "reorganization" for United States federal income tax purposes. Accordingly, holders of shares of Fidelity common stock will generally not recognize any gain or loss for United States federal income tax purposes on the exchange of their shares of Fidelity common stock for Eagle common stock in the merger, except for any gain or (in certain cases) loss recognized in connection with any cash received as part of the merger consideration for fractional share interests. The companies themselves will not recognize gain or loss as a result of the merger. It is a condition to the obligations of Fidelity and Eagle to complete the merger that they receive a legal opinion from Eagle's counsel that the merger will be a reorganization for United States federal income tax purposes.

The United States federal income tax consequences described above may not apply to all holders of Fidelity common stock, including certain holders specifically referred to at page 35. Your tax consequences will depend on your own situation. You should consult your tax advisor to determine the particular tax consequences of the merger to you.

### **Dissenters' Rights (See page 71)**

Fidelity shareholders are entitled to exercise dissenters' rights with respect to the merger and, if the merger is completed and they perfect their dissenters' rights, to receive payment in cash for the fair value of their shares of Fidelity common stock. In general, to preserve their dissenters' rights, Fidelity shareholders who wish to exercise these rights must:

deliver a notice of intent to demand payment for their shares to Fidelity at or before the time the vote is taken at the Fidelity special meeting;

not vote their shares for approval of the merger and the merger agreement;

continuously hold their shares of Fidelity stock from the date they make the notice of intent to demand payment through the closing of the merger; and

comply with the other procedures set forth in Sections 3-201 through 3-213 of the MGCL.

The text of Sections 3-201 through 3-213 of the MGCL governing dissenters' rights is included with this joint proxy statement/prospectus as Appendix D. Failure to comply with the procedures described in Appendix D will result in the loss of dissenters' rights under the MGCL. We urge you to carefully read the text of Sections 3-201 through 3-213 of the MGCL governing dissenters' rights.

### **The Merger Will Be Accounted for under the Purchase Method of Accounting (See page 39)**

The merger will be accounted for under the purchase method of accounting, as such term is used under accounting principles generally accepted in the United States of America.

### **Completion of the Merger Is Subject to Certain Conditions (See page 59)**

Completion of the merger is subject to a number of conditions, including the approval of the merger and the merger agreement by Fidelity shareholders, approval of the issuance of shares of Eagle common stock to Fidelity shareholders in connection with the merger by Eagle shareholders and the receipt of necessary regulatory approvals. Certain conditions to the merger may be waived by Eagle or Fidelity, as applicable.

### **We May Not Complete the Merger Without All Required Regulatory Approvals (See page 39)**

The merger requires the receipt of certain regulatory approvals, including the approval of the Board of Governors of the Federal Reserve System, and the Maryland Commissioner of Financial Regulation. We have made filings and notifications for these purposes. As of the date hereof, we have received the



approval of the Federal Reserve. We expect to obtain all other necessary regulatory approvals, although we cannot be certain if or when we will obtain them.

**Termination of the Merger Agreement (See page 67).**

Eagle, Woodmont, Fidelity and F&T Bank can mutually agree to abandon the merger and terminate the merger agreement at any time prior to the time the merger is completed, even after shareholder approval. Also, either Fidelity and F&T Bank or Eagle and Woodmont can decide, without the consent of the other, to abandon the merger in a number of situations, including if:

the merger has not been completed by November 30, 2008, or such later date to which this date has been extended in writing by all the parties to the merger agreement; provided, however, that this right is not available to any party whose failure to observe any covenant or agreement in the merger agreement results in the merger not being completed, and Fidelity and F&T Bank cannot terminate the merger agreement under this provision if either of them engages in activities with respect to other acquisition proposals in violation of the terms of the merger agreement;

the other parties materially breach a material representation, warranty, covenant or agreement in the merger agreement and, except for specified breaches for which no cure period is available, the breach is not, or cannot be, cured within 30 days of delivery of written notice of breach;

by Fidelity and F&T Bank, on 45 days written notice, if the aggregate amount of charges, charge-offs, provisions for loan losses, valuation adjustments on loans held for sale, and litigation reserves (collectively for purposes of this subsection, "charges") impacting Eagle after the date of the merger agreement through the date of notice, exceeds 15% of Eagle's adjusted book value as of September 30, 2007, subject to the opportunity to cure within the 45 day notice period; or by Eagle on 45 days written notice, if the aggregate amount of charges impacting Fidelity or F&T Bank after the date of the merger agreement through the date of notice, exceeds 15% of Fidelity's book value as of September 30, 2007, subject to the opportunity to cure within the 45 day notice period;

if the increase in reserves for the resolution of identified litigation of Fidelity or its subsidiaries equals or exceeds \$7,500,000, or a third party law firm determines that it cannot determine the appropriate reserves on a reasonable basis, or cannot make such determination within 45 days;

a law, judgment, injunction, order or decree of a court or governmental body prohibits the merger;

any governmental or regulatory approval required for consummation of the merger has been denied by final, non-appealable order, or any such denial shall not have been appealed within the time available;

the necessary shareholder approvals are not obtained at the special meetings;

if any of the conditions precedent to the obligation of such party to consummate the merger cannot be satisfied or fulfilled by November 30, 2008, or such later date to which this date has been extended in writing by all the parties to the merger agreement, provided that the terminating party is not in breach of a material representation, warranty or covenant of the merger agreement at the time of termination; and

if there is asserted against Fidelity or any Fidelity subsidiary any claim or claims relating to any issue arising out of the operations of F&T Mortgage, that individually or in the aggregate are material in nature or material in amount, but for which a reserve cannot be determined in accordance with the provisions of the merger agreement, then such claim or claims will be deemed to have a material adverse affect on Fidelity, resulting in Eagle's right to terminate the merger agreement.

The merger agreement will be deemed to be terminated if:

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Fidelity's board of directors approves entering into an agreement for, or Fidelity or F&T Bank consummates, an unsolicited acquisition proposal.

Fidelity's board of directors recommends an unsolicited acquisition proposal to the shareholders of Fidelity, fails to recommend the merger, withdraws or modifies in a manner adverse to Eagle, or



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fails upon request of Eagle to reconfirm its recommendation of the merger agreement to Fidelity's shareholders, while an unrejected unsolicited acquisition proposal exists.

Fidelity's board of directors fails to call and hold a shareholder meeting or breaches the covenant restricting Fidelity's ability to solicit or negotiate with a third party concerning an alternative transaction.

Additionally, if Fidelity's board makes a good faith determination that the fiduciary duty of the directors under Maryland law requires that the board of directors consider, negotiate, communicate, or provide information (collectively "communications") with respect to an unsolicited acquisition proposal, because such proposal is more favorable from a financial point of view to the shareholders of Fidelity than the merger, which determination is made after receiving the advice of counsel to Fidelity regarding the requirements of the fiduciary duty of the directors under Maryland law, and the advice of Fidelity's financial advisor as to whether the proposal is more favorable from a financial point of view to its shareholders than the merger, resulting in Fidelity engaging in communications with respect to an unsolicited acquisition proposal, and such communications extend for 60 days from the date on which Fidelity provided notice of such proposal to Eagle, and Fidelity has not rejected such unsolicited acquisition proposal by the end of the 60 day period, then Eagle shall have the right to terminate the agreement immediately upon notice to Fidelity.

### **Fidelity Must Pay Eagle a Termination Fee under Certain Circumstances (See page 69)**

Fidelity must pay Eagle a termination fee of \$2 million within three days of termination of the merger agreement in the following circumstances:

If the merger agreement is deemed to be terminated because:

Fidelity's board of directors approves entering into an agreement for, or Fidelity or F&T Bank consummates, an unsolicited acquisition proposal;

Fidelity's board of directors recommends an unsolicited acquisition proposal to Fidelity's shareholders, or fails to recommend the merger to Fidelity's shareholders or withdraws or modifies in a manner adverse to Eagle, or fails upon request of Eagle to reconfirm its recommendation of the merger to Fidelity's shareholders, while an unrejected unsolicited acquisition proposal exists;

Fidelity's board of directors fails to call and hold a shareholder meeting or breaches the covenant restricting Fidelity's ability to solicit or negotiate with a third party concerning an alternative transaction.

If Eagle terminates the merger agreement because:

Fidelity has not rejected an unsolicited acquisition proposal with respect to which it is entitled to engage in communications under the provisions of the merger agreement by the end of the 60 day period following notice to Eagle of such proposal;

of a material breach by Fidelity of its covenants in the merger agreement prohibiting the solicitation of alternative transactions.

If the merger agreement is terminated because the merger has not been completed by November 30, 2008, or such later date to which this date has been extended in writing by all the parties to the merger agreement, or because the approval of Fidelity shareholders is not obtained at the Fidelity shareholder meeting, and in either case, prior to such termination, Fidelity breached its covenants in the merger agreement prohibiting the solicitation of alternative transactions, whether or not such breach resulted in the failure to obtain shareholder approval.

If the merger agreement is terminated because of failure to complete the merger by November 30, 2008, or such later date to which this date has been extended in writing by all the parties to the merger agreement; or because shareholder approval is

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not obtained at the Fidelity special meeting and, prior to such termination, an acquisition proposal with respect to Fidelity has been publicly proposed by any third party, or such acquisition proposal or intention has otherwise become widely

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known, and within 12 months of termination (i) Fidelity or F&T Bank merges with or into, or is acquired by any third party; (ii) any third party acquires more than 50% of the consolidated total assets of Fidelity and its subsidiaries; (iii) any third party acquires more than 50% of the outstanding shares of Fidelity common stock; (iv) Fidelity adopts or implements a plan of liquidation, recapitalization or share repurchase relating to more than 50% of the outstanding shares of Fidelity common stock or an extraordinary dividend relating to more than 50% of such outstanding shares or 50% of the assets of Fidelity; or (v) Fidelity enters into a definitive agreement providing for such actions.

Fidelity agreed to this termination fee arrangement in order to induce Eagle to enter into the merger agreement. This arrangement could have the effect of discouraging other companies from trying to acquire Fidelity.

### Effect of Merger on Rights of Fidelity Shareholders (See page 141)

The rights of Fidelity shareholders are governed by Maryland law, as well as Fidelity's articles of incorporation and bylaws. After completion of the merger, the rights of the former Fidelity shareholders receiving Eagle common stock in the merger will continue to be governed by Maryland law, and will be governed by Eagle's articles of incorporation and bylaws. There are substantive and procedural differences between Fidelity's and Eagle's articles of incorporation and bylaws that will affect the rights of Fidelity shareholders.

### Market Price Information

The following table sets forth the closing sale price per share of Eagle common stock, as reported on The Nasdaq Capital Market, and Fidelity common stock, based upon the last recorded trade, as of November 30, 2007 (the last full trading day before the public announcement of the merger agreement) and as of July 24, 2008, the most recent practicable trading day prior to the date of this joint proxy statement/prospectus.

	<u>Eagle Common Stock</u>	<u>Fidelity Common Stock</u>	<u>Pro Forma Equivalent for Fidelity Common Stock(1)</u>
November 30, 2007	\$ 12.51	\$ 11.50	\$ 11.51
July 24, 2008	\$ 8.11	\$ 11.50	\$ 7.46

(1)

Pro forma equivalent for Fidelity common stock determined by multiplying the price of Eagle common stock by the conversion ratio of 0.9202. The actual conversion ratio may be lower. Based on the estimated adjusted conversion ratio as of March 31, 2008 of 0.6867, the pro forma equivalent for Fidelity common stock would be \$8.59 at November 30, 2007 and \$5.57 at July 24, 2008.

The market price of Eagle common stock will fluctuate prior to the merger. You should obtain current market quotations for Eagle common stock.

## RISK FACTORS

*In addition to the other information contained or incorporated by reference in this joint proxy statement/prospectus, the following factors should be considered carefully when evaluating this transaction and the proposal to approve the merger agreement at the Fidelity special meeting and the issuance of shares at the Eagle special meeting. You should read these risk factors together with the risk factors contained in Eagle's Annual Report on Form 10-K for the year ended December 31, 2007, and any changes to those risk factors included in Eagle's Quarterly Reports on Form 10-Q, or other documents filed with the SEC after the date of the Annual Report.*

**The conversion ratio is subject to change as a result of adverse changes affecting Fidelity through the effective date of the merger. Additionally, because the market price of Eagle common stock will fluctuate between now and the time Fidelity shareholders receive their shares of Eagle common stock, Fidelity shareholders cannot be sure of the number, or the value, of the shares of Eagle common stock they will receive in the merger.**

Upon completion of the merger, each share of Fidelity common stock will be converted into the right to receive 0.9202 shares of Eagle common stock per share of Fidelity common stock, subject to reduction pursuant to the terms of the merger agreement. The adjustment to the conversion ratio is automatic, and the circumstances under which Fidelity can terminate the merger agreement as a result of adverse changes to the conversion ratio are extremely limited. Please refer to "The Merger Merger Consideration Potential Reduction of the Conversion Ratio" at page 30 for a discussion of the factors which may result in a reduction in the conversion ratio. If the adverse changes to Fidelity are of a sufficient magnitude, then either Fidelity or Eagle may have the right to terminate the merger. If the merger were effective as of March 31, 2008, we estimate the conversion ratio would be approximately 0.6867 shares of Eagle common stock for each share of Fidelity common stock. See "The Merger Termination, Termination Payments" at page 69.

Because Eagle is issuing its shares at a fixed exchange ratio, subject to reduction in accordance with the merger agreement, any change in the price of Eagle common stock prior to completion of the merger will affect the value of the shares of Eagle common stock that Fidelity shareholders will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control.

Accordingly, at the time of the Fidelity special meeting, Fidelity shareholders will not be able to determine the exact number of, or the value of, shares of Eagle common stock, they may receive upon completion of the merger.

**The market price of the shares of Eagle common stock may be affected by factors different from those affecting the shares of Fidelity common stock.**

Upon completion of the merger, holders of Fidelity common stock will become holders of Eagle common stock. Some of Eagle's current businesses and markets differ from those of Fidelity and, accordingly, the results of operations of Eagle after the merger may be affected by factors different from those currently affecting the results of operations of Fidelity. For further information on the businesses of Eagle and Fidelity and the factors to consider in connection with those businesses, see the documents incorporated by reference into this joint proxy statement/prospectus and referred to under "Where You Can Find More Information" at page 145 and the information contained under "Information about Fidelity" at page 88.

**We may fail to realize the cost savings we estimate for the merger.**

The success of the merger will depend, in part, on our ability to realize the estimated cost savings and revenue enhancements from combining the businesses of Eagle and Fidelity. While we believe, as of the

date of this joint proxy statement/prospectus, that these cost savings and revenue enhancement estimates are achievable, it is possible that the potential cost savings and revenue enhancements could turn out to be more difficult to achieve than we anticipated. Our estimates also depend on our ability to combine the businesses of Eagle and Fidelity in a manner that permits those cost savings and revenue enhancements to be realized. Our ability to realize increases in revenue will depend, in part, on our ability to retain customers and employees, and to capitalize on existing relationships for the provision of additional products and services. If our estimates turn out to be incorrect or we are not able to successfully combine our two companies, the anticipated cost savings and increased revenues may not be realized fully or at all, or may take longer to realize than expected.

**The costs and effects related to the terminated mortgage operations of F&T Mortgage may be greater or more expensive than we anticipated, which could have an adverse impact on the results of operations, shareholder returns and financial condition of Eagle following the merger, and on the market price for Eagle common stock.**

Until September 2007, F&T Mortgage, a wholly owned subsidiary of F&T Bank, originated loans held for sale into the secondary market. While many of these mortgages were conforming mortgages sold to quasi-governmental mortgage agencies, or guaranteed under Federal programs, others were nonconforming or "exotic" loans, including no documentation and low documentation loans whose borrowers had credit scores which were above the credit scores which define subprime loans (otherwise referred as ALT-A mortgage loans). Negative amortization loans constituted a negligible percentage of the loans originated. F&T Mortgage did not originate subprime loans. Under the terms of the agreements under which substantially all of these loans were sold, F&T Mortgage is required to repurchase loans which defaulted early or which breached the F&T Mortgage representations and warranties at the time the loan closed. Though all early default periods have expired, the liability for breaches of representations and warranties exists until the loan is paid off. Although F&T Mortgage has had limited requests to repurchase loans for representations and warranties breaches, it is not possible to predict with accuracy the extent to which it may receive such requests in the future. Although Fidelity and Eagle believe that there are significant arguments that F&T Bank, and EagleBank following the merger, would not be legally obligated to effect most such repurchases on behalf of F&T Mortgage, these arguments may not be successful, and the expense and effort of defending against, or settling litigation relating to, these requests could be much greater than anticipated, which would adversely affect the results of operations and financial condition of the combined company.

**Combining our two companies may be more difficult, costly or time-consuming than we expect, or could result in the loss of customers.**

Eagle and Fidelity 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 business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients and employees or to achieve the anticipated benefits of the merger. As with any merger of banking institutions, there also may be disruptions that cause us to lose customers or cause customers to withdraw their deposits from our banks. Although we do not plan to close any branches immediately upon consummation of the merger, we may consolidate branches in the future, including as leases expire. Certain customers' branches may be consolidated with other branches in the market area resulting in new office locations and new banking associates serving such customers. Customers may not readily accept changes to their banking arrangements after the merger and may obtain banking services elsewhere, which could adversely affect the results of operations of the combined company.

**Certain officers and directors of Fidelity have potential conflicts of interest in the merger.**

Fidelity shareholders should be aware of potential conflicts of interest and the benefits available to Fidelity officers and directors when considering Fidelity's board of directors' recommendation to approve the merger. Certain officers, directors and employees of Fidelity will become officers, directors or employees of Eagle and/or EagleBank and will be subject to employment or other service agreements with EagleBank after completion of the merger.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables show summarized historical financial data for Eagle and Fidelity. The information presented is based on historical financial statements for each company. The financial and other data set forth below is not complete and should be read together with, and is qualified in its entirety by, the more detailed information, including the consolidated financial statements of Eagle and related notes, appearing in its 2007 Annual Report on Form 10-K, incorporated by reference herein, and the consolidated financial statements of Fidelity included elsewhere in this joint proxy statement/prospectus.

## EAGLE BANCORP, INC.

(dollars in thousands except per share data)	Three months ended March 31,		Year ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
<b>Selected Balances - Period End</b>							
Total assets	\$ 899,467	\$ 776,188	\$ 846,400	\$ 773,451	\$ 672,252	\$ 553,453	\$ 442,997
Total shareholders' equity	83,537	74,460	81,166	72,916	64,964	58,534	53,012
Total loans	759,547	637,356	716,677	625,773	549,212	415,509	317,533
Total deposits	685,740	632,111	630,936	628,515	568,893	462,287	335,514
<b>Selected Balances - Averages</b>							
Total assets	\$ 860,030	\$ 770,880	\$ 800,437	\$ 712,297	\$ 610,245	\$ 487,853	\$ 375,802
Total shareholders' equity	83,200	73,890	76,760	68,973	61,563	55,507	34,028
Total loans	731,501	636,225	659,204	575,854	479,311	353,537	266,811
Total deposits	655,106	616,492	634,332	585,621	512,416	397,788	292,953
<b>Results of Operations</b>							
Interest income	\$ 14,014	\$ 13,736	\$ 57,077	\$ 50,318	\$ 36,726	\$ 24,195	\$ 18,403
Interest expense	5,414	5,767	23,729	17,880	8,008	4,328	3,953
Net interest income	8,600	7,969	33,348	32,438	28,718	19,867	14,450
Provision for credit losses	720	303	1,643	1,745	1,843	675	1,175
Net interest income after provision for credit losses	7,880	7,666	31,705	30,693	26,875	19,192	13,275
Noninterest income	940	998	5,186	3,846	3,998	3,753	2,850
Noninterest expense	6,208	6,049	24,921	21,824	18,960	14,952	11,007
Income before taxes	2,612	2,615	11,970	12,715	11,913	7,993	5,118
Income tax expense	961	933	4,269	4,690	4,369	2,906	1,903
Net income	1,651	1,682	7,701	8,025	7,544	5,087	3,215
Dividends declared	588	570	2,302	2,147	1,994		
<b>Per Share Data(1)</b>							
Net income, basic	\$ 0.17	\$ 0.18	\$ 0.80	\$ 0.85	\$ 0.82	\$ 0.56	\$ 0.49
Net income, diluted	0.17	0.17	0.78	0.81	0.77	0.53	0.46
Book value	8.53	7.83	8.35	7.69	6.95	6.38	5.85
Dividends declared per share	0.06	0.06	0.24	0.23	0.22		
Dividend payout ratio(2)	35.61%	33.33%	29.89%	27.06%	26.42%		
<b>Financial Ratios</b>							
Return on average assets	0.77%	0.88%	0.96%	1.13%	1.24%	1.04%	0.86%
Return on average equity	7.98%	9.23%	10.03%	11.63%	12.25%	9.16%	9.45%
Average equity to average assets	9.67%	9.59%	9.59%	9.68%	10.09%	11.38%	9.05%
Net interest margin	4.19%	4.41%	4.37%	4.81%	4.99%	4.35%	4.14%
Efficiency ratio(3)	65.07%	67.44%	66.54%	60.15%	57.95%	63.30%	63.62%

(1)

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Adjusted for all years presented giving retroactive effect to stock splits in the form of 30% stock dividends paid on July 5, 2006 and February 28, 2005.

- (2) Computed by dividing dividends declared per share by net income per share.
- (3) Computed by dividing noninterest expense by the sum of net interest income and noninterest income.

## FIDELITY &amp; TRUST FINANCIAL CORPORATION(1)

(dollars in thousands except per share data)	Three Months ended March 31,		Year ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
<b>Selected Balances Period End</b>							
Total assets	\$ 459,208	\$ 460,278	\$ 446,529	\$ 481,564	\$ 367,527	\$ 205,365	\$ 52,155
Total shareholders' equity	25,025	37,772	25,306	37,888	37,697	16,014	8,360
Total portfolio loans	336,874	226,591	319,402	195,103	125,584	59,046	316
Total mortgage loans held for sale(2)	10,153	96,825	11,898	139,338	128,479	117,025	33,317
Total deposits	368,980	322,648	365,698	334,481	255,942	109,776	9,816
<b>Selected Balances Averages(3)</b>							
Total assets	\$ 460,873	\$ 448,308	\$ 455,896	\$ 377,993	\$ 290,183	\$ 134,137	N/A
Total shareholders' equity	25,250	37,781	34,616	38,221	31,332	14,456	N/A
Total portfolio loans	330,356	215,075	259,072	158,171	91,278	20,675	N/A
Total mortgage loans held for sale(2)	15,350	113,509	73,725	106,264	130,317	66,557	N/A
Total deposits	381,988	311,905	335,392	268,394	165,638	52,526	N/A
<b>Results of Operations</b>							
Interest income	\$ 7,224	\$ 6,905	\$ 30,623	\$ 21,885	\$ 11,143	\$ 2,338	\$ 13
Interest expense	3,723	3,380	15,029	9,693	4,319	1,142	7
Net interest income	3,501	3,525	15,594	12,192	6,824	1,196	6
Provision for credit losses	311	343	1,861	671	828	677	3
Net interest income after provision for credit losses	3,190	3,182	13,733	11,521	5,996	519	3
Noninterest income	180	117	565	314	195	55	
Noninterest expense	3,659	2,609	12,837	9,333	5,960	3,606	528
Income (loss) from continuing operations before taxes	(289)	690	1,461	2,502	231	(3,032)	(525)
Income tax expense (benefit)	(114)	276	541	792	42	(1,031)	(198)
Income (loss) from continuing operations	(175)	414	920	1,710	189	(2,001)	(327)
Income (loss) from discontinued operations, net of tax(1)	(610)	(649)	(14,298)	(1,489)	1,574	289	(177)
Net income (loss)	(785)	(235)	(13,378)	221	1,763	(1,712)	(504)
Dividends declared							
<b>Per Share Data</b>							
<b>From continuing operations</b>							
Net income (loss), basic	\$ (0.04)	\$ 0.10	\$ 0.22	\$ 0.40	\$ 0.05	\$ (0.94)	\$ (1.69)
Net income (loss), diluted	(0.04)	0.10	0.22	0.40	0.05	(0.94)	(1.69)
<b>From discontinued operations</b>							
Net income (loss), basic	(0.15)	(0.16)	(3.40)	(0.35)	0.44	0.14	(1.23)
Net income (loss), diluted	(0.15)	(0.16)	(3.38)	(0.35)	0.44	0.14	(1.23)
<b>Per Share Data</b>							
Net income, basic	(0.19)	(0.06)	(3.18)	0.05	0.49	(0.80)	(2.92)
Net income, diluted	(0.19)	(0.06)	(3.16)	0.05	0.49	(0.80)	(2.92)
Book value	5.95	8.98	6.02	9.01	8.95	6.66	5.70
Dividends declared per share							
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Financial Ratios</b>							
Return on average assets	(0.69%)	(0.21%)	(2.93)%	0.06%	0.61%	(1.28)%	N/A
Return on average equity	(12.50%)	(2.52%)	(38.65)%	0.58%	5.63%	(11.84)%	N/A
	5.48%	8.43%	7.59%	10.11%	10.80%	10.78%	N/A



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Three Months ended March 31,

Year ended December 31,

Average equity to average assets	Three Months ended March 31,		Year ended December 31,				
Net interest margin from continuing operations	3.24%	3.78%	3.87%	3.93%	3.59%	1.95%	N/A

- (1) The numbers in the table above reflect the discontinued operations of F&T Mortgage for all periods presented.
- (2) Discontinued operations relate to Fidelity & Trust Mortgage, Inc., the mortgage origination subsidiary, which sold some of its assets and discontinued mortgage origination activities on August 20, 2007.
- (3) F&T Mortgage in conducting its business as a mortgage banking company did not compile daily and/or monthly balances, and as a result, we will not be able to provide you with certain averages and ratios for the fiscal year 2003. These unavailable averages and ratios for the year ended December 31, 2003 will be indicated in the Selected Financial Data by "N/A."

### COMPARATIVE PER SHARE DATA

The following table shows certain historical per share data for Eagle and Fidelity for the periods indicated, and pro forma combined information for Eagle and pro forma equivalent per share data for Fidelity, assuming the effectiveness of the merger and the estimated adjusted conversion ratio if the merger had been completed at March 31, 2008 of 0.6867 ("comparative pro forma information"). In presenting the comparative pro forma information for the periods shown, we assumed that we had been combined throughout those periods. The merger will be accounted for under the "purchase" method of accounting. Under the purchase method of accounting, the assets and liabilities of the company not surviving a merger are, as of the completion date of the merger, recorded at their respective fair values and added to those of the surviving company. Financial statements of the surviving company issued after consummation of the merger reflect such values and are not restated retroactively to reflect the historical financial position or results of operations of the company not surviving. The operating results of Fidelity will be reflected in Eagle's consolidated financial statements from and after the date the merger is consummated.

We expect that we will incur reorganization and restructuring expenses as a result of combining our companies. While we hope that the merger also will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue, the pro forma combined information does not reflect these expenses or benefits and does not attempt to predict or suggest future results.

The final allocation of the purchase price will be determined after the merger is completed and after completion of thorough analyses to determine the fair values of Fidelity's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. In addition, estimates of merger-related charges are subject to final decisions related to combining the companies. Any change in the fair value of the net assets of Fidelity will change the amount of the purchase price allocable to goodwill. Additionally, changes to Fidelity's shareholders' equity, including net income, and changes in the market value of Eagle's common stock through the date the merger is completed, will also change the amount of goodwill recorded. As a result, the final adjustments may be materially different from the unaudited pro forma adjustments used in preparing the pro forma information presented herein. The pro forma information should not be relied upon as being indicative of the historical results of the companies that would have achieved had the merger been effective before the periods presented, or the results of operations which the combined company may expect to achieve after the merger.

The information in the following table is based on, and should be read together with, the historical financial information that we have included in this joint proxy statement/prospectus or presented in Eagle's prior filings with the Securities and Exchange Commission (the "SEC"), which are incorporated into this joint proxy statement/prospectus by reference. See "Where You Can Find More Information" at page 145. The pro forma combined income per share have been computed based on the number of shares of Eagle common stock adjusted for the additional shares to be issued in connection with the merger. The pro forma equivalent per share data for Fidelity was obtained by multiplying the pro forma combined amounts by the estimated adjusted exchange ratio of 0.6867 shares of Eagle common stock for each share of Fidelity common stock. The resulting products were rounded to the nearest cent. The actual exchange ratio could

be lower than the initial conversion ratio and higher or lower than the estimated adjusted conversion ratio, but not in excess of 0.9202.

	<b>Three months ended March 31, 2008</b>	<b>Year ended December 31, 2007</b>
<b>Earnings (Loss) Per Common Share:</b>		
Basic		
Eagle	\$ 0.17	\$ 0.80
Fidelity	\$ (0.19)	\$ (3.18)
Pro forma combined	\$ 0.07	\$ (0.38)
Pro forma equivalent for one share of Fidelity at 0.6867 estimated adjusted conversion ratio	\$ 0.05	\$ (0.26)
Diluted		
Eagle	\$ 0.17	\$ 0.78
Fidelity	\$ (0.19)	\$ (3.16)
Pro forma combined	\$ 0.07	\$ (0.37)
Pro forma equivalent for one share of Fidelity at 0.6867 estimated adjusted conversion ratio	\$ 0.05	\$ (0.25)
<b>Cash Dividends Per Common Share</b>		
Eagle	\$ 0.06	\$ 0.24
Fidelity		
Pro forma combined	\$ 0.05	\$ 0.18
Pro forma equivalent for one share of Fidelity at 0.6867 estimated adjusted conversion ratio	\$ 0.03	\$ 0.12
<b>Book Value Per Common Share</b>		
Eagle	\$ 8.53	\$ 8.35
Fidelity	\$ 5.95	\$ 6.02
Pro forma combined	\$ 8.97	\$ 8.83
Pro forma equivalent for one share of Fidelity at 0.6867 estimated adjusted conversion ratio	\$ 6.16	\$ 6.06

## COMPARATIVE STOCK PRICES AND DIVIDENDS

Eagle's common stock is listed on The NASDAQ Capital Market under the symbol "EGBN." Fidelity's common stock is not listed on any exchange or traded in the over the counter market or on the pink sheets. The following table sets forth, for the periods indicated, the high and low sales prices per share for Eagle common stock as reported on The NASDAQ Capital Market, the cash dividends declared per share for Eagle, and the high and low sales prices of the Fidelity common stock known to Fidelity.

	Eagle(1)			Fidelity		
	High	Low	Cash Dividend	High	Low	Cash Dividend
<b>Quarter Ended:</b>						
June 30, 2008	\$ 13.43	\$ 8.65	\$ 0.06	\$ 11.50	\$ 11.50	
March 31, 2008	\$ 14.49	\$ 11.25	\$ 0.06	\$ 11.50	\$ 11.50	
December 31, 2007	\$ 13.95	\$ 11.26	\$ 0.06	\$ 11.50	\$ 11.50	
September 30, 2007	\$ 16.99	\$ 12.75	\$ 0.06	\$ 11.50	\$ 11.50	
June 30, 2007	\$ 17.00	\$ 16.25	\$ 0.06	\$ 11.50	\$ 11.50	
March 31, 2007	\$ 17.43	\$ 15.75	\$ 0.06	\$ 11.50	\$ 11.50	
December 31, 2006	\$ 19.14	\$ 16.78	\$ 0.06	\$ 11.50	\$ 11.50	
September 30, 2006	\$ 21.19	\$ 18.49	\$ 0.06	\$ 11.50	\$ 11.50	
June 30, 2006	\$ 19.92	\$ 16.95	\$ 0.06	\$ 11.50	\$ 11.50	
March 31, 2006	\$ 18.58	\$ 16.46	\$ 0.05	\$ 11.50	\$ 11.50	

(1) Sales prices and dividends were adjusted, as needed, to reflect the stock splits paid in the form of 30% stock dividends on February 28, 2005 and July 5, 2006.

### FORWARD-LOOKING STATEMENTS

Eagle and Fidelity make forward-looking statements in this joint proxy statement/prospectus and their public documents within the meaning of and pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A forward-looking statement encompasses any estimate, prediction, opinion or statement of belief in this joint proxy statement/prospectus and the underlying management assumptions. These "forward-looking statements" can be identified by words such as "believes," "expects," "anticipates," "intends" and similar expressions. Forward-looking statements appear in the discussions of matters such as the benefits of the merger between Fidelity and Eagle, including future financial and operating results and cost saving enhancements to revenue that may be realized from the merger, and Eagle's and Fidelity's plans, objectives, expectations and intentions and other statements contained in this joint proxy statement/prospectus that are not historical facts. These statements are based upon the current reasonable expectations and assessments of the respective managements of Eagle and Fidelity and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

In addition to factors that we have previously disclosed in Eagle's reports filed with the SEC and those that we discuss elsewhere in this joint proxy statement/prospectus, the following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

the businesses of Eagle and Fidelity may not be combined successfully, or such combination, including the conversion of Fidelity's systems, controls and procedures, may take longer, be more difficult, time-consuming or costly to accomplish than expected;

the expected cost savings from the merger may not be fully realized or may take longer to realize than expected;

customer relationship losses, increases in operating costs and business disruption following the merger may be greater than expected;

adverse effects on relationships with employees may be greater than expected;

the regulatory approvals required for the merger may not be obtained on the expected terms or on the anticipated schedule;

adverse governmental or regulatory policies may be enacted;

the interest rate environment may compress margins and adversely affect net interest income;

adverse effects may be caused by continued diversification of assets and adverse changes to credit quality; competition from other financial services companies in Eagle's and Fidelity's markets could adversely affect operations;

our concentrations of loans in commercial, commercial real estate and construction loans, and loans to borrowers in the Washington, D.C. metropolitan area, may adversely affect our earnings and results of operations;

the effect and costs of Fidelity's legacy mortgage brokerage operations conducted through F&T Mortgage may be greater than anticipated;

an economic slowdown could adversely affect credit quality and loan originations; and

social and political conditions such as war, political unrest and terrorism or natural disasters could have unpredictable negative effects on our businesses and the economy.

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The forward-looking statements are made as of the date of the applicable document and, except as required by applicable law, Eagle and Fidelity assume no obligation to update these forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements. You should consider these risks and uncertainties in evaluating forward-looking statements and you should not place undue reliance on these statements.

## THE MEETINGS

### The Fidelity Special Meeting of Shareholders

This joint proxy statement/prospectus is being provided by Fidelity to holders of Fidelity common stock as Fidelity's proxy statement in connection with the solicitation of proxies by its board of directors to be voted at the special meeting of Fidelity shareholders to be held on August 26, 2008, and at any adjournments or postponements of the special meeting. This joint proxy statement/prospectus is also being provided to you as Eagle's prospectus in connection with the offer and sale by Eagle of its shares of common stock as a result of the proposed merger.

### Date, Time and Place of Meeting

The special meeting of Fidelity shareholders is scheduled to be held as follows:

Date: August 26, 2008  
Time: 10:00 a.m., local time  
Place: 2445 M Street, Washington, DC, 20037

### Purpose of the Special Meeting

At the Fidelity special meeting, Fidelity shareholders will be asked to:

Approve the merger and the merger agreement, pursuant to which Fidelity will merge with and into Woodmont, with Woodmont surviving the merger, and each outstanding share of Fidelity common stock will be converted into the right to receive 0.9202 shares of Eagle common stock, subject to reduction in accordance with the merger agreement. See "The Merger Merger Consideration Potential Reduction of the Conversion Ratio" at page 30.

Approve a proposal, if necessary, to adjourn the special meeting to permit the further solicitation of proxies if and to the extent there are not sufficient votes at the time of the special meeting to approve the merger agreement and the merger.

Transact any other business that may properly come before the special meeting or any postponements or adjournments of the Fidelity special meeting.

### Record Date and Outstanding Shares

Fidelity's board of directors has fixed the close of business on July 25, 2008 as the record date for the Fidelity special meeting. Only shareholders of record of Fidelity common stock at the close of business on the record date are entitled to notice of, and to vote at, the Fidelity special meeting. Each holder of record of Fidelity common stock at the close of business on the Fidelity record date is entitled to one vote for each share of Fidelity common stock then held on each matter voted on by shareholders at the special meeting. At the close of business on the record date, there were 4,207,016 shares of Fidelity common stock issued and outstanding and entitled to vote.

### Vote Required to Approve the Merger Agreement and the Merger

The approval of the merger agreement and the merger requires the affirmative vote of holders of at least two-thirds of the outstanding shares of Fidelity common stock as of the record date.

### Vote Required to Approve the Proposal, If Necessary, to Adjourn the Special Meeting

The approval of the proposal to adjourn the special meeting if and to the extent necessary to permit the further solicitation of proxies in the event there are not sufficient votes at the Fidelity special meeting

to approve the merger agreement and the merger requires a majority vote of the shares present or represented at the special meeting and entitled to vote on the matter.

#### **Quorum; Abstentions and Broker Non-Votes**

Holders of a majority of the issued and outstanding shares of Fidelity common stock entitled to vote at the special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Fidelity special meeting. If a share is represented for any purpose at the Fidelity special meeting, it is deemed to be present for the transaction of all business. Abstentions are counted for purposes of determining whether a quorum exists. Notwithstanding the foregoing, pursuant to Fidelity's bylaws, the special meeting may be adjourned by a majority of the shares present or represented at the special meeting.

If you hold your shares of Fidelity common stock in "street name" through a broker, bank or other nominee, generally the nominee may only vote your Fidelity common stock in accordance with your instructions. However, if your nominee has not timely received your instructions, such nominee may vote on matters for which it has discretionary voting authority. Brokers will not have discretionary voting authority to vote on the proposal to approve the merger agreement and the merger. If a nominee cannot vote on a matter because it does not have discretionary voting authority, this is a "broker non-vote" with respect to that matter. Broker shares that are not voted on any matter at the Fidelity special meeting will, however, be counted as shares present or represented at the special meeting for purposes of determining whether a quorum exists. In the event that a quorum is not present at the Fidelity special meeting, it is expected that the special meeting will be adjourned or postponed to permit further solicitation of proxies.

**For purposes of the vote with respect to the merger agreement and the merger, a failure to vote, a vote to abstain and a broker non-vote will each have the same legal effect under Maryland law as a vote against approval of the merger agreement and the merger.**

#### **Voting by Directors and Executive Officers**

As of the record date, Fidelity's and F&T Bank's directors and executive officers beneficially owned 1,319,179 outstanding shares of Fidelity common stock, or approximately 31.4% of the shares entitled to vote at the Fidelity special meeting. The directors and executive officers, in their capacity as shareholders, have entered into support agreements with Eagle under which they have agreed, among other things, to vote their respective shares for approval of the merger agreement and the merger at the meeting. The directors and executive officers were not paid any additional consideration in connection with the support agreements. The support agreements terminate upon any termination of the merger agreement. See "The Merger Support Agreement" at page 33.

#### **Voting and Revocation of Proxies**

After carefully reading and considering the information presented in this joint proxy statement/prospectus, you should complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope so that your shares are represented at the Fidelity special meeting. You can also vote at the special meeting, but we encourage you to submit your proxy now in any event.

All shares of Fidelity common stock represented by each properly executed and valid proxy received before the special meeting will be voted in accordance with the instructions given on the proxy. If a Fidelity shareholder executes a proxy card without giving instructions, the shares of Fidelity common stock represented by that proxy card will be voted "FOR" approval of the merger agreement and the merger and "FOR" the approval of the proposal, if necessary, to adjourn the special meeting to permit the further solicitation of proxies. Fidelity's board of directors has not proposed any other matters to be voted on at the Fidelity special meeting, and only matters proposed specified in the notice of meeting may be conducted at the special meeting. If any other matter properly comes before the special meeting, which



would generally be limited to matters related to the conduct of the meeting, the persons named on the proxy card will vote the shares represented by all properly executed proxies on those matters in their discretion.

You may revoke your proxy at any time before the proxy is voted by one of the following means:

by delivering a written notice to the secretary of Fidelity stating that you would like to revoke your proxy;

by submitting another duly executed proxy with a later date; or

by attending the special meeting and voting in person at the special meeting (your attendance at the special meeting will not by itself revoke your proxy). If you hold your shares in "street name," you will need additional documentation from your bank or broker to vote your shares in person at the meeting.

### **Solicitation of Proxies and Expenses**

The accompanying proxy for the Fidelity special meeting is being solicited by Fidelity's board of directors, and Fidelity will pay for the entire cost of the solicitation, other than certain costs of preparing and filing this joint proxy statement/prospectus with the SEC, which are being borne by Eagle. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for forwarding the solicitation material to the beneficial owners of Fidelity common stock held of record by those persons, and Fidelity may reimburse the brokerage houses, custodians, nominees and fiduciaries for reasonable transaction and clerical expenses. In addition to the use of the mail, proxies may be solicited personally or by telephone, facsimile or other means of communication by Fidelity's directors, officers and regular employees. These people will receive no additional compensation for these services, but will be reimbursed for any expenses incurred by them in connection with these services.

Fidelity has engaged Laurel Hill Advisory Group to solicit proxies for a fee of \$4,500.00 and reasonable out of pocket expenses, to assist it in obtaining proxies from shareholders on a timely basis. The cost of any proxy solicitation firm engaged by Fidelity will be paid solely by Fidelity.

### **Board Recommendation**

Fidelity's board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Fidelity and its shareholders. **Accordingly, Fidelity's board of directors unanimously approved and adopted the merger agreement and the transactions contemplated by the merger agreement, including the merger, and unanimously recommends that Fidelity's shareholders vote "FOR" the proposal to approve the merger agreement and the merger and "FOR" the proposal, if necessary, to approve an adjournment of the special meeting to permit the further solicitation of proxies.**

The proposed merger is of great importance to the shareholders of Fidelity. You are urged to read and carefully consider the information presented in this joint proxy statement/prospectus and to complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope.

### **Dissenters' Rights**

Under Maryland law, Fidelity shareholders may exercise dissenters' rights in connection with the merger. The provisions of Maryland law governing dissenters' rights are complex and you should review them carefully. Multiple steps must be taken to properly exercise and perfect these rights. A copy of Sections 3-201 through 3-213 of the MGCL (the provisions of the MGCL governing dissenters' rights) is included with this joint proxy statement/prospectus as Appendix D.

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For a more complete description of dissenters' rights, please refer to the section of this joint proxy statement/prospectus entitled "The Merger Dissenters' Rights" at page 71.

### **The Eagle Special Meeting of Shareholders**

This joint proxy statement/prospectus is being provided by Eagle to holders of Eagle common stock as Eagle's proxy statement in connection with the solicitation of proxies by its board of directors to be voted at the special meeting of Eagle shareholders to be held on August 27, 2008, and at any adjournments or postponements of the special meeting.

### **Date, Time and Place of Meeting**

The special meeting of Eagle shareholders is scheduled to be held as follows:

Date: August 27, 2008  
Time: 10:00 a.m., local time  
Place: The Bethesda Marriott Hotel,  
5151 Pooks Hill Road,  
Bethesda, Maryland

### **Purpose of the Special Meeting**

At the Eagle special meeting, Eagle shareholders will be asked to:

Approve the issuance of up to a maximum of 4,338,363 shares of Eagle common stock in connection with the proposed merger pursuant to which Fidelity will be merged with and into Woodmont, with Woodmont surviving the merger, and each outstanding share of Fidelity common stock will be converted into the right to receive 0.9202 shares of Eagle common stock, subject to reduction in accordance with the merger agreement. See "The Merger Agreement Merger Consideration" at page 30. The number of shares to be issued includes shares of Eagle common stock which may be issued upon the exercise of options to acquire Fidelity common stock. Eagle shareholders are not required to vote on or approve the merger. However, because more than 20% of the outstanding shares of Eagle common stock are proposed to be issued to Fidelity shareholders in connection with the merger, approval of the issuance of shares by Eagle shareholders is required under the listing requirements of The NASDAQ Capital Market.

Approve a proposal, if necessary, to adjourn the special meeting to permit the further solicitation of proxies if and to the extent there are not sufficient votes at the time of the special meeting to approve the issuance of shares in connection with the merger.

Transact any other business that may properly come before the special meeting or any postponements or adjournments of the Eagle special meeting.

### **Record Date and Outstanding Shares**

Eagle's board of directors has fixed the close of business on July 17, 2008 as the record date for the Eagle special meeting. Only shareholders of record of Eagle common stock at the close of business on the record date are entitled to notice of, and to vote at, the Eagle special meeting. Each holder of record of Eagle common stock at the close of business on the Eagle record date is entitled to one vote for each share of Eagle common stock then held on each matter voted on by shareholders at the special meeting. At the close of business on the record date, there were 9,888,898 shares of Eagle common stock issued and outstanding and entitled to vote.

**Vote Required to Approve the Share Issuance**

The approval of the issuance of shares of Eagle common stock to Fidelity shareholders in connection with the merger requires the affirmative vote of a majority of the votes cast on the proposal.

**Vote Required to Approve the Proposal, If Necessary, to Adjourn the Special Meeting**

The approval of the proposal to adjourn the special meeting if and to the extent necessary to permit the further solicitation of proxies in the event there are not sufficient votes at the Eagle special meeting to approve the share issuance requires a majority vote of the shares present or represented at the special meeting and entitled to vote on the matter.

**Quorum; Abstentions and Broker Non-Votes**

Holders of a majority of the issued and outstanding shares of Eagle common stock entitled to vote at the special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Eagle special meeting. If a share is represented for any purpose at the Eagle special meeting, it is deemed to be present for the transaction of all business. Abstentions are counted for purposes of determining whether a quorum exists. Notwithstanding the foregoing, pursuant to Eagle's bylaws, the special meeting may be adjourned by a majority of the shares present or represented at the special meeting.

If you hold your shares of Eagle common stock in "street name" through a broker, bank or other nominee, generally the nominee may only vote your Eagle common stock in accordance with your instructions. However, if your nominee has not timely received your instructions, such nominee may vote on matters for which it has discretionary voting authority. Brokers will not have discretionary voting authority to vote on the proposal to approve the issuance of shares of Eagle common stock in connection with the merger agreement. If a nominee cannot vote on a matter because it does not have discretionary voting authority, this is a "broker non-vote" with respect to that matter. Broker shares that are not voted on any matter at the Eagle special meeting will, however, be counted as shares present or represented at the special meeting for purposes of determining whether a quorum exists. In the event that a quorum is not present at the Eagle special meeting, it is expected that the special meeting will be adjourned or postponed to permit further solicitation of proxies.

**Voting by Directors and Executive Officers**

As of the record date, Eagle's and EagleBank's directors beneficially owned approximately 2,587,411 outstanding shares of Eagle common stock, or approximately 26.2% of the shares entitled to vote at the Eagle special meeting. The directors of Eagle and EagleBank have indicated their intention to vote in favor of the share issuance.

**Voting and Revocation of Proxies**

After carefully reading and considering the information presented in this joint proxy statement/prospectus, you should complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope so that your shares are represented at the Eagle special meeting. You can also vote at the special meeting, but we encourage you to submit your proxy now in any event.

All shares of Eagle common stock represented by each properly executed and valid proxy received before the special meeting will be voted in accordance with the instructions given on the proxy. If an Eagle shareholder executes a proxy card without giving instructions, the shares of Eagle common stock represented by that proxy card will be voted "FOR" approval of the issuance of shares in connection with the merger and "FOR" the approval of the proposal, if necessary, to adjourn the special meeting to permit the further solicitation of proxies. Eagle's board of directors is not aware of any other matters to be voted

on at the Eagle special meeting. If any other matter properly comes before the special meeting, the persons named on the proxy card will vote the shares represented by all properly executed proxies on those matters in their discretion.

You may revoke your proxy at any time before the proxy is voted by one of the following means:

by delivering a written notice to the secretary of Eagle of stating that you would like to revoke your proxy;

by submitting another duly executed proxy with a later date; or

by attending the special meeting and voting in person at the special meeting (your attendance at the special meeting will not by itself revoke your proxy). If you hold your shares in "street name," you will need additional documentation from your bank or broker to vote your shares in person at the meeting.

### **Solicitation of Proxies and Expenses**

The accompanying proxy for the Eagle special meeting is being solicited by Eagle board of directors, and Eagle will pay for the entire cost of the solicitation. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for forwarding the solicitation material to the beneficial owners of Eagle common stock held of record by those persons, and Eagle may reimburse the brokerage houses, custodians, nominees and fiduciaries for reasonable transaction and clerical expenses. In addition to the use of the mail, proxies may be solicited personally or by telephone, facsimile or other means of communication by Eagle's directors, officers and regular employees. These people will receive no additional compensation for these services, but will be reimbursed for any expenses incurred by them in connection with these services.

Eagle may engage a proxy solicitation firm to assist it in obtaining proxies from shareholders on a timely basis. As of the date of this joint proxy statement/prospectus, Eagle has not engaged a firm for the purpose of soliciting proxies. The cost of any proxy solicitation firm engaged by Eagle will be paid solely by Eagle.

### **Board Recommendation**

Eagle's board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are in the best interests of Eagle and its shareholders. **Accordingly, Eagle's board of directors unanimously approved and adopted the merger agreement and the transactions contemplated by the merger agreement, including the merger, and unanimously recommends that Eagle's shareholders vote "FOR" the issuance of shares of Eagle common stock in connection with the merger and "FOR" the proposal, if necessary, to approve an adjournment of the special meeting to permit the further solicitation of proxies.**

The proposed merger is of great importance to the shareholders of Eagle. You are urged to read and carefully consider the information presented in this joint proxy statement/prospectus and to complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope.

### **Dissenters' Rights**

Under Maryland law, Eagle's shareholders do not have the right to object to the merger or exercise dissenters' rights in connection with the merger.

## THE MERGER

*Set forth on the following pages is a summary of the material terms and conditions of the merger agreement. This summary may not contain all the information about the merger agreement that is important to you. We encourage you to read the merger agreement, which is included as Appendix A to this joint proxy statement/prospectus, in its entirety.*

### Structure of the Merger

The merger agreement provides for Eagle's acquisition of Fidelity through a merger of Fidelity with and into Woodmont, a wholly owned subsidiary of Eagle formed for the purpose of effecting the merger, with Woodmont being the surviving corporation in the merger. As a result of the merger, each share of Fidelity common stock will be converted into the right to receive 0.9202 shares of Eagle common stock, subject to reduction as described below under "Merger Consideration." Promptly following the effectiveness of the merger of Fidelity with and into Woodmont, F&T Bank will be merged with and into EagleBank, with EagleBank being the surviving bank, and Woodmont will then be merged with and into Eagle, with Eagle being the surviving corporation. After completion of the mergers, Eagle will be the direct holder of all of the outstanding shares of EagleBank, which will have the assets and liabilities of the combined banks.

The articles of incorporation of Eagle will be the articles of incorporation of the surviving corporation after completion of the mergers, and the Eagle bylaws will be the bylaws of the surviving corporation.

Upon completion of merger of Fidelity with and into Woodmont, Robert P. Pincus and one other member of Fidelity's current board of directors selected by Fidelity will be appointed to the board of directors of Eagle. Upon completion of the merger, Ronald D. Paul, President and Chief Executive Officer of Eagle, and Chairman and Chief Executive Officer of EagleBank, will also become Chairman of Eagle, and Mr. Pincus will become Vice Chairman of Eagle. In the event that the merger is effective prior to Eagle's 2008 annual meeting of shareholders, but not in time for the inclusion of the Fidelity designated directors as nominees for election as directors in Eagle's proxy materials, Eagle will appoint the Fidelity designated directors to newly created vacancies on the Eagle board of directors following the annual meeting. Upon completion of the merger of F&T Bank with and into EagleBank, Mr. Pincus and three other members of F&T Bank's current board of directors designated by F&T Bank will be appointed to the board of directors of EagleBank. Mr. Paul will continue to serve as Chairman of EagleBank, and Mr. Pincus will become Vice Chairman of EagleBank. See "Interests of Certain Persons in the Merger" at page 37.

The executive officers of Eagle and EagleBank following the mergers will be the those persons who are currently the executive officers of Eagle and EagleBank, except that Barry C. Watkins, President of F&T Bank, will become President of EagleBank's District of Columbia and Virginia regions, and Michael T. Flynn, Chief Operating Officer of Eagle and President of the District of Columbia region of EagleBank, will serve only as Chief Operating Officer of Eagle. Certain of the other executive officers of Fidelity and F&T Bank are expected to join EagleBank, as discussed under "Interests of Certain Persons in the Merger" at page 37.

### Merger Consideration

At the effective time of the merger, each issued and outstanding share of Fidelity common stock will be converted into the right to receive 0.9202 of a share of Eagle common stock, subject to reduction as described below, together with cash in lieu of any fractional share of Eagle common stock to which a shareholder would be entitled.

*Potential Reduction of the Conversion Ratio.* If, at the effective time of the merger, the pro forma consolidated book value of Fidelity as of September 30, 2007, adjusted for the items set forth below, would

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be below \$7.50 per share, then the conversion ratio will be reduced to the number of shares determined by dividing Fidelity's September 30, 2007 pro forma book value per share, as agreed upon for purposes of the merger agreement by \$8.15, calculated to four decimal places.

Fidelity's September 30, 2007 pro forma book value per share shall be determined by adjusting Fidelity's adjusted September 30, 2007 book value of \$31,552,620 by the net amount of following items only:

- (i) operating losses of F&T Mortgage;
- (ii) expenses incurred by Fidelity or any Fidelity subsidiary in connection with the winding down of F&T Mortgage (including but not limited to lease and contract termination fees, severance obligations, salary and benefit expense, legal, accounting and consulting fees);
- (iii) deficiencies on inter-company payments or liabilities due from F&T Mortgage to F&T Bank;
- (iv) losses on the sale of loans held for sale;
- (v) net charge-offs;
- (vi) increases to the allowance for loan losses necessary to conform to Eagle's policies for such items, to the extent such increases are in the aggregate in excess of \$750,000;
- (vii) increases to valuation adjustments for loans held for sale as may be determined pursuant to the merger agreement;
- (viii) reserves for litigation, litigation expenses and amounts paid or payable upon judgment or in settlement relating to litigation as may be determined pursuant to the merger agreement;
- (ix) any other agreed upon adjustments to Fidelity's book value; and
- (x) dividing such adjusted book value by the number of shares of Fidelity Common Stock outstanding as of September 30, 2007.

An adjustment relating to items (ii) through (viii) will be made, however, only to the extent such the aggregate of such amounts exceeds the amount reserved or provided for such items at September 30, 2007, and any adjustment shall be made only by the amount by which the net amount of the adjustments in (i) through (viii) above exceeds \$400,000. In no event will the adjustments result in an increase in the conversion ratio. The procedures for adjustment of the conversion ratio do not increase Fidelity's book value above the September 30, 2007 agreed upon levels for earnings, option exercises or other accretions.

There can be no assurance that the conversion ratio will not adjust downward. If the conversion ratio is adjusted, the number of shares of Eagle common stock which holders of Fidelity common stock will receive will be lower than 0.9202. If the merger were completed as of March 31, 2008, we preliminarily estimate that the conversion ratio would be 0.6867 shares of Eagle common stock for each share of Fidelity common stock. In making this estimate, we considered changes in items (i) through (v) above which are reflected in or derivable from Fidelity's consolidated financial statements for the three months ended March 31, 2008. We did not include any adjustment pursuant to any other items as such amounts would either adjust for the same item more than once, or are not readily determinable at this time. The actual conversion ratio may be higher or lower than the estimated adjusted conversion ratio as of March 31, 2008.

The Conversion Ratio will be proportionately adjusted for dividends on Eagle common stock payable in shares of Eagle common stock or any combination or subdivision of the Eagle common stock the record date for which is after the date of the merger agreement but prior to the completion of the merger.

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*No Cash Option; Fluctuating Value of Transaction.* Holders of Fidelity common stock do not have the option to elect to receive cash in the merger. Other than those holders of Fidelity common stock who elect to exercise, perfect and fully implement their dissenter's rights, all holders of Fidelity common stock will

receive shares of Eagle common stock as a result of the merger. Eagle will not issue any fractional shares of Eagle common stock in the merger. Fidelity shareholders will receive cash for any fractional shares of Eagle common stock owed to them in an amount, without interest, based on the average closing price of Eagle common stock during a five day period ending immediately before the date which is two business days prior to the effective time of the merger.

The value of shares of Eagle common stock will fluctuate based on factors relating to Eagle's performance, market conditions and perceptions and other factors, many of which are beyond the control of Eagle and Fidelity. There can be no assurance as to the value of the shares of Eagle common stock which will be issued to holders of Fidelity common stock upon completion of the merger. The value of the Eagle shares into which Fidelity common stock is converted may be higher or lower than the \$11.51 value of 0.9202 shares of Eagle common stock as of the date of the merger agreement, may be higher or lower than the \$7.46 value of 0.9202 shares of Eagle common stock as of July 24, 2008 and may be higher or lower than the \$5.57 value of 0.6867 shares of Eagle common stock as of July 24, 2008.

#### **Surrender of Certificates Representing Fidelity Common Stock**

Upon effectiveness of the merger, certificates which formerly represented shares of Fidelity common stock will represent the number of shares of Eagle common stock into which such shares have been converted, except that until exchanged for Eagle common stock, the holders of Fidelity common stock certificates will not be entitled to receive payment of dividends or other distributions or payments on Eagle common stock.

Eagle has appointed its transfer agent, Computershare Investor Services, as the exchange agent with respect to the merger. Within 10 days following effectiveness of the merger, the exchange agent will mail to each holder of Fidelity common stock a letter of transmittal and instructions for use in the exchange of shares of Fidelity common stock for shares of Eagle common stock and cash in lieu of fractional shares, including procedures, including the posting of a bond, to be followed in the event that certificates representing Fidelity common stock have been lost or destroyed. **Holders of Fidelity common stock should not deliver their certificates until they have received transmittal forms, and should not return certificates with the enclosed form of proxy.**

Upon surrender of certificates representing shares of Fidelity common stock, the exchange agent will issue uncertificated, or book entry, shares, registered in the name of the former Fidelity shareholder, representing the number of whole shares of Eagle common stock into which such holder's shares have been converted. Each former Fidelity shareholder will receive a statement evidencing the issuance of uncertificated shares of Eagle common stock for the benefit of such shareholder, together with a check representing payment, without interest, of cash in lieu of any fractional share of Eagle common stock to which such holder may be entitled, and, if appropriate, a check representing payment, without interest, of any dividend or other cash payment or distribution on such holder's shares of Eagle common stock which may have been withheld as a result of such holder's failure to earlier surrender his or her Fidelity certificates for exchange. Each shareholder will have the ability to request a physical share certificate representing his/her shares of Eagle common stock at any time after he/she completes the exchange of his/her Fidelity certificates. Notwithstanding the foregoing, any shares of Eagle common stock which are required to carry a legend, such as shares of Eagle common stock to be issued to affiliates of Fidelity, will be represented by physical share certificates.

If any holder of Fidelity common stock has not surrendered his or her certificates for exchange within twelve months of the effectiveness of the merger, the shares to which he or she would be entitled may, at Eagle's option, be sold and the proceeds of sale, together with any cash in lieu of fractional shares and previously accrued dividends, held in a non-interest bearing account for the former shareholder's benefit. In such event, the shareholder will only have the right to receive any shares of Eagle common stock which have not been sold, if any, and to collect, without interest, and subject to applicable laws of escheat, the



cash in the account representing the net proceeds of the sale, cash in lieu and accumulated dividends, upon proper surrender of his or her Fidelity certificates.

### **Treatment of Fidelity Options**

As of the effective time of the merger, each outstanding option to acquire a share of Fidelity common stock under Fidelity's stock option plans will be converted into an option to purchase shares of Eagle common stock. Eagle will assume each Fidelity option in accordance with the terms and conditions of the Fidelity stock option plan pursuant to which such option was issued, the agreement evidencing the grant of such option, and any other agreement between Fidelity and the holder of the option, except that

from and after the effective time of the merger, each Fidelity option will be exercisable only for Eagle common stock;

the number of shares of Eagle common stock that may be acquired pursuant to such Fidelity option will be the number of shares of Fidelity common stock subject to such option multiplied by the conversion ratio, rounded down to the nearest whole share; and

the exercise price per share will be equal to the exercise price per share of Fidelity common stock divided by the conversion ratio, rounded up to the nearest cent.

Eagle has agreed to file one or more registration statements on Form S-8 registering shares of Eagle common stock issuable upon exercise of the Fidelity options that are assumed by Eagle under the merger agreement.

### **Support Agreement**

As a condition to the obligation of Eagle to consummate the merger, each of the directors and executive officers of Fidelity and F&T Bank has entered into an agreement with respect to the voting of shares of Fidelity common stock which they own or control (the "Support Agreement"). Pursuant to the Support Agreement, the directors and executive officers of Fidelity and F&T Bank have agreed, in their capacities as shareholders, that they will vote an aggregate of 1,319,179 shares of Fidelity common stock which they possess the power to vote or direct the voting of, or approximately 31.4% of the total number of shares of Fidelity common stock outstanding, in favor of the merger agreement and the transactions contemplated by the merger agreement. Under the Support Agreement, the directors and executive officers also agreed not to tender into any tender or exchange offer, or sell, transfer, hypothecate, grant a security interest in, or otherwise dispose of or encumber any of his or her shares of Fidelity common stock, or any options to acquire Fidelity common stock, not to exercise any option to purchase Fidelity common stock prior to the effective time, unless it would otherwise expire, and, except with the prior written consent of Eagle, not to purchase or submit a bid to purchase or an offer to sell any shares of Eagle common stock during the period during which the value of Eagle common stock for purposes of establishing the cash in lieu rate is determined. The officers and directors also agreed, in their capacity as such, that they will not authorize, direct, encourage or induce any person to solicit any alternative acquisition proposal in violation of Fidelity's covenant not to solicit such proposals.

### **Non-Competition Agreements**

As a condition of the obligation of Eagle to consummate the merger, each director of Fidelity and F&T Bank, other than Mr. Pincus and Mr. Watkins, has entered into an agreement restricting such director's ability to engage in activities in competition with Eagle and EagleBank following the effective time of the merger. The directors did not receive any separate or additional compensation for entering into the non-compete agreements.

Under the non-compete agreements, each director has agreed that for a period of one year following the effectiveness of the merger, he or she shall not, directly or indirectly, engage or (i) participate in the

ownership, management, operation, control or financing of; or (ii) provide any service, advice or assistance regarding the management, operation, formation or acquisition of; (iii) have any financial interest in, whether as organizer, director, advisory director, officer, employee, consultant, partner, contractor, shareholder (other than as a holder of less than 5% of the capital stock of a financial institution); of any federal or state commercial bank, credit union, industrial loan bank, savings institution, thrift or non-bank commercial or commercial real estate lending business, or any person or entity seeking to acquire or form such a institution or company (a "financial institution"), competitive with Eagle or EagleBank's business as it exists on the date of the non-compete agreements, which has a branch or loan production office located in the Maryland counties of Montgomery, Prince Georges, Frederick, Howard, and the District of Columbia, and the Virginia counties of Arlington, Fairfax, Fauquier, Loudoun and Prince William and the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park, including but not limited to a financial institution engaged in, or which controls any entity engaged in, retail banking services, commercial banking services, consumer savings accounts, deposit production, commercial loan production or commercial or commercial real estate lending services in the designated area. Such restrictions do not apply to any relationship preexisting the non-compete agreements, and do not apply to advisory relationships with a financial institution which the director may have solely in the capacity as legal counsel, investment banker or independent public accountant or to activities that are not in the designated area.

The non-compete agreements also contain specified exclusions for Robert Tyson, Robert Fiallo and Christopher Miller, directors of Fidelity and/or F&T Bank who are currently engaged in certain mortgage brokerage business activities set forth in the agreements, and provide that such activities may continue to the extent that they are not with customers of Eagle, EagleBank, Fidelity or F&T Bank, and that brokered commercial and commercial real estate loans originated by Messrs. Tyson and Fiallo must be first offered to Eagle and EagleBank. The non-compete agreements provide that Mr. Miller may change his employment during the term of the agreement to work for a financial institution which has an office within the area covered by the agreement. The non-compete agreements also provide that Jay Weinstein, a director of F&T Bank, will not in any way be restricted from the sale of his financial advisor business to another financial institution or affiliation of his business with another financial institution in the area covered by the non-compete agreement.

Additionally, for a period of two years following the effectiveness of the merger, the Fidelity and F&T Bank directors may not directly or indirectly, for or on behalf of such director or any other person or entity, accept banking business from, solicit the banking business of, or induce to discontinue, terminate or reduce the extent of their relationship with Eagle or EagleBank, any person or entity who was a customer of Fidelity, F&T Bank, Eagle or EagleBank; or initiate any offer of employment to or hiring process with respect to, or in any manner solicit the services, or hire any person who was an employee of Fidelity or F&T Bank. Further, the Fidelity and F&T Bank directors have agreed that for a period of two years following the effectiveness of the merger, they shall not disclose or use, or authorize any person or entity to disclose or use, any confidential or nonpublic information relating to Eagle, EagleBank, Fidelity or F&T Bank of which such director is aware or to which such director has access, as a result of service on the board of directors or as an officer of Eagle, EagleBank, Fidelity or F&T Bank.

#### **Effectiveness of the Merger**

The closing of the merger will take place within 30 days of the receipt of all required approvals and authorizations of government and regulatory authorities, the expiration of all applicable waiting periods, and the satisfaction or waiver of all conditions to the merger. The merger will become effective upon the later of the filing of Articles of Merger with the Maryland Department of Assessments and Taxation or the date indicated in the Articles of Merger. It is expected that the merger will become effective on the same day of the closing, unless otherwise agreed in writing by the parties to the merger agreement.

**Material United States Federal Income Tax Consequences**

*General.* The following discusses the material U.S. federal income tax consequences of the merger. This discussion is based on the Internal Revenue Code of 1986 (the "Code"), as amended, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date of this joint proxy statement/prospectus, all of which may change, possibly with retroactive effect. This discussion assumes that Fidelity shareholders hold their Fidelity common stock, and will hold their Eagle common stock, as capital assets. This discussion does not address all aspects of federal income taxation that may be important to a Fidelity shareholder in light of that shareholder's particular circumstances or to a Fidelity shareholder subject to special rules, such as:

a person who is not a citizen or resident of the United States;

a financial institution or insurance company;

a tax-exempt organization;

a dealer or broker in securities;

a person who holds Fidelity common stock as part of a hedge, appreciated financial position, straddle, conversion or other integrated transaction;

a partnership or other entity classified as a partnership for U.S. federal income tax purposes;

a person liable for the alternative minimum tax; or

a person who acquired Fidelity common stock pursuant to the exercise of compensatory options or otherwise as compensation.

This discussion is not a complete analysis or description of all potential federal income tax consequences to the merger. It does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, shareholders are strongly encouraged to consult their own tax advisors to determine their particular tax consequences.

*Tax Opinion.* Eagle and Fidelity have received an opinion of Kennedy & Baris, LLP, which has been filed with the SEC as an exhibit to the registration statement of which this joint proxy statement/prospectus is a part, to the effect that the merger will be a reorganization within the meaning of Section 368 of the Code, and will have the tax consequences described below. The opinion of Kennedy & Baris, LLP relies on (1) representations made by Eagle and Fidelity, including those contained in certificates of officers of Eagle and Fidelity, and (2) certain assumptions, including an assumption regarding the completion of the merger in the manner contemplated by the merger agreement. In addition, the opinion assumes the absence of changes in existing facts or in law between the date of this joint proxy statement/prospectus and the closing date of the merger. If any of those representations, covenants or assumptions is inaccurate the tax consequences of the merger could differ from those described herein.

The following is a description of the expected federal income tax consequences of the merger to Eagle, Fidelity and the shareholders of Fidelity:

no gain or loss will be recognized by Eagle, Woodmont, EagleBank, Fidelity or F&T Bank upon consummation of the transactions contemplated by the merger agreement;

the basis of the assets of F&T Bank in the hands of Eagle, Woodmont or EagleBank will be the same as the basis of such assets in the hands of Fidelity or F&T Bank immediately prior to the effective time;



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the holding period of the assets of F&T Bank transferred to Eagle, Woodmont and EagleBank will include the period during which such assets were held by Fidelity or F&T Bank prior to the effective time;

no gain or loss will be recognized by the shareholders of Fidelity upon the receipt of Eagle common stock in exchange for their shares of Fidelity common stock (except in respect of cash received in lieu of the issuance of fractional shares of Eagle common stock);

the basis of the Eagle common stock received by a Fidelity shareholder who exchanges Fidelity common stock for Eagle common stock will be the same as the basis of the Fidelity common stock surrendered in exchange therefore (subject to adjustments required as the result of receipt of cash in lieu of a fractional share of Eagle common stock);

cash received by a Fidelity shareholder in lieu of a fractional share of Eagle common stock will be treated as having been received as a distribution in redemption of the fractional share interest of Eagle common stock which he would otherwise be entitled to receive, subject to the provisions and limitations of Section 302 of the Code;

the holding period of the Eagle common stock received by the shareholders of Fidelity will include the holding period of the shares of Fidelity common stock surrendered in exchange, provided that such shares of Eagle common stock are held as a capital asset as of the effective time.

The opinion of Kennedy & Baris, LLP is not binding on the Internal Revenue Service (the "IRS") and does not preclude the IRS or the courts from disagreeing with the opinion of Kennedy & Baris, LLP or otherwise adopting a contrary position. In the event of such disagreement, there is no assurance that the IRS would not prevail in a judicial or administrative proceeding. Eagle and Fidelity do not intend to obtain a ruling from the IRS on the tax consequences of the merger.

As a result of the complexity of the tax laws and the impact of each shareholder's particular circumstances upon the tax consequences of the merger, the information set forth above regarding the federal income tax consequences of the merger is not intended to be individualized tax or legal advice to the shareholders of Fidelity. **Each shareholder should consult his or her own tax or financial counsel as to the specific federal, state, and local tax consequences of the merger, if any, to such shareholder.**

For federal income tax purposes, holders of Eagle common stock will not recognize gain or loss as a result of the merger.

*Backup Withholding and Information Reporting.* Information returns will be filed with the IRS in connection with cash payments for shares of Fidelity common stock pursuant to the merger. Backup withholding at a rate of 28% may apply to cash paid to a Fidelity shareholder, unless such shareholder furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 included in the letter of transmittal to be delivered to the shareholder following the completion of the merger. Any amount withheld under the backup withholding rules will be allowable as a refund or credit against a holder's U.S. federal income tax liability, provided required information is furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

*Reporting Requirements.* Holders of Fidelity common stock receiving Eagle common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with their United States federal income tax return for the year in which the merger takes place a statement setting forth facts relating to the merger. The facts to be disclosed by such holder include the holder's basis in the shares of Fidelity common stock transferred in the merger, and the fair market value of the Eagle common stock and the amount of cash received in the merger.

### Interests of Certain Persons in the Merger

In considering the recommendation of Fidelity board of directors that Fidelity shareholders vote in favor of the proposal to approve the merger agreement and the merger, Fidelity shareholders should be aware that Fidelity's directors and officers may have interests in the transactions contemplated by the merger agreement, including the merger, that may be different from, or in addition to, their interests as shareholders of Fidelity. Fidelity's board of directors was aware of these interests and took them into account in its decision to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

*Options to Acquire Fidelity Common Stock.* As of the record date for the Fidelity special meeting, Fidelity's and F&T Bank's directors and executive officers owned, in the aggregate, options to purchase 507,070 shares of Fidelity common stock under Fidelity's equity compensation plans. Each issued and outstanding option to purchase shares of Fidelity common stock as of the effective time which has not previously vested, will become vested in full and exercisable at the effective time of the merger, in accordance with the terms of the Fidelity option plans, and will be converted into an option to purchase shares of Eagle common stock, as set forth under "The Merger Treatment of Fidelity Options" at page 33. Under the terms of its option plans, Fidelity may also accelerate the vesting of any option prior to the effective time, provided, however that under the merger agreement, the consent of Eagle would be required to effect such an acceleration.

*Compensation and Termination Agreements.* EagleBank has entered into an agreement with each of Messrs. Pincus and Watkins regarding the termination of their existing agreements with Fidelity and/or F&T Bank. Under the termination agreements, Mr. Pincus and Mr. Watkins agree that they will not receive any severance or change in control payments in connection with the merger. EagleBank has also entered into new agreements, effective as of the effective time, pursuant to which Mr. Pincus will serve as Vice Chairman of the board of directors of EagleBank, and Mr. Watkins will serve as President of the District of Columbia and Virginia regions of EagleBank.

Under his agreement, Mr. Pincus will be retained to serve as Vice Chairman of the board of directors of EagleBank, and receive an annual payment of \$220,000, subject to annual increase to reflect, at a minimum, the increase in the consumer price index, in lieu of all other fees for service on the board of directors. Mr. Pincus will also be eligible to receive incentive bonuses pursuant to board approved plans, and to a car allowance of \$1,250 per month. The agreement has a term of three years. In the event of early termination of the agreement by EagleBank without cause, or as a result of Mr. Pincus' death or disability, Mr. Pincus would be entitled to receive continued payment of retainer compensation and car allowance for the remainder of the term, subject to his continued compliance with the confidentiality, noncompete and nonsolicitation provisions of the agreement. The agreement provides that during the term and for a period of eighteen months after termination, Mr. Pincus will not in any capacity (i) render any services to a bank or financial services business, including but not limited to any consumer savings, commercial banking, insurance or trust business, or a savings and loan or mortgage business, or other business in which EagleBank has invested significant resources in anticipation of commencing, or to any person or entity that is attempting to form such a business if it operates any office, branch or other facility that is (or is proposed to be) located within a thirty-five mile radius of the location of any branch of Eagle, EagleBank, Fidelity or F&T Bank or their affiliates, or (ii) induce or attempt to induce any customers, suppliers, officers, employees, contractors, consultants, agents or representatives of, or any other person that has a business relationship with, Eagle, EagleBank, Fidelity or F&T Bank or their affiliates, to discontinue, terminate or reduce the extent of their relationship with such entity or to solicit any such customer for any competitive product or service, or otherwise solicit any customer or employee of Eagle, EagleBank, Fidelity or F&T Bank or their affiliates.

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Under the agreement, in the event that (i) Mr. Pincus is terminated without cause after a change in control, (ii) his title, duties or position are materially reduced within twelve months after a change in control, without his consent, such that he would not have materially comparable compensation benefits and responsibilities, and not have his primary worksite moved more than twenty five miles, and such change is not cured within thirty days of notice of termination, or (iii) he voluntarily terminates the agreement within the thirty day period following twelve months after a change in control, Mr. Pincus would be entitled to receive a lump sum payment equal to 2.99 times his highest rate of base compensation in effect within the twelve months prior to termination, subject to adjustment to avoid adverse tax consequences resulting from characterization of such payment for tax purposes as a "parachute payment."

Under his agreement, Mr. Watkins will serve as President of the District of Columbia and Virginia regions of EagleBank. Pursuant to this agreement, which has a term of three years from the effective date of the merger, Mr. Watkins will be entitled to base compensation at an initial rate of \$250,000 per year, a car allowance of \$1,500 per month, bank paid life insurance, up to an annual premium of \$5,000, paid parking and participation in all other health, welfare, benefit, retirement, stock, option and bonus plans, if any, generally available to officers of EagleBank. If Mr. Watkins is terminated without cause, then subject to his continued compliance with the confidentiality, noncompetition and nonsolicit provision of the agreement, he will be entitled to receive continued base salary and COBRA payments for a period of one year following termination. The confidentiality, noncompete and nonsolicit provisions of Mr. Watkins' agreement are identical to those in Mr. Pincus' agreement, except that they extend for a period of twelve months following termination.

Under the agreement, in the event that (i) Mr. Watkins is terminated without cause after a change in control, (ii) his title, duties or position are materially reduced within twelve months after a change in control, without his consent, such that he would not have materially comparable compensation benefits and responsibilities, and not have his primary worksite moved more than twenty five miles, and such change is not cured within thirty days of notice of termination or (iii) he voluntarily terminates the agreement within the thirty day period following twelve months after a change in control, Mr. Watkins would be entitled to receive a lump sum payment equal to 2.99 times his highest rate of base compensation in effect within the twelve months prior to termination, subject to adjustment to avoid adverse tax consequences resulting from characterization of such payment for tax purposes as a "parachute payment."

*Bonus Payments.* Under his current compensation agreement, Mr. Pincus would be entitled to receive a bonus of \$100,000, payable at June 30, 2008 if F&T Bank's portfolio loans and its deposits were at or exceeded specified levels at that date. Also, under an agreement with a limited liability company through which Albert A. D'Alessandro, the Chairman of F&T Bank's advisory board serves, bonuses of up to \$50,000 is payable by F&T Bank if the loans and deposits generated by members of the advisory board, exceed designated levels. As the levels of loans and deposits necessary to pay bonuses to each of Mr. Pincus and Mr. D'Alessandro have already been reached, it is a condition to closing that Mr. Pincus and Mr. D'Alessandro's company shall have been paid these bonuses prior to closing.

*Change in Control and Severance Payments* F&T Bank currently has employment agreements with each of the officers set forth in the table below, which expire on October 1, 2008, subject to automatic renewal unless either party gives notice of an intent not to renew. Eagle will assume these contracts at the effective time. Under these employment agreements, if there is a change in control of Fidelity (the merger will result in a change in control), and if within one year of the change in control, without the consent of the employee, the officer's responsibilities are reduced in a manner inconsistent with his/her position; the officer's base compensation is reduced; or his/her office is relocated more than fifty miles, then the officer has thirty days to resign. If the officer elects to resign (a "Change in Control Resignation"), he/she will be entitled to receive a lump sum payment equal to two times the amount of the officer's current base salary and the cost of two years of continued health insurance benefits under COBRA (a "Change in Control Resignation Payment"). If any officer does not become entitled to receive a Change in Control Resignation

Payment, but Eagle, as the successor to F&T Bank, elects not to extend such officer's employment agreement or terminates the officer's employment without cause, then such officer will be entitled to receive continued payments of base salary and COBRA payments for a period of twelve months (a "Severance Payment").

Name	Title	Change in Control Resignation Payment(1)	Severance Payment(1)
Diane M. Begg	Chief Financial Officer	\$ 351,233	\$ 175,616
Gloria M. Reyes	Chief Credit Officer	\$ 278,250	\$ 139,125
J. Mercedes Alvarez	Chief Corporate Officer	\$ 306,198	\$ 153,099
Cynthia A. Pehl	Chief Risk Officer	\$ 274,096	\$ 137,048
Kim Ray	Chief Operating Officer	\$ 306,454	\$ 153,227
Susan J. Schumacher	Commercial Deposit Services Manager	\$ 267,120	\$ 133,560

(1)

Based on base salary as in effect on December 31, 2007 and estimated COBRA expense. Amounts rounded to the nearest whole dollar.

It is currently anticipated that all executive officers of Fidelity will be offered continued employment with EagleBank. It is expected that each of these officers will be eligible to receive a Change in Control Resignation payment or a Severance Payment.

*Mr. Pincus' relationship with Milestone Advisors, LLC.* Robert P. Pincus is the Chairman of Milestone Merchant Partners, LLC, the parent company of Milestone Advisors, LLC ("Milestone Advisors"). While he is not receiving any compensation related to this transaction, he does receive compensation for other transactions from Milestone Merchant Partners, LLC. Mr. Pincus's relationship with Milestone Merchant Partners, LLC was fully disclosed to the Fidelity board of directors prior to receiving the opinion of Milestone Advisors.

*Line of Credit.* Independent of the obligations of Eagle and Fidelity under the merger agreement, EagleBank has provided Fidelity with a revolving line of credit, secured by a first lien security interest in all of the stock of F&T Bank, pursuant to which EagleBank may lend up to \$12.9 million to Fidelity for the purpose of contributing additional capital to F&T Bank, in the form of subordinated debt and equity. The line of credit will be repaid upon effectiveness of the merger and bank merger. The obligation of Fidelity under the line of credit will exist regardless of whether the merger and bank merger are completed.

### Accounting Treatment

Eagle will account for the merger as a purchase, as that term is used under United States generally accepted accounting principles ("GAAP"), for accounting and financial reporting purposes. Under purchase accounting, the assets and liabilities of Fidelity as of the effective time will be recorded at their respective fair values and combined with those of Eagle. The amount by which the purchase price paid by Eagle exceeds the fair value of the net tangible and identifiable intangible assets acquired by Eagle through the merger will be recorded as goodwill. Financial statements of Eagle issued after the effective time will reflect these values and will not be restated retroactively to reflect the historical financial position or results of operations of Fidelity.

### Regulatory Approvals Required for the Merger

Eagle and Fidelity have agreed to use their reasonable efforts to obtain all regulatory approvals required to consummate the transactions contemplated by the merger agreement, which include the approvals of the Board of Governors of the Federal Reserve System and the Maryland Commissioner of Financial Regulation. We have filed applications in order to obtain these approvals. The merger cannot



proceed without these regulatory approvals. It is presently contemplated that if any additional governmental approvals or actions are required (including any approvals necessary to acquire the inactive business of F&T Mortgage), such approvals or actions will be sought. As of the date hereof, we have received the approval of the Federal Reserve. Although Eagle and Fidelity expect to obtain all other necessary regulatory approvals, there can be no assurance as to if and when these regulatory approvals will be obtained. There can also be no assurance that the United States Department of Justice or any state attorney general will not attempt to challenge the merger on antitrust grounds, or, if such a challenge is made, there can be no assurance as to its result.

A regulatory body's approval may contain terms or impose conditions or restrictions relating or applying to, or requiring changes in or limitations on, the operation or ownership of any asset or business of Eagle, Fidelity or any of their respective subsidiaries, or Eagle's ownership of Fidelity, or requiring asset divestitures. The merger agreement permits Eagle to decline to consummate the merger if any approval imposes any condition that, in the reasonable judgment of Eagle, would have a material adverse effect on the value of the merger to Eagle (excluding conditions that are ordinarily imposed in connection with transactions like the merger). There can be no assurance that the required regulatory approvals will be obtained on terms that satisfy the conditions to closing of the merger or within the time frame contemplated by Eagle and Fidelity. See "The Merger Conditions to the Merger" at page 59. The approval of the Federal Reserve requires the merger to be consummated in accordance with the representations and commitments contained in the application, including Eagle's commitment that the merged banks and holding companies would be well capitalized for prompt corrective action purposes as of consummation.

### **Background of the Merger**

On October 10, 2007, Fidelity board member and F&T Bank Chair, Robert P. Pincus and Eagle's President and Chief Executive Officer, Ronald D. Paul, met over breakfast and discussed the overall banking environment. The discussion led to talks of a possible business combination of the two financial institutions, Fidelity and Eagle, and all its positive opportunities. Mr. Pincus and Mr. Paul agreed to explore the merger option and to each seek input from an investment banking firm.

On October 18, 2007, Diane M. Begg, CFO of Fidelity met with William L. Boyan, III of Sandler O'Neill, Eagle's financial advisor, to discuss Fidelity's historical financial and operating results and discuss certain preliminary due diligence questions.

On October 23, 2007, Mr. Pincus met with Norman R. Pozez, Director of Fidelity, and John J. Nelligan and Eugene S. Weil of Milestone Advisors and discussed the rendering of financial advisory services to Fidelity in connection with a possible merger with Eagle.

On October 24, 2007, Susan B. Hepner, Chair of Fidelity's board of directors, executed an engagement letter between Fidelity and Milestone Advisors to retain its services for the purpose of assisting Fidelity in structuring, negotiating, and ultimately issuing a fairness opinion with respect to the merger with Eagle.

On October 31, 2007, Mr. Pincus met with Mr. Paul, Leland M. Weinstein, a director of Eagle, Messrs. Nelligan and Weil of Milestone Advisors, and Mr. Boyan, of Sandler O'Neill, to discuss all the business opportunities associated with a potential merger between Eagle and Fidelity, the compatibilities between the two institutions and benefits for the current clients and shareholders. The group agreed to pursue a letter of intent and definitive merger agreement.

On November 7, 2007, Fidelity's board of directors met and affirmed the retention of Milestone Advisors. The board requested that Milestone Advisors also render a fairness opinion on the sale transaction. The board of directors discussed and considered the terms and conditions of the preliminary merger agreement.

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Between November 7 and November 29, 2007, the parties and the financial and legal advisors conducted due diligence and negotiated the material terms of the merger agreement and the related agreement.

On November 30, 2007, Fidelity's board of directors met with its financial advisor, Mr. Nelligan of Milestone Advisors, and legal advisors, Philip Feigen and Jonathan Pavony of Patton Boggs LLP, to discuss and consider the financial, business, strategic and legal aspects relating to the merger agreement, the merger, and related transactions contemplated by the merger agreement. Fidelity's board determined that it was in the best interest of Fidelity and its shareholders and approved entering into the agreement and plan of merger with Eagle.

Eagle and Fidelity executed the definitive merger agreement and issued a press release publicly announcing the transaction on December 2, 2007.

### **Fidelity's Reasons for the Merger; Recommendation of Fidelity's Board of Directors**

The terms of the merger agreement, including the consideration to be paid to Fidelity's shareholders, were the result of arms-length negotiations. While evaluating the merger proposal the Fidelity board of directors considered a number of factors, including informal discussions with other local banking institutions. None of the informal discussions with other local banking institutions materialized. After considering its options, including continuing to operate on a stand alone basis, the board concluded that the merger presented a more favorable opportunity for maximizing shareholder value than Fidelity's other alternatives. Positive features included, but were not limited to:

the consideration to be paid to Fidelity's shareholders relative to the market value, book value and earnings per share of Fidelity common stock;

the greater liquidity of Eagle common stock compared to Fidelity common stock;

the terms and conditions of the merger agreement, including the stock consideration, the agreement of certain directors and executive officers of Fidelity and F&T Bank to vote in favor of the merger agreement, the limitations on the interim business operations of Fidelity, the conditions to consummation of the merger, the circumstances under which the merger agreement could be terminated and the advice of Fidelity's financial and legal advisors;

information regarding the business, operations, earnings, financial condition, management and prospects of Fidelity and Eagle;

the belief that the terms of the merger are fair to and in the best interest of the Fidelity shareholders;

that the current consideration to be received in the merger would deliver more value to Fidelity shareholders than the value that could be expected if Fidelity were to continue as an independent company;

the financial condition, results of operations and businesses of Eagle and Fidelity before and after giving effect to the merger based on due diligence and publicly available earnings estimates for Eagle;

the strategic fit of Eagle and Fidelity, including the belief that the merger has the potential to enhance shareholder value through growth opportunities and synergies resulting from combining the companies' complementary strengths and assets;

the combined capital strength resulting from the merger will provide expanded lending opportunities to meet the needs of the resulting institution's market;

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the expansion of the branch network resulting from the merger will provide an expanded market for the delivery of banking products and services;

the combination of human and technological resources resulting from the merger will enhance the delivery of services to our customers;

the importance of maintaining local access to decision makers who know and can deliver to our customers' business needs is satisfied by the merger;

the opinion of Milestone Advisors that the consideration is fair, from a financial point of view, to Fidelity's shareholders.

The Fidelity board of directors also considered the potential adverse consequences of the proposed merger, including:

the challenges of combining the businesses, assets and workforces of the two companies;

the risk of not achieving expected operating efficiencies or growth;

the possibility that the consideration payable to shareholders could decrease if the conversion ratio is reduced or the price of Eagle common stock declines prior to the closing date (see "The Merger Merger Consideration Potential Reduction of the Conversion Ratio at page 30);

the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

the risk that the merger will not be consummated.

The above discussion of the information and factors considered by the Fidelity board of directors is not intended to be exhaustive, but includes the material factors the Fidelity board of directors considered. In reaching its determination to approve and recommend the merger, the Fidelity board of directors did not assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors.

**The Fidelity board of directors believes that the merger is in the best interests of Fidelity and its shareholders. Accordingly the Fidelity board of directors has approved the merger agreement unanimously and recommends unanimously that you vote "FOR" approval of the merger and the merger agreement.**

### **Eagle's Background and Reasons for the Merger**

In reaching its decision to approve and adopt the merger agreement and the transactions contemplated thereby, Eagle's board of directors, in consultation with management and its financial and legal advisors, considered numerous factors. In determining that the merger was in the best interests of Eagle and its shareholders, the board considered the positive aspects of engaging in the merger, which included but were not limited to the expectation that:

the merger will, in a cost effective manner:

substantially increase EagleBank's assets and capital base, allowing it to provide customers with larger loans, and a wider variety of loan, deposit and other products;

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expand its human and financial resources;

the addition of Fidelity's six offices will provide EagleBank with greater presence in the District of Columbia and Montgomery County, and provide it with the opportunity to enter the Northern Virginia market for the first time; and

the merger will provide the combined company with opportunities for cross selling of products and for substantial cost savings through reduction of administrative and overhead expenses, as well as

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possible branch consolidation in the future, resulting in a transaction which should produce increased income, increased income per share and other financial benefits for Eagle shareholders.

The board of directors also considered the potential negative aspects of to the proposed merger, including but not limited to the risks that:

the potential liabilities relating to F&T Mortgage, including liability relating to litigation related to F&T Mortgage's mortgage repurchase obligations, could be greater than anticipated;

Fidelity's allowance for loan losses would not be adequate to absorb losses inherent in its portfolio, and that the quality of its portfolio would be lower than it was perceived to be;

the adjustment provisions built into the merger agreement would not fully compensate Eagle for the foregoing risks;

integration of Fidelity would take longer, and be more expensive, than anticipated; and

Eagle would be unable to successfully retain and provide additional services to Fidelity's customers.

After the initial meeting between Mr. Paul and Mr. Pincus discussed in "Background of the Merger" above, Eagle consulted with its legal counsel and financial advisor, to assist it in conducting due diligence on Fidelity, and to commence preparing a draft definitive agreement. During the period of November 8 through November 17, 2007, Eagle's senior management, legal counsel, financial advisor and independent loan review consultants retained for the purpose, conducted an in depth review of Fidelity's business, financial condition, assets, liabilities and contingent liabilities, including those related to F&T Mortgage. This review, and discussion of the findings, continued after the main portion of the due diligence investigation was completed.

On November 22, 2007, the Eagle board of directors met with representatives of legal counsel and Sandler O'Neill to discuss the proposed terms of the merger and the findings of the due diligence examination. Following an extensive discussion of the prospects for Eagle and its shareholders as a result of the merger, the condition and prospects of Fidelity and its subsidiaries, and the risks relating to an acquisition of Fidelity, the board approved continued discussions relating to the proposed merger. On November 28, 2007, the board of directors again met with Eagle's legal and financial advisors to discuss the merger. In anticipation of the meeting, the latest iteration of the merger agreement had been distributed to the directors. Following a presentation by management and counsel of the status of the discussions regarding the proposed merger, changes to the merger agreement since the draft distributed, a presentation by Sandler O'Neill of the financial impact of the proposed merger, a discussion of due diligence issues, and a presentation by counsel on issues relating to F&T Mortgage, the board approved continued discussions toward a definitive agreement.

On November 30, 2007, a joint meeting of the boards of directors of Eagle and EagleBank was held. The directors had previously been provided with the latest version of the proposed merger agreement. At this meeting, the boards reviewed the structure of the transaction, heard presentations from management and counsel on the status of the negotiations, changes to the agreement since the November 28, 2007 meeting and unresolved issues, and discussed the potential risks of the transaction and the potential impact of the merger on Eagle and its shareholders. The boards received and discussed a presentation by legal counsel regarding their fiduciary obligations under Maryland law. The boards received and discussed a presentation from Sandler O'Neill as to the financial impact of the transaction, pricing issues, and as to the fairness of the transaction from a financial point of view to the shareholders of Eagle. After extensive discussion, the boards of directors of Eagle and EagleBank unanimously approved the merger (with one member of the EagleBank board absent), subject to satisfactory resolution of open items, and authorized Mr. Paul to execute the merger agreement and related documents in the form presented, with such changes as he deemed appropriate, provided that such changes did not result in an increase in the substantive risk to Eagle and EagleBank of the proposed transaction.

The above discussion of the information and factors considered by Eagle's board of directors is not meant to be exhaustive, but indicates the material matters considered by the board. In reaching its determination to approve the merger agreement and the transactions which it contemplates, the board did not quantify, rank or assign any relative or specific weight to any of the foregoing factors, and individual directors may have considered various factors differently. The Eagle board did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. There can be no assurance that the merger will be effected and the integration of the two companies consummated in the manner expected by the Eagle board, or that the expected benefits to Eagle and its shareholders will be realized.

**The Eagle board of directors has unanimously approved the merger and unanimously recommends that holders of Eagle common stock vote "FOR" the approval of the issuance of up to a maximum of 4,338,363 shares of Eagle common stock in connection with the merger.**

#### **Opinion of Fidelity's Financial Advisor**

At the request of Fidelity, Milestone Advisors has provided to the Fidelity board of directors a written opinion to the effect that, subject to the qualifications, limitations and assumptions set forth in the opinion, as of the date Fidelity entered into the merger agreement the consideration to be paid by Eagle as provided in the merger agreement was fair to the holders of Fidelity common stock from a financial point of view.

Milestone Advisors was retained by Fidelity as its financial advisor and to provide a fairness opinion to Fidelity. Milestone Advisors is an investment banking firm that provides a broad range of financial services, and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and securities in connection with merger transactions and other types of acquisitions, private placements, secondary distributions and valuations for corporate, estate and other purposes. No limitations were imposed by the board of directors of Fidelity upon Milestone Advisors with respect to the investigation made or procedures followed by it in rendering its opinion. On March 16, 2005, options representing 10,500 shares were granted to Milestone Merchant Partners, LLC, the parent company of Milestone Advisors, at the exercise price of \$10.00 per share. In addition, Milestone Merchant Partners, LLC owns 14,221 shares of Fidelity common stock. Milestone Advisors was paid \$377,992 in 2007 in connection with the F&T Mortgage asset sale. Milestone Advisors did not receive any compensation in 2006 from Fidelity.

The full text of Milestone Advisors' written opinion to Fidelity & Trust's board of directors, which sets forth the procedures followed, assumptions made, matters considered, and qualifications and limitations of the review undertaken by Milestone Advisors, is attached as Appendix B to this joint proxy statement/prospectus and is incorporated herein by reference. Shareholders of Fidelity are urged to read the opinion, which is attached as Appendix B to this joint proxy statement/prospectus, in its entirety in connection with their consideration of the proposed merger.

For purposes of Milestone Advisors' opinion and in connection with its review of the merger and the merger agreement, Milestone Advisors, among other things:

reviewed the merger agreement;

reviewed certain publicly available business and financial information relating to Fidelity and Eagle that Milestone Advisors deemed to be relevant;

reviewed certain internal information, primarily financial in nature, including financial and operating data relating to the strategic implications and operational benefits anticipated to result from the merger, furnished to Milestone Advisors by Fidelity and Eagle;

reviewed certain publicly available and other information concerning the reported prices and trading history of, and the trading market for, the common stock of Eagle;

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reviewed certain publicly available information with respect to other companies that Milestone Advisors believed to be comparable in certain respects to Fidelity and Eagle;

considered the financial terms, to the extent publicly available, of selected recent business combinations of companies in the banking industry which Milestone Advisors deemed to be comparable, in whole or in part, to the merger;

made inquiries regarding and discussed the merger and the merger agreement and other related matters with Fidelity and Fidelity's counsel.

In addition, Milestone Advisors held discussions with the managements of Fidelity and Eagle concerning their views as to the financial and other information described above and the potential cost savings, operating synergies, revenue enhancements and strategic benefits expected to result from the merger. Milestone Advisors also conducted such other analyses and examinations and considered such other financial, economic and market criteria as it deemed appropriate to arrive at its opinion. It did not, however, make or review any independent evaluations or appraisals of any of the assets, properties, liabilities or securities, or make any physical inspection of the properties or assets of Fidelity. Milestone Advisors assumed the adequacy of allowances for losses in loan portfolios, and did not undertake to review any individual credit files, for Fidelity or Eagle.

In delivering its opinion to the board of directors of Fidelity, Milestone Advisors prepared and delivered to the board written materials containing various analyses and other information. Subject to the provisions of the merger agreement, each share of Fidelity common stock issued and outstanding immediately prior to the effective time of the merger shall be converted into the right to receive consideration equal to 0.9202 shares of Eagle common stock. The aggregate number of Eagle shares to be issued in exchange for all of Fidelity's currently outstanding common stock is approximately 3.9 million. All issued and outstanding options to purchase Fidelity's common stock at the time of transaction close will be converted into options to purchase Eagle shares per customary conversion methodology as described in the merger agreement. The fully diluted per share purchase price as of the date of the fairness opinion was \$11.50 and as of the date of the merger agreement was \$11.51. For purposes of the fairness opinion, Milestone Advisors assumed 4,207,016 shares of Fidelity common stock outstanding and 507,070 options to purchase Fidelity common stock outstanding at a weighted average exercise price of \$10.75 per share.

The following are summaries of the analyses contained in the materials delivered to Fidelity board of directors:

*Market Trading Analysis of Eagle Bancorp(1).* Milestone Advisors reviewed the stock trading history of Eagle. As of November 29<sup>th</sup>, 2007, the market value of Eagle was \$12.50 per share and ranged from \$11.55 to \$18.01 over the preceding 52-week period. The 30-, 60-, 90-day trading average stock prices were \$12.57, \$12.84, and \$13.12, and the average daily trading volume was approximately 5,500 shares.

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(1) Fidelity is not a publicly traded company.

*Public Comparable Company Analysis.* This method applies the comparative public market information of comparable companies to Fidelity and Eagle. The methodology assumes companies in the same industry share similar markets, and the potential for revenue and earnings growth is usually dependent upon the characteristics of the growth rates of these markets, and companies that operate within the same industry or line of business experience similar operating characteristics and business opportunities and risks. The underlying component in the comparable company analysis assumes the companies are going concerns.

Using publicly available information, Milestone Advisors compared selected financial data of Fidelity with similar data of selected publicly-traded companies engaged in commercial banking considered by Milestone Advisors to be comparable to those of Fidelity. In this regard, Milestone Advisors noted that although such companies were considered similar, none of the companies has the same management,

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makeup, size or combination of businesses as Fidelity, as the case may be. Milestone Advisors reviewed and analyzed the following publicly-traded companies, which Milestone Advisors deemed to be comparable companies (collectively, the "Fidelity & Trust Comparison Companies"): This group was selected from companies that are (i) 16 commercial banks or bank holding companies which were established after 2002 and have assets between \$250 million and \$750 million (the "De Novo Comparison Companies"), (ii) 61 commercial banks or bank holding companies located in the Mid-Atlantic region and have assets between \$250 million and \$750 million (the "Mid-Atlantic Comparison Companies"), and (iii) 32 commercial banks or bank holding companies which have a return on average assets of less than 0.8% and have assets between \$250 million and \$750 million (the "Nationwide Comparison Companies").

Milestone Advisors analyzed the following financial data for each of the Fidelity & Trust Comparison Companies and then applied the mean and median trading metrics of the Fidelity & Trust Comparison Companies to Fidelity as a multiple or percent, as the case may be, of (i) total assets (ii) tangible book value, and (iii) earnings(2) for the latest twelve months.

### Applied Median Comparables, De Novo Comparison Companies

	Median Comparable Multiple	F&T Multiplier	Implied Price
Price to Assets (%)	11.5	452,046	51,985
Price to Tangible Book Value (%)	143.5	32,321	46,390
Price to LTM Earnings (x)	15.6	1,765(1)	27,571
<b>Implied Average Total Market Capitalization (\$000)</b>			<b>41,982</b>
<b>Implied Fully Diluted Market Value per Share (\$)</b>			<b>\$ 9.98</b>

### Applied Median Comparables, Mid-Atlantic Comparison Companies

	Median Comparable Multiple	F&T Multiplier	Implied Price
Price to Assets (%)	12.1	452,046	54,472
Price to Tangible Book Value (%)	141.2	32,321	45,647
Price to LTM Earnings (x)	14.7	1,765(1)	25,975
<b>Implied Average Total Market Capitalization (\$000)</b>			<b>42,031</b>
<b>Implied Fully Diluted Market Value per Share (\$)</b>			<b>\$ 9.99</b>

### Applied Median Comparables, Nationwide Comparison Companies

	Median Comparable Multiple	Cordell Multiplier	Implied Price
Price to Assets (%)	10.0	452,046	45,024
Price to Tangible Book Value (%)	122.5	32,321	39,577
Price to LTM Earnings (x)	19.0	1,765(1)	33,545
<b>Implied Average Total Market Capitalization (\$000)</b>			<b>39,382</b>
<b>Implied Fully Diluted Market Value per Share (\$)</b>			<b>\$ 9.36</b>

(1)

LTM earnings are for the F & T Bank only. Consolidated LTM earnings were \$(6,740,000)





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The median range of values for this analysis was from \$9.36 to \$9.99 per share compared to the value of Eagle's stock offer equal to an exchange ratio of 0.9202, or \$11.51 per share as of the date of the merger agreement.

*Merger and Acquisition Transaction Analysis.* Milestone Advisors reviewed certain publicly available information regarding 55 selected merger and acquisition transactions (the "Comparable Transactions") from January 1, 2005 to October 31, 2007 involving commercial banks and bank holding companies, in which the sellers (i) were commercial banks or bank holding companies formed after January 1, 2001 and had total assets at the time of transaction announcement less than \$500 million (the 18 "De Novo Transactions"), (ii) were commercial banks or bank holding companies located in the Mid-Atlantic region and had total assets at the time of transaction announcement between \$250 million and \$750 million (the 12 "Mid-Atlantic Transactions"), and (iii) were commercial banks or bank holding companies which had a return on average assets less than 0.8% and had total assets at the time of transaction announcement between \$250 million and \$750 million (the 25 "Nationwide Transactions").

For each transaction, Milestone Advisors analyzed data illustrating, among other things, the multiple of purchase price to last twelve month ("LTM") earnings per share ("EPS"), the multiple of purchase price to tangible book value ("TBV"), and the ratio of the premium (i.e., purchase price in excess of tangible book value) to core deposits.

A summary of the mean and median multiples and ratios for the Comparable Transactions Group in the analysis follows:

### M&A Metrics, De Novo Transactions

	Total Assets (\$000)	Deal Value (\$M)	Price /		Premium/ Core Deposits (%)
			TBV (%)	LTM EPS (x)	
High	354,486	69.5	409.1	47.9	35.5
Low	37,935	6.4	99.1	20.4	8.1
Mean	110,850	23.1	223.5	32.8	22.6
Median	73,788	16.4	206.5	29.3	22.4
F&T / Eagle	452,046	48.8	143.8	27.6(1)	5.8

### M&A Metrics, Mid-Atlantic Transactions

	Total Assets (\$000)	Deal Value (\$M)	Current Price /		Premium/ Core Deposits (%)
			TBV (%)	LTM EPS (x)	
High	644,693	166.1	359.8	52.3	44.1
Low	320,510	69.8	195.9	19.5	10.2
Mean	484,158	109.7	280.3	32.6	22.3
Median	474,902	100.9	288.3	29.1	19.3
F&T / Eagle	452,046	48.8	143.8	27.6(1)	5.8

## M&amp;A Metrics, Nationwide Transactions

	Total Assets (\$000)	Deal Value (\$M)	Current Price /		Premium / Core Deposits (%)
			TBV (%)	LTM EPS (x)	
High	749,055	135.2	332.7	56.1	39.7
Low	252,956	26.6	74.3	11.5	(42.1)
Mean	477,661	76.1	236.1	29.7	13.7
Median	477,391	75.3	231.5	27.6	15.4
F&T / Eagle	452,046	48.8	143.8	27.6(1)	5.8

(1)

LTM earnings are for the F&T Bank only. Consolidated LTM earnings were \$(6,740,000)

An analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in the financial and operating characteristics of Fidelity & Trust and the companies included in the selected merger transactions and other factors that could affect the acquisition value of the companies to which it is being compared. Mathematical analyses such as determining the median or average is not in itself a meaningful method of using comparable transaction data.

**Present Value Analysis.** In performing the Present Value analysis, Milestone Advisors estimated the future cash earnings of Fidelity & Trust on both a stand-alone and pro forma basis (including the operational benefits that are expected to result from the transaction), and then discounted those values back to the present using discount rates ranging from 11.0% to 15.0%. Free cash flow in this analysis is equal to the cash earnings of Fidelity & Trust less the amount of retained earnings necessary to maintain an equity-to-assets ratio of 7.0%. The two valuation methodologies used were (i) a 12.0x to 20.0x price-to-earnings multiple range to Fidelity & Trust's projected future earnings per share and book value per share and (ii) a price-to-book value ratio ranging from 150% to 250% to Fidelity & Trust's projected future earnings per share and book value per share.

## 12.0x 20.0x Price / Earnings Multiple

	Low	High	Average
Stand-alone	\$ 7.57	\$ 14.58	\$ 10.86
Pro-forma	\$ 8.87	\$ 17.09	\$ 12.73
		<b>F&amp;T / Eagle</b>	<b>\$ 11.51</b>

## 150% 250% Price / Book Value Ratio

	Low	High	Average
Stand-alone	\$ 9.35	\$ 18.01	\$ 13.41
Pro-forma	\$ 9.79	\$ 18.85	\$ 14.04
		<b>F&amp;T / Eagle</b>	<b>\$ 11.51</b>

**Accretion Analysis.** Milestone Advisors analyzed the projected 2007 through 2011 earnings per share for one original share of Fidelity common stock, adjusted for the exchange ratio assuming 100% stock conversion. Milestone Advisors compared the projected earnings per share for the holders of Fidelity common stock on a stand-alone basis and on a combined pro forma basis for Fidelity and Eagle. This analysis assumes, among other things, that the transaction is completed in the second quarter of 2008, and expense savings are partially realized in 2008 and fully realized in 2009 and all periods thereafter. This analysis results in positive earnings accretion to Fidelity shareholders ranging from 20% to 30% in 2009 through 2011.

This analysis suggests that there are higher potential earnings per share and therefore higher potential value per share for the holders of Fidelity common stock if the merger is completed.



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This analysis relies on financial projections for Fidelity and Eagle, which projections may be significantly different from actual results. Therefore, the accretion experienced by Fidelity and/or Eagle may be significantly different than projected.

While the foregoing summaries describe several analyses and examinations that Milestone Advisors deemed material in its opinion, it is not a comprehensive description of all analyses and examinations actually conducted by Milestone Advisors. The preparation of a fairness opinion necessarily involves various determinations of the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, is not susceptible to partial analysis or summary description. Each of the analyses conducted by Milestone Advisors was carried out in order to provide a different perspective on the transaction and to add to the total mix of information available. Milestone Advisors did not form a conclusion as to whether any individual analysis, considered alone, supported or failed to support an opinion as to fairness from a financial point of view. Rather, in reaching its conclusion, Milestone Advisors considered the results of the analyses as a whole and did not place particular reliance or weight on any individual factor. Therefore, selecting portions of the analyses and factors considered, without considering all such analyses and factors, would create an incomplete or misleading view of the process underlying the analysis. The range of valuations resulting from any particular analysis should not be taken to be Milestone Advisors' view of the actual value or predicted future value of Fidelity's common stock.

In performing its analyses, Milestone Advisors made numerous assumptions with respect to industry performance and general business and economic conditions such as industry growth, inflation, interest rates and many other matters, many of which are beyond the control of Fidelity, Eagle and Milestone Advisors. Any estimates contained in Milestone Advisors' analyses are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the analyses. Additionally, estimates of the values of the business and securities do not purport to be appraisals of the assets or market value of Fidelity and Eagle or their securities, nor do they necessarily reflect the prices at which transactions may actually be consummated.

In arriving at its opinion, Milestone Advisors assumed and relied upon the accuracy and completeness of all financial and other information provided to or reviewed by Milestone Advisors, including publicly available information, and Milestone Advisors did not assume any responsibility for independent verification of any such information. With respect to financial projections and other information provided to or reviewed by Milestone Advisors, Milestone Advisors was advised by the managements of Fidelity and Eagle that such projections and other information were reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Fidelity and Eagle as to the expected future financial performance of Fidelity and Eagle, and Milestone Advisors assumed that, after the merger, Fidelity and Eagle and its subsidiaries will perform substantially in accordance with such projections. Milestone Advisors' opinion does not address the underlying business decision of Fidelity to enter into the Agreement or complete the merger.

Pursuant to the terms of an engagement letter with Fidelity, Milestone Advisors will receive a fee from Fidelity. In the ordinary course of Milestone Advisors' business, the principals of Milestone Advisors and its affiliates own common shares and options to acquire common shares of Fidelity and may actively trade the common stock of Eagle for their own account and for the accounts of Milestone Advisors' customers and, accordingly, Milestone Advisors may at any time hold a long or short position in the common stock of Eagle. In addition: (1) Milestone Advisors and its affiliates have provided investment banking services to Fidelity over the last two years and have received fees for such services, (2) a board member of Fidelity provides advisory services to Milestone Advisors and its affiliates and receives compensation for such services, and (3) Milestone Advisors maintains banking relationships with Fidelity, all of which are on commercial terms. Fidelity has also agreed to reimburse Milestone Advisors for its expenses incurred in connection with its engagement and to indemnify Milestone Advisors against certain liabilities.

Milestone Advisors' opinion is for the benefit and use of the members of the board of directors of Fidelity in connection with their evaluation of the merger and does not constitute a recommendation to any holder of Fidelity common stock as to how such holder should vote with respect to the merger.

#### Opinion of Eagle's Financial Advisor

*Opinion of Sandler O'Neill & Partners, L.P.* By letter dated November 21, 2007, Eagle Bancorp Inc. ("Eagle") retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination with Fidelity & Trust Financial Corporation ("Fidelity"). Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Eagle in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of a definitive merger agreement on December 2, 2007. At the November 30, 2007 meeting at which Eagle's board considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, which was later confirmed in writing that, as of such date, the merger consideration was fair to Eagle from a financial point of view. **The full text of Sandler O'Neill's written opinion is attached as Appendix C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. Shareholders of Eagle are urged to carefully read the entire opinion, which is attached as Appendix C to this joint proxy statement/prospectus, in connection with their consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the Eagle board and is directed only to the fairness of the merger consideration to Eagle from a financial point of view. It does not address the underlying business decision of Eagle to engage in the merger or any other aspect of the merger and is not a recommendation to any Eagle shareholder as to how such shareholder should vote at the special meeting with respect to the merger or any other matter.**

In connection with rendering its November 30, 2007 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of Eagle that Sandler O'Neill deemed relevant;
- (3) certain audited financial statements and other historical financial information of Fidelity that Sandler O'Neill deemed relevant;
- (4) an internal budget for Eagle for the years ending December 31, 2007 and 2008 prepared by and reviewed with management of Eagle and management guidance on an assumed asset growth rate for the years ending December 31, 2009 and 2010;
- (5) an internal budget for Fidelity for the years ending December 31, 2007 and 2008 as provided by senior management of Fidelity and as adjusted by management of Eagle and management guidance for the years ended December 31, 2009 and 2010, based on an assumed long-term asset and net interest margin growth rate as discussed with the senior management of Eagle and Fidelity;
- (6) the pro forma financial impact of the merger on Eagle based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of Eagle and Fidelity;

- (7) the publicly reported historical price and trading activity for Eagle's common stock, including a comparison of certain financial and stock market information for Eagle with similar publicly available information for certain other companies the securities of which are publicly traded;
- (8) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;
- (9) the current market environment generally and the banking environment in particular; and
- (10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant

Sandler O'Neill also discussed with certain members of senior management of Eagle, the business, financial condition, results of operations and prospects of Eagle and held similar discussions with certain members of senior management of Fidelity regarding the business, financial condition, results of operations and prospects of Fidelity.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill relied upon the accuracy and completeness of all the financial and other information that was available to it from public sources, that was provided to Sandler O'Neill by Eagle or Fidelity or their respective representatives, or that was otherwise reviewed by Sandler O'Neill and have assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O'Neill further relied on the assurances of the management of each of Eagle and Fidelity that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O'Neill has not been asked to undertake, and has not undertaken, an independent verification of any of such information and Sandler O'Neill does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing the assets or the liabilities (contingent or otherwise) of Eagle or Fidelity or any of their subsidiaries, or the collectibility of any such assets, nor has Sandler O'Neill been furnished with any such evaluations or appraisals. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Eagle or Fidelity nor has Sandler O'Neill reviewed any individual credit files relating to Eagle or Fidelity. Sandler O'Neill assumed, with Eagle's consent, that the respective allowances for loan losses for both Eagle and Fidelity were adequate to cover such losses.

With respect to the internal budget and management guidance for Eagle as provided by the senior management of Eagle and the internal budget and management guidance for Fidelity as discussed with the managements of Fidelity and Eagle and the projections of transaction costs, purchase accounting adjustments and expected cost savings prepared by and/or reviewed with the managements of Eagle and Fidelity and used by Sandler O'Neill in its analyses, Eagle's and Fidelity's management confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of management of the future financial performance of Eagle and Fidelity and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expressed no opinion as to the budget it received or the guidance provided by management and estimates or the assumptions on which they are based. Sandler O'Neill has also assumed that there has been no material change in Eagle's and Fidelity's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to it. Sandler O'Neill assumed in all respects material to its analysis that Eagle and Fidelity will remain as going concerns for all periods relevant to its analyses, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to the agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the agreements are not waived and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Finally, with Eagle's consent, we have relied upon the advice Eagle has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the Agreement.

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Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date hereof. Sandler O'Neill expressed no opinion as to what the value of Eagle's common stock will be when issued to Fidelity's shareholders pursuant to the merger agreement or the prices at which the common stock of Eagle may trade at any time.

In rendering its November 30, 2007 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Eagle or Fidelity and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Eagle and Fidelity and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Eagle, Fidelity and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Eagle board at the board's November 30, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Eagle's common stock or the prices at which Eagle's common stock may be sold at any time. The combined analysis of Sandler O'Neill and the opinions provided by each were among a number of factors taken into consideration by Eagle's board in making its determination to adopt the plan of merger contained in the merger agreement and the analyses described below should not be viewed as determinative of the decision of Eagle's board or management with respect to the fairness of the merger.

At the November 30, 2007 meeting of Eagle's board of directors, Sandler O'Neill presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O'Neill or the presentation made by Sandler O'Neill to Eagle's board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

In arriving at our opinion Sandler O'Neill did not attribute any particular weight to any analysis or factor that we considered. Rather we made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support their respective opinions; rather Sandler O'Neill made our determination as to the fairness of the per share consideration on the



basis of their experience and professional judgment after considering the results of all their analyses taken as a whole. Accordingly, we believe that the analysis and the summary of the analysis must be considered as a whole and that selecting portions of the analysis and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying their analyses and opinions. The tables alone do not constitute complete descriptions of the financial analyses presented in such tables.

*Summary of Proposal.* Sandler O'Neill reviewed the financial terms of the proposed transaction. Using the fixed exchange ratio of 0.9202 shares of Eagle common stock for each share of Fidelity common stock, based upon Eagle's closing stock price as of November 29, 2007 of \$12.50, Sandler O'Neill calculated a transaction value of \$11.50 per share, or an aggregate transaction value of approximately \$48.8 million. Based upon financial information for Fidelity as of or for the twelve month period ended September 30, 2007, Sandler O'Neill calculated the following transaction ratios:

**Transaction Ratios**

Transaction value/2007 Budgeted earnings per share	44.2x
Transaction value/2008 Budgeted earnings per share	18.9x
Transaction value/Book value per share	150%
Transaction value/Tangible book value per share	150%
Tangible book premium/ Core deposits(1)	7.17%

(1)

Core deposits exclude time deposits with account balances greater than \$100,000. Tangible book premium/core deposits calculated by dividing the excess of the aggregate transaction value of \$48.8 million over tangible book value by core deposits.

The aggregate transaction value was approximately \$48.8 million, based upon the offer price per share of \$11.50 and 4,207,016 Fidelity common shares outstanding.

*Comparable Company Analysis.* Sandler O'Neill used publicly available information to perform a comparison of selected financial and market trading information for Eagle and selected financial information for Fidelity.

Sandler O'Neill also used publicly available information to compare selected financial and market trading information for Fidelity and a group of financial institutions selected by Sandler O'Neill. The Fidelity peer group consisted of the following publicly traded commercial banks headquartered in D.C., Maryland, or Virginia with total assets between \$350 million and \$550 million:

Hampton Roads Bankshares Inc.	Monarch Financial Holdings
First National Corp.	Abigail Adams National Bancorp
Eagle Financial Services Inc.	Calvin B. Taylor Bankshares
Fauquier Bankshares Inc.	F & M Bank Corp.
Bank of Southside Virginia Corp.	Cecil Bancorp Inc.
Chesapeake Financial Shares	Village Bank & Trust Financial Corp
Central Virginia Bankshares	Annapolis Bancorp Inc.

The analysis compared publicly available financial and market trading information for Fidelity and the high, low, mean, and median data for Fidelity peer group as of and for the twelve months ended September 30, 2007. The table below sets forth the data for Fidelity and the median data for Fidelity peer group as of and for the twelve months ended September 30, 2007, with pricing data as of November 28, 2007.

## Comparable Group Analysis

	Fidelity	Comparable Group Median Result
Total Assets ( <i>in millions</i> )	\$ 452	\$ 464
Tangible Equity / Tangible Assets	6.61%	7.69%
Return on Average Assets	(1.51)%	1.04%
Return on Average Equity	(19.73)%	11.43%
Price / Tangible Book Value		152%
Price / LTM Earnings per Share		12.8x
Price / 2007 Estimated Earnings per Share		16.3x
Price / 2008 Estimated Earnings per Share		13.3x
Core Deposit Premium		6.3%
Market Capitalization ( <i>in millions</i> )	\$	56.9

Eagle's peer group consisted of the following publicly traded commercial banks headquartered in D.C., Maryland, or Virginia with total assets between \$500 million and \$1.0 billion:

Shore Bancshares Inc.	Eastern Virginia Bankshares	First Bancorp Inc.
National Bankshares Inc.	Middleburg Financial Corp.	Old Point Financial Corp.
Commonwealth Bankshares Inc.	C&F Financial Corp.	American National Bankshares
Highland Bankshares Inc.	Access National Corp.	Valley Financial Corp.
Tri-County Financial Corp.	Alliance Bankshares Corp.	Hampton Roads Bankshares Inc.
First National Corp.	Eagle Financial Services Inc.	

The analysis compared publicly available financial and market trading information for Eagle and the high, low, mean, and median data for Eagle peer group as of and for the twelve months ended September 30, 2007. The table below sets forth the data for Eagle and the median data for Eagle peer group as of and for the twelve months ended September 30, 2007, with pricing data as of November 28, 2007.

## Comparable Group Analysis

	Eagle	Comparable Group Median Result
Total Assets ( <i>in millions</i> )	\$ 802	\$ 768
Tangible Equity / Tangible Assets	9.73%	9.01%
Return on Average Assets	0.97%	1.07%
Return on Average Equity	10.13%	11.08%
Price / Tangible Book Value	152%	154%
Price / Last Twelve Months' Earnings per Share	16.1x	13.2x
Price / 2007 Estimated Earnings per Share(1)	14.8x	13.7x
Price / 2008 Estimated Earnings per Share(1)	13.2x	12.6x
Core Deposit Premium	8.0%	7.2%
Market Capitalization ( <i>in millions</i> )	\$ 118.8	\$ 101.2

(1)

Based on Eagle management's estimates

*Stock Trading History.* Sandler O'Neill also reviewed the history of the publicly reported trading prices of Eagle's common stock for the one-year period ended November 28, 2007 and the three-year period ended November 28, 2007. Sandler O'Neill then compared the relationship between the movements in the price of Eagle's common stock against the movements in the prices of the Standard & Poor's 500 Index, the NASDAQ Bank Index, the Standard & Poor's Bank Index and the median performance of a

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composite peer group of publicly traded commercial banks selected by Sandler O'Neill for Eagle. The composition of that respective peer group for Eagle is discussed under the relevant section under "Comparable Group Analysis" above.

During the one-year period ended November 28, 2007, Eagle's common stock underperformed the indices to which it was compared.

### Eagle's One-Year Stock Performance

	<u>Beginning Index Value November 28, 2006</u>	<u>Ending Index Value November 28, 2007</u>
Eagle	100.00%	69.5%
Selected Peer Group(1)	100.00%	92.7
NASDAQ Bank Index	100.00%	84.4
S&P Bank Index	100.00%	83.0
S&P 500 Index	100.00%	105.9

During the three-year period ended November 28, 2007, Eagle's common stock outperformed the peer group to which it was compared and the various indices, less the Standard & Poor's 500 Index.

### Eagle's Three-Year Stock Performance

	<u>Beginning Index Value November 28, 2004</u>	<u>Ending Index Value November 28, 2007</u>
Eagle	100.00%	102.9%
Selected Peer Group(1)	100.00%	95.1
NASDAQ Bank Index	100.00%	84.0
S&P Bank Index	100.00%	83.6
S&P 500 Index	100.00%	120.8

(1)

Refers to the peer group outlined in the Comparable Group Analysis section above.

*Analysis of Selected Merger Transactions.* Sandler O'Neill reviewed the following eight (8) merger transactions announced from January 1, 2005 through November 28, 2007 involving Washington, D.C., Maryland, or Virginia-based commercial banks as the acquired institution with a transaction value greater than \$15 million and less than \$100 million.

<u>Acquirer</u>	<u>Acquiree</u>
Community Bnkr Acq Corp	TransCommunity Financial Corp.
Bradford Bancorp Inc.	Patapsco Bancorp Inc.
Gateway Financial Holdings	Bank of Richmond NA
Sandy Spring Bancorp Inc.	CN Bancorp Inc.
Sandy Spring Bancorp Inc.	Potomac Bank of Virginia
Premier Community Bankshares	Albemarle First Bank
Union Bankshares Corp.	Prosperity B&TC
American National Bankshares	Community First Financial Corp

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Sandler O'Neill reviewed the following 14 merger transactions announced from January 1, 2005 through November 30, 2007 involving banks and thrifts that reported negative last twelve month net income prior to the announcement of the transaction (the "Nationwide Transactions"):

Acquirer	Acquiree
Integra Bank Corp. Community Bnkr Acq Corp FBOP Corp. Florida Bank Group Inc. United Security Bancshares Conestoga Bancorp Inc. Emprise Financial Corporation Bancshares of Florida Inc. Franklin Financial Services Stark Bk Group LTD. Wilshire Bancorp Inc. F.N.B. Corp. MainSource Financial Group Security Bank Corp.	Peoples Community Bancorp Inc. TransCommunity Financial Corp. Cardinal SB FSB Cygnet Financial Corp Legacy Bank PSB Bancorp Inc. Prairie Capital Inc. Bristol Bank Fulton Bancshares Corp. Pelican Financial Inc. Liberty Bank of New York North East Bancshares Inc. Madison Bank & Trust Company SouthBank

Sandler O'Neill reviewed the following multiples: transaction price at announcement to last twelve months' net income, transaction value to book value, transaction value to tangible book value, tangible book premium to core deposits, and transaction value to seller stock price one (1) month prior to announcement, and then computed high, low, mean, median multiples and premiums for the transactions. The median multiples were applied to Fidelity financial information as of and for the twelve months ended September 30, 2007. As illustrated in the following tables, Sandler O'Neill derived an imputed range of aggregate values for Fidelity stock of \$33.1 million to \$79.5 million based upon the median multiples for the Washington D.C., Maryland and Virginia commercial bank transactions and an imputed range of values for the aggregate of Fidelity stock of \$57.7 million to \$64.4 million based upon the median multiples for the Nationwide Transactions. Sandler O'Neill calculated a transaction value of \$11.50 per share.

### Transaction Multiples

	D.C., MD, VA		Nationwide	
	Median Multiple	Implied Value	Median Multiple	Implied Value
Price Per Share / Last twelve months Net Income	30.1x	\$ 33,053	NM	NM
Price Per Share / Book Value	232%	\$ 75,027	183%	\$ 59,004
Price Per Share / Tangible Book Value	246%	\$ 79,547	179%	\$ 57,725
Core Deposit Premium(1)	20.2%	\$ 79,270	13.8%	\$ 64,382

(1) Core deposits are defined as total deposits less time deposits over \$100,000. The core deposit premium is calculated by taking transaction value, less tangible book value, divided by core deposits.

*Net Present Value Analysis.* Sandler O'Neill performed an analysis that estimated the net present value per share of Fidelity common stock under various circumstances. **In the analysis we used an internal budget for Fidelity for the years ending December 31, 2007 and 2008 as provided by senior management of Fidelity as adjusted by management of Eagle and management guidance for the years ending December 31, 2009 and 2010 as discussed with the senior management of Eagle and Fidelity based on an assumed long-term asset and net interest margin growth rate.** The Fidelity budget reflected diluted earnings per share of \$0.28 and \$0.67 for the years ended December 31, 2007 and 2008, respectively, which Eagle adjusted, based on its judgment regarding achievable levels of growth and net interest margin, to \$0.26 and \$0.61 per

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diluted share. To approximate the terminal value of Fidelity common stock at December 31, 2010, Sandler O'Neill applied price to last twelve months earnings multiples of 10.0x to 18.0x and multiples of tangible book value ranging from 100% to 200%. The terminal values were then discounted to present values using different discount rates ranging from 11.0% to 17.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Fidelity stock. In addition, the net present value of Fidelity common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (10.0x to 18.0x) applied to a range of discounts and premiums to budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 13.0% for the analysis.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for Fidelity's common stock of \$7.05 to \$15.06 when applying the price/earnings multiples to the matched budget, \$6.13 to \$14.55 when applying multiples of tangible book value to the matched budget, and \$5.92 to \$17.76 when applying the price/earnings multiples to the -25% to +25% budget range.

*Earnings Per Share Multiples*

<b>Discount Rate</b>	<b>10.0x</b>	<b>12.0x</b>	<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>
<b>11.00%</b>	\$ 8.37	\$ 10.04	\$ 11.71	\$ 13.39	\$ 15.06
<b>12.00%</b>	8.13	9.75	11.38	13.00	14.63
<b>13.00%</b>	7.89	9.47	11.05	12.63	14.21
<b>14.00%</b>	7.67	9.21	10.74	12.28	13.81
<b>15.00%</b>	7.46	8.95	10.44	11.93	13.42
<b>16.00%</b>	7.25	8.70	10.15	11.60	13.05
<b>17.00%</b>	7.05	8.46	9.87	11.28	12.69

*Earnings Per Share Multiples*

<b>Budget Variance</b>	<b>10.0x</b>	<b>12.0x</b>	<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>
<b>-25.0%</b>	\$ 5.92	\$ 7.10	\$ 8.29	\$ 9.47	\$ 10.66
<b>-20.0%</b>	6.31	7.58	8.84	10.10	11.37
<b>-15.0%</b>	6.71	8.05	9.39	10.73	12.08
<b>-10.0%</b>	7.10	8.52	9.94	11.37	12.79
<b>-5.0%</b>	7.50	9.00	10.50	12.00	13.50
<b>0.0%</b>	7.89	9.47	11.05	12.63	14.21
<b>5.0%</b>	8.29	9.94	11.60	13.26	14.92
<b>10.0%</b>	8.68	10.42	12.15	13.89	15.63
<b>15.0%</b>	9.08	10.89	12.71	14.52	16.34
<b>20.0%</b>	9.47	11.37	13.26	15.15	17.05
<b>25.0%</b>	9.87	11.84	13.81	15.79	17.76

*Tangible Book Value Per Share Multiples*

<b>Discount Rate</b>	<b>100%</b>	<b>125%</b>	<b>150%</b>	<b>175%</b>	<b>200%</b>
<b>11.0%</b>	\$ 7.28	\$ 9.10	\$ 10.91	\$ 12.73	\$ 14.55
<b>12.0%</b>	7.07	8.83	10.60	12.37	14.13
<b>13.0%</b>	6.87	8.58	10.30	12.02	13.73
<b>14.0%</b>	6.67	8.34	10.01	11.68	13.34
<b>15.0%</b>	6.49	8.11	9.73	11.35	12.97
<b>16.0%</b>	6.31	7.88	9.46	11.03	12.61
<b>17.0%</b>	6.13	7.67	9.20	10.73	12.26

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Sandler O'Neill performed an analysis that estimated the net present value per share of Eagle's common stock under various circumstances, using an internal budget for Eagle for the years ending December 31, 2007 and 2008 prepared by and reviewed with management of Eagle and management guidance on an assumed asset growth rate for the years ending December 31, 2009 and 2010. To approximate the net present value of Eagle's common stock at December 31, 2010, Sandler O'Neill applied price to last twelve months earnings multiples of 10.0x to 18.0x and multiples of tangible book value ranging from 100% to 200%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 11% to 17% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Eagle common stock. In addition, the net present value of Eagle's common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (10.0x - 18.0x) applied to a range of discounts and premiums to management's budget projections. The range applied to the budgeted net income was 25.0% under budget to 25.0% over budget, using a discount rate of 13.0% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for Eagle's common stock of \$7.62 to \$15.72 when applying the price to earnings multiples to the matched budget, \$6.85 to \$15.57 when applying multiples of tangible book value to the matched budget, and \$6.53 to \$22.37 when applying the price/earnings multiples to the -25.0% / +25.0% budget range.

### *Earnings Per Share Multiples*

Discount Rate	10.0x	12.0x	14.0x	16.0x	18.0x
<b>11.0%</b>	\$ 9.00	\$ 10.68	\$ 12.36	\$ 14.04	\$ 15.72
<b>12.0%</b>	8.75	10.38	12.02	13.65	15.28
<b>13.0%</b>	8.51	10.09	11.68	13.26	14.85
<b>14.0%</b>	8.28	9.82	11.36	12.90	14.44
<b>15.0%</b>	8.05	9.55	11.04	12.54	14.04
<b>16.0%</b>	7.83	9.29	10.74	12.20	13.66
<b>17.0%</b>	7.62	9.04	10.45	11.87	13.29

### *Earnings Per Share Multiples*

Budget Variance	10.0x	13.0x	16.0x	19.0x	22.0x
<b>-25.0%</b>	\$ 6.53	\$ 8.31	\$ 10.09	\$ 11.87	\$ 13.66
<b>-20.0%</b>	6.92	8.82	10.73	12.63	14.53
<b>-15.0%</b>	7.32	9.34	11.36	13.38	15.40
<b>-10.0%</b>	7.72	9.85	11.99	14.13	16.27
<b>-5.0%</b>	8.11	10.37	12.63	14.88	17.14
<b>0.0%</b>	8.51	10.88	13.26	15.64	18.01
<b>5.0%</b>	8.90	11.40	13.89	16.39	18.88
<b>10.0%</b>	9.30	11.91	14.53	17.14	19.76
<b>15.0%</b>	9.70	12.43	15.16	17.89	20.63
<b>20.0%</b>	10.09	12.94	15.80	18.65	21.50
<b>25.0%</b>	10.49	13.46	16.43	19.40	22.37

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### *Tangible Book Value Per Share Multiples*

Discount Rate	100%	125%	150%	175%	200%
<b>11.0%</b>	\$ 8.09	\$ 9.96	\$ 11.83	\$ 13.70	\$ 15.57
<b>12.0%</b>	7.86	9.68	11.50	13.31	15.13
<b>13.0%</b>	7.65	9.41	11.18	12.94	14.71
<b>14.0%</b>	7.44	9.15	10.87	12.58	14.30
<b>15.0%</b>	7.24	8.90	10.57	12.24	13.90
<b>16.0%</b>	7.04	8.66	10.28	11.90	13.52
<b>17.0%</b>	6.85	8.43	10.01	11.58	13.16

*Pro Forma Merger Analysis.* Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes on June 30, 2008; (2) 100.0% of Fidelity shares are exchanged for Eagle common stock at a fixed exchange ratio of 0.9202x; (3) options of Fidelity's stock will be converted into options for Eagle's stock; (4) Fidelity performs in accordance with an internal budget provided by Fidelity for the years ending December 31, 2007 and 2008 as provided by senior management of Fidelity, and as adjusted by senior management of Eagle, and management guidance, based on discussions with the senior management of Eagle and Fidelity on an assumed asset growth rate of 15% for the years ending December 31, 2009 and 2010; (5) an internal budget for Eagle for the years ending December 31, 2007 and 2008 prepared by and reviewed with management of Eagle and management guidance on an assumed asset growth rate for the years ending December 31, 2009 and 2010; (6) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the senior management of Eagle and; (7) issuance of \$10 million of Trust Preferred Securities to finance a portion of the transaction.

For each of the years 2008 and 2009, Sandler O'Neill compared the EPS of Eagle common stock to the EPS, on a GAAP basis, of the combined company common stock using the foregoing assumptions.

The analyses indicated that the merger would be dilutive to Eagle's projected 2008 EPS, and accretive to Eagle's projected 2009 EPS. The actual results achieved by the combined company may vary from projected results and the variations may be material.

*Miscellaneous.* Eagle has agreed to pay Sandler O'Neill a fairness opinion fee of \$100,000, all of which has been paid. Eagle has also agreed to pay Sandler O'Neill a transaction fee of 0.50% of the aggregate purchase price (subject to a minimum fee of \$250,000), which will be due and payable upon the closing of the merger and against which the fairness opinion fee will be credited. Eagle has also agreed to reimburse certain of Sandler O'Neill reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under the securities laws. Sandler O'Neill has not received any compensation from Eagle in the past three years.

In the ordinary course of their respective broker and dealer businesses, Sandler O'Neill may purchase securities from and sell securities to Eagle and Fidelity and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of Eagle or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

### **Conditions to the Merger**

*Mutual Conditions.* The obligations of each of Eagle and Fidelity to consummate the merger are subject to the fulfillment or waiver at or prior to the effective time of various conditions, including:

approval of the merger and merger agreement by the shareholders of Fidelity;

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approval of the issuance of shares of Eagle common stock in connection with merger by the shareholders of Eagle;

the receipt by Eagle and Fidelity of the opinion of Kennedy & Baris, LLP with respect to certain federal income tax consequences of the merger;

the receipt of regulatory approval of the merger of Fidelity into Woodmont, the merger of F&T Bank into EagleBank and the merger of Woodmont into Eagle from the Federal Reserve, the Maryland Commission of Financial Regulation and any other federal or state regulatory agencies whose approval is required for consummation of the transactions contemplated by the merger agreement (including those relating to mortgage banking, brokerage or lending activities), and the expiration of all notice and waiting periods;

the continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, the absence of any threatened or initiated stop order suspending the effectiveness of the registration statement, and the receipt of all state securities and blue sky permits and approvals required to carry out the transactions contemplated by the merger agreement; and

the shares of Eagle common stock to be issued in connection with the merger shall have been approved for listing, upon notice of issuance, on NASDAQ.

*Additional Conditions to the Obligation of Fidelity to Close.* The obligation of Fidelity and F&T Bank to consummate the merger is subject to the fulfillment or waiver at or prior to the effective time of the merger of additional conditions, including:

the representations and warranties made by Eagle and Woodmont in the merger agreement being true and correct to the extent and as of the dates specified in the merger agreement;

the performance by Eagle and Woodmont, in all material respects, of their obligations under the merger agreement;

the receipt of an officer's certificate from Eagle and Woodmont with respect to the foregoing conditions;

the absence of any injunction, restraining order, stop order or other order or action of any federal or state court or agency in the United States which prohibits, restricts or makes illegal the consummation of the merger and other transactions contemplated by the merger agreement, shall be in effect, and no action, suit or other proceeding seeking such shall have been instituted or threatened, and no statute, rule or regulation shall have been enacted, issued or promulgated, by any state or federal government or government agency, which prohibits, restricts or makes illegal the consummation of the merger and other transactions contemplated by the merger agreement;

the receipt of an fairness opinion from Milestone Advisors, updated to a date not later than the effective date of the registration statement of which this joint proxy statement/prospectus is a part;

the execution by Eagle of the employment and services agreements with Messrs. Pincus and Watkins;

the assumption by Eagle of the Fidelity option plans; and

Eagle depositing with, or authorizing and directing the exchange agent to issue, the merger consideration.



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*Additional Conditions to the Obligation of Eagle to Close.* The obligations of Eagle and Woodmont to consummate the merger are subject to the fulfillment or waiver at or prior to the effective time of the merger of additional conditions, including:

the representations and warranties made by Fidelity and F&T Bank in the merger agreement being true and correct to the extent and as of the dates specified in the merger agreement;

the performance by Fidelity and F&T Bank, in all material respects, of their obligations under the merger agreement;

the receipt of an officer's certificate from Fidelity and F&T Bank with respect to the foregoing conditions;

the absence of any injunction, restraining order, stop order or other order or action of any federal or state court or agency in the United States which prohibits, restricts or makes illegal the consummation of the merger and other transactions contemplated by the merger agreement, shall be in effect, and no action, suit or other proceeding seeking such shall have been instituted or threatened, and no statute, rule or regulation shall have been enacted, issued or promulgated, by any state or federal government or government agency, which prohibits, restricts or makes illegal the consummation of the merger and other transactions contemplated by the merger agreement;

the receipt of all requisite regulatory approvals without the imposition of any condition or conditions that in the reasonable judgment of Eagle would have a material adverse effect on the value of the merger to Eagle (other than conditions that are ordinarily imposed in similar transactions), and the expiration of all notice and waiting periods after such approvals;

the absence of any material adverse change in the business, operations, assets, financial condition, prospects or results of operations of Fidelity and F&T Bank, taken as a whole;

the absence of pending or threatened litigation against Fidelity or F&T Bank, or their directors, officers or employees which, if successful, would in the reasonable judgment of Eagle, have a material adverse effect on the financial condition, operations, business or prospects of Fidelity and F&T Bank;

Eagle shall be satisfied that the merger will not trigger any excess parachute payments;

the receipt of documentation regarding the termination of the employment/retainer agreements of Mr. Watkins and Mr. Pincus, as of the effective time of the merger without any cost, expense or penalty to Eagle, EagleBank, Fidelity or F&T Bank; the payment by F&T Bank prior to the effective time of certain bonuses to Mr. Pincus and Mr. D'Allesandro, and the execution by Mr. Watkins and Pincus of employment agreements with EagleBank;

the receipt of necessary third party consents;

the receipt of any material permits, authorizations, consents, waivers, clearances or approvals required for the lawful consummation of the merger and bank merger in accordance with applicable law and without violation of any material contract;

the receipt of a tax certificate from Fidelity;

the execution of the support agreement by each of the directors and executive officers of Fidelity and F&T Bank;

the execution of affiliate letters by each of the directors, executive officers or shareholders of Fidelity who may be deemed to be an "affiliate;"

the execution by each director of Fidelity and F&T Bank of a non-compete agreement;

the receipt of an fairness opinion from Sandler O'Neill, updated to a date not later than the effective date of the registration statement of which this joint proxy statement/prospectus is a part;

holders of 9.9% or fewer shares of the Fidelity common stock shall have validly exercised and perfected dissenters' rights; and

the receipt of a satisfactory letter from Fidelity's outside accountants.

### **Representations and Warranties**

The representations and warranties of the parties contained in the merger agreement have been made solely for the benefit of the other party to the merger agreement, and are not intended to, and do not, modify the statements and information about Eagle contained in its periodic reports on Forms 10-K, 10-Q and 8-K, or the information contained in other documents filed by Eagle with the SEC or by Eagle, Fidelity and their subsidiaries with the banking regulators, or otherwise. Representations and warranties in agreements such as the merger agreement are not intended as statements of fact, but rather are negotiated provisions which allocate risks related to the subject matter of the statements between the parties to the agreement. Additionally, the representations and warranties are modified in the merger agreement by materiality standards and conditions, and clarifications, exclusions and exceptions set forth on schedules and exhibits which are not included as part of this joint proxy statement/prospectus. Such representations and warranties have not been modified to reflect any changes which may have occurred since the date of the merger agreement. As such, readers should not place reliance on the representations and warranties as accurate statements of the current condition of any party to the agreement, their respective subsidiaries, operations, assets or liabilities.

The merger agreement contains a number of representations and warranties made by the parties as to, among other things: corporate existence, good standing and qualification to conduct business; due and valid authorization, execution and delivery of the merger agreement; capitalization; governmental authorization; the absence of any conflict of the merger agreement and the merger with organizational documents and the absence of any violation of material agreements, laws or regulations as a result of the consummation of the merger; the absence of undisclosed material liabilities; financial statements; the absence of material misstatements or omissions from information provided for inclusion in this joint proxy statement/prospectus; the absence of material adverse changes since October 31, 2007; compliance with laws and court orders; loan portfolio, reserves and other loan matters and litigation and tax matters.

Certain of the representations and warranties are qualified as to "materiality," "material adverse effect" or "material adverse change." For purposes of the merger agreement, the following factors will not be considered in determining whether a material adverse effect or change has occurred:

changes, after the date of the merger agreement, in laws of general applicability or interpretations thereof by courts or governmental authorities but only to the extent the effect on such person and its subsidiaries, taken as a whole, is not materially worse than the effect on similarly situated banks and their holding companies;

changes, after the date of the merger agreement, in generally accepted accounting principles or regulatory principles generally applicable to banks but only to the extent the effect on such person and its subsidiaries, taken as a whole, is not materially worse than the effect on similarly situated banks and their holding companies;

changes, after the date of the merger agreement, resulting from expenses (such as customary legal, accounting and investment advisor fees) incurred in connection with the merger agreement;

changes, after the date of the merger agreement, resulting from, acts of terrorism or war, but only to the extent the effect on such person and its subsidiaries, taken as a whole, is not materially worse than the effect on similarly situated banks and their holding companies;

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changes, after the date of the merger agreement, resulting from payments of any amounts due, or the provision of any benefits to, any officer or employee under employment, change-in-control or severance agreements in effect as of the date of the merger agreement and disclosed to Eagle in Fidelity's disclosure schedule; and

actions and omissions of Eagle or Fidelity and F&T Bank taken at the request of, or with the prior written consent, of the other party in contemplation of the transactions contemplated by the merger agreement.

The assertion of any claim or claims against Fidelity or any Fidelity subsidiary related to any issue arising out of the operations of F&T Mortgage, that individually or in the aggregate is material in nature or material in amount, but for which a reserve cannot be agreed upon by the parties or cannot be determined by a third party law firm within 45 days, will be deemed to have had a material adverse effect on, and caused a material adverse change to, Fidelity, resulting in Eagle's right to terminate the agreement.

The representations and warranties in the merger agreement do not survive after the effective time of the merger or the termination of the merger agreement.

### **Conduct of Business Pending the Effective Time**

*Negative Covenants of Fidelity.* Pending effectiveness of the merger, and except as consented to by Eagle, Fidelity is required to conduct its business in the ordinary course, consistent with past practice and applicable legal and regulatory requirements. Additionally, Fidelity has agreed not to take certain actions without the prior consent of Eagle, including, but not limited to:

declaring, setting aside or paying any dividends or other distributions on any class of its capital stock;

amending its Articles or Articles of Incorporation or Bylaws, or similar charter documents;

effecting any capital reclassification, stock dividend, stock split, consolidation of shares or similar change in capitalization;

entering into any new line of business, or changing its lending, investment, assets liability management, risk management, deposit pricing, or other material banking or operating policies and procedures in any material manner;

adopting, entering into or amending any employment, consulting, change in control, or severance agreement, arrangement or policy with or with respect to any officer, employee or director;

making or renewing any loan or other extension of credit to any person (including, in the case of an individual, his or her immediate family) that (directly or indirectly through a related interest or otherwise) owes, or would as a result of such loan or extension of credit or renewal owe, Fidelity or any Fidelity subsidiary more than an aggregate of three million dollars;

taking, causing or permitting the occurrence of any change or event that would make any representation and warranty of Fidelity or F&T Bank under the merger agreement untrue in any material respect at, or any time prior to, the effective time of the merger;

accepting or renewing any brokered deposits, or accepting or renewing any time deposits or certificates of deposit at a rate in excess of the rate for comparable products shown in Eagle's most recently published rate sheet, plus 50 basis points;

purchasing or otherwise acquiring any investment securities for its own account having an average remaining life to maturity greater than one year, or any asset-backed security;

making any capital expenditures individually in excess of \$50,000, or in the aggregate in excess of \$300,000;



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making any material change in any accounting methods or systems of internal accounting controls, except as may be appropriate to conform to changes in regulatory accounting requirements or GAAP;

redeeming, repurchasing and otherwise acquiring any shares of its capital stock or any securities or obligations convertible into or exchangeable for any shares of its capital stock (other than pursuant to the tender of shares of Fidelity common stock in payment of the exercise price of Fidelity options, or the withholding obligations related to the exercise of Fidelity options);

issuing any shares of its capital stock except in connection with the exercise of Fidelity options properly granted prior to the date of the merger agreement and except as provided in the merger agreement, permitting any share of its capital stock held in its treasury to become outstanding; issuing or granting, or extending or modifying the terms of any option, warrant, or other right to acquire Fidelity common stock;

incurring any material obligations or liabilities except in the ordinary course of business;

granting any increase in compensation to its employees or officers or directors, or paying any bonus, or effecting any increase in retirement benefits, except for (i) annualized increases in base salary for officers and employees not in excess of 5% of Fidelity's aggregate payroll, and not in excess of 5% for any employee, (with increases of up to 10% for any individual employee being permitted with the prior written consent of Eagle) and (ii) bonuses with respect to 2007 to employees and officers in an aggregate amount of not more than \$650,000;

opening, or filing an application with any federal or other regulatory agency with respect to the opening, closing or relocation of any office, branch or banking facility, or the acquisition, establishment or divestiture of any banking or nonbanking facility;

merging into any other corporation or bank or permitting any other corporation or bank to merge into it, or consolidating with any other corporation or bank; liquidating, selling or disposing of any assets or acquiring any assets, other than in the ordinary course of its business consistent with past practice or as expressly required by the merger agreement; or agreeing to do any of the foregoing;

entering into any transaction with a related party except for transactions relating to deposit relationships or the extension of credit in the ordinary course of business, on substantially the same terms, including interest rate and collateral, as those prevailing for comparable transactions with unaffiliated parties, and which do not present more than the normal risk of collectibility or other unfavorable features, and in respect of which disclosure has been made to Eagle prior to disbursement;

cancelling without payment in full, or modifying in any material respect any contract relating to, any loan or other obligation receivable from any 5% shareholder, director or officer of Fidelity or any Fidelity subsidiary, or any member of the immediate family of the foregoing, or any related interest of any of the foregoing;

making or originating any mortgage loan for the purposes of secondary market sale, other than certain conforming loans, and modifications of existing loans originated by F&T Mortgage;

settling any material litigation without prior notice to Eagle; or

knowingly taking any action which would (i) adversely affect the ability to obtain the necessary approvals of governmental authorities required for the merger and related transactions; (ii) adversely affect the ability of the merger and related transactions to constitute a reorganization under Section 368 of the Code, or (iii) adversely affect the ability to perform the covenants and agreements under the merger agreement.



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*Nonsolicitation of Acquisition Proposals.* Fidelity has also agreed that it will not solicit, encourage, or authorize any person, including but not limited to directors, officers, shareholders, or employees, to solicit from, or communicate with, any third party, or facilitate inquiries or the making of proposals relating to any Acquisition Proposal (as defined below), or except as specifically permitted, provide any third party with information or assistance or negotiate or conduct any discussions with any third party to facilitate inquiries or to obtain an Acquisition Proposal, or continue any such activities in progress as of the date of the merger agreement.

Notwithstanding the above restrictions on solicitation, if Fidelity receives, prior to the effective time of the merger, an Unsolicited Acquisition Proposal (as defined below) which, in the good faith determination of the Fidelity board of directors, the fiduciary duty of the directors under Maryland law requires that the board of directors consider, negotiate, communicate, or provide information with respect to (collectively "communications"), because the Unsolicited Acquisition Proposal is more favorable from a financial point of view to the shareholders of Fidelity than the merger, which determination is made after receiving the advice of counsel regarding the requirements of the fiduciary duty of the directors under Maryland law, and the advice of Fidelity's financial advisor as to whether the Unsolicited Acquisition Proposal is more favorable from a financial point of view to its shareholders than the merger, then Fidelity will be entitled to engage in such communications.

An "Acquisition Proposal" is any offer or proposal, other than the merger of Fidelity into Woodmont or the merger of F&T Bank into EagleBank, received by Fidelity or any Fidelity subsidiary from any person or entity other than Eagle, Woodmont or an affiliate of Eagle (including deemed receipt as a result of the public announcement of such proposal by the proponent) regarding: (1) any merger, consolidation, reorganization, business combination, share purchase or exchange, purchase and assumption or similar transaction involving Fidelity or F&T Bank; or (2) any sale, lease, transfer, pledge, encumbrance or other disposition, directly or indirectly, of all, or any substantial portion of, the assets of Fidelity or F&T Bank. An "Unsolicited Acquisition Proposal" is an Acquisition Proposal received by Fidelity or F&T Bank without a violation of the nonsolicitation covenant described above, including where it is received from a party contacted prior to the date of the merger agreement, but without any contact subsequent to the date of the merger agreement.

*Other Covenants by Fidelity.* In addition to the covenants set forth above, Fidelity and F&T Bank have agreed that, except as otherwise consented to by Eagle in writing, they will, and will cause other Fidelity subsidiaries to among other things:

carry on its business in the ordinary course, consistent with past practice and applicable legal and regulatory requirements;

to the extent consistent with prudent business judgment, use all reasonable efforts to preserve its present business organization, to retain the services of its officers and employees, and maintain customer and other business relationships;

perform in all material respects its obligations under material contracts, except where it will not have a material adverse effect;

comply in all material respects with all applicable with all statutes, laws, regulations, rules, ordinances, orders, decrees, consent agreements, examination reports and other federal, state and local governmental or regulatory directives;

at all times maintain the allowance for loan losses and the reserve for representations and warranties at levels which are adequate, respectively, to absorb reasonably anticipated losses in the loan portfolio and recourse obligations in respect of mortgage loans sold in the secondary market, in accordance with GAAP and regulatory requirements;



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advise Eagle of any request to repurchase or reacquire any mortgage loans sold in the secondary market, or to make any payment in respect of any such loan, or to indemnify any person in respect of any such loan, promptly following receipt, and prior to taking any action in respect of such request;

terminate, on or before the closing date, Fidelity's 401(k) plan;

use the proceeds of the sale of mortgage loans held for sale by F&T Mortgage to pay down the warehouse line of credit extended by F&T Bank;

no later than immediately prior to the effective time of the merger, establish and take such charge-offs, reserves, lower of cost or market allowances or adjustments, and accruals as Eagle may reasonably request to conform Fidelity's and its subsidiaries' loan, accrual, reserve and other accounting policies to those of Eagle; and

use its best efforts to wind-down the operations of F&T Mortgage.

Fidelity has also agreed to use its best efforts in good faith: (i) to settle, or have dismissed by final nonappealable order ("resolve"), certain identified material litigations, and to sell identified loans held for sale. In the event that Fidelity is unable to resolve any litigation, Eagle and Fidelity will jointly review the status of such litigation and the reserves maintained with respect for potential liability and litigation and settlement costs, and agree upon the amount, if any, of any increase to such reserves within fifteen business days. If Eagle and Fidelity cannot jointly determine such amount within fifteen business days, then the amount of such reserves shall be determined by an independent law firm which is experienced in the conduct of litigation of the type, scope and complexity of the applicable litigation. The determination of the third party law firm will be binding on the parties. In the event that any loan has not been sold prior to closing, Eagle and Fidelity will jointly review the related allowance for loan losses, market adjustment or other reserves maintained by Fidelity for such loans and agree upon the amount, of any increase within fifteen business days. If Eagle and Fidelity cannot jointly determine such amount within fifteen business days, then the amount of such reserves will be determined by an independent investment banking, loan valuation, banking or financial advisory firm experienced in the valuation of such loans. The determination of the third party investment firm will be binding on the parties. Any increase in reserves for unresolved litigation or with respect to unsold loans may result in a reduction to the conversion ratio. See "The Merger Merger Consideration Potential Reduction of the Conversion Ratio" at page 30. Increases in the litigation reserve by \$7.5 million or more, or the inability of the third party law firm to determine the reserve, could result in termination of the merger and the merger agreement. See "Termination and Termination Payments" at page 67.

*Eagle Covenants.* Pending effectiveness of the merger, Eagle and Woodmont are each required to use its best efforts to:

preserve its business organization intact in all material respects;

maintain good relationships with its employees;

conduct its business in the ordinary course, consistent with past practice; and

preserve for itself the goodwill of its and its subsidiaries' customer and other business relationships.

Eagle and Woodmont have agreed that they will not, without the prior written consent of Fidelity, knowingly take any action which would:

adversely affect the ability to obtain the necessary approvals of governmental authorities required for the merger and related transactions;

adversely affect the status of the merger and the related transactions a reorganization; or

adversely affect the ability to perform the covenants and agreements under the merger agreement.



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Eagle and Woodmont have agreed that pending the effective time:

they will comply in all material respects with all applicable statutes, laws, regulations, rules, ordinances, orders, decrees, consent agreements, examination reports and other federal, state and local governmental or regulatory directives; and

they will at all times maintain allowance for loan losses at a level which is adequate, respectively, to absorb reasonably anticipated losses in the loan portfolio and recourse obligations in respect of its loans, in accordance with GAAP and regulatory requirements.

Eagle has agreed that it will not, without the prior written consent of Fidelity:

amend, repeal or modify any provision of its Articles of Incorporation or bylaws in a manner which would adversely affect Fidelity, Fidelity shareholders or the merger; or

make or pay any extraordinary one-time dividend or distribution on shares of Eagle common stock, other than any distribution or dividend payable in shares of Eagle Common Stock which would result in the adjustment of the conversion ratio, provided that Eagle may its regular quarterly dividend.

Eagle has also agreed that except for the purchase of loans and/or securities in the ordinary course of business consistent with its past practice, it will not acquire (other than by foreclosures or acquisitions in a fiduciary capacity or in satisfaction of debts previously contracted in good faith and, in each case, in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, business or properties of any other entity.

The merger agreement provides that as promptly as practicable after the date of the merger agreement and Fidelity furnishing any information regarding Fidelity required to be included, Eagle will file the registration statement with the SEC and applications or notices with the Federal Reserve Board, the Maryland Commissioner of Financial Regulation, and any other appropriate state or federal regulatory agency for approval of the merger of Fidelity with and into Woodmont, the merger of F&T Bank with and into EagleBank, and the transactions contemplated by the merger agreement. As of the date of this joint proxy statement/prospectus, applications have been filed with the Federal Reserve and the Maryland Commissioner of Financial Regulation, and appropriate notices have been filed with the Virginia State Corporation Commission and the District of Columbia Department of Banking, but approvals have not yet been received.

### **Termination and Termination Payments**

*Termination Events.* The merger agreement may be terminated, and the merger abandoned, at any time prior to the effectiveness of the merger, even after shareholder approvals have been obtained at the Fidelity and Eagle special meetings, in the following circumstances:

- (i) by mutual consent of all parties;
- (ii) by either Eagle and Woodmont or Fidelity and F&T Bank, at any time after November 30, 2008, if the merger has not been consummated, unless (1) the failure of the closing to occur by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants or agreements of that party set forth in the merger agreement or; (2) the above date is extended in writing by all of the parties, provided, that if Fidelity or F&T Bank engages in communications in violation their covenant not to solicit or communicate with respect to Acquisition Proposals, they will not be entitled to terminate the merger pursuant to this provision;
- (iii) by Fidelity and F&T Bank, on 45 days written notice, if the aggregate amount of charges, charge-offs, provisions for loan losses, valuation adjustments on loans held for sale, and litigation reserves (collectively "charges") impacting Eagle after the date of the merger agreement and



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through the date of notice, exceeds 15% of Eagle's adjusted book value as of September 30, 2007, provided that the termination notice will be of no effect if the aggregate amount of charges is reduced (other than as a result of earnings) to below 15% of Eagle's book value during the notice period;

- (iv) by Eagle, on 45 days written notice, if the aggregate amount of charges impacting Fidelity or F&T Bank after the date of the merger agreement and through the date of notice, exceeds 15% of Fidelity's book value as of September 30, 2007, provided that the termination notice will be of no effect if the aggregate amount of charges is reduced (other than as a result of earnings) to below 15% of Fidelity's book value during the notice period;
- (v) by Fidelity and F&T Bank, in the event of the material breach by Eagle of any material representation, warranty, covenant or agreement in the merger agreement, if such breach has not been, or cannot be, cured within 30 days of delivery of written notice of breach, provided that no cure period is available for a breach of Eagle's covenant regarding the acquisition of the assets, business or properties of other entities;
- (vi) by Eagle, in the event of the material breach by Fidelity or F&T Bank of any material representation, warranty, covenant or agreement in the merger agreement, if such breach has not been, or cannot be, cured within 30 days of delivery of written notice of breach, provided that no cure period is available for a breach involving communications by Fidelity or F&T Bank in violation of their covenant not to solicit or communicate with respect to Acquisition Proposals;
- (vii) by either Fidelity and F&T Bank, or Eagle and Woodmont, if any governmental or regulatory approval required for consummation of the merger and the other transactions contemplated by the merger agreement has been denied by final, non-appealable order, or any denial is not appealed within the time available;
- (viii) by either Fidelity and F&T Bank, or Eagle and Woodmont, if any of the conditions precedent to the obligation of such party to consummate the merger cannot be satisfied or fulfilled by November 30, 2008, or such later date to which this date has been extended in writing by all the parties to the merger agreement, provided that the terminating party(ies) is not in breach of a material representation, warranty or covenant of the merger agreement at the time of termination;
- (ix) by either Fidelity and F&T Bank, or Eagle and Woodmont, if: (1) the merger and the merger agreement are not approved by the requisite vote of the shareholders of Fidelity at the Fidelity special meeting; or (2) the issuance of shares of Eagle common stock pursuant to the merger agreement is not approved by the requisite vote of the shareholders of Eagle at the Eagle special meeting;
- (x) by either Fidelity and F&T Bank, or Eagle and Woodmont, if the additional reserves agreed upon by the parties or determined by the third party law firm in accordance with the merger agreement for potential liability and litigation and settlement costs with respect to claims against Fidelity or its subsidiaries which have not been resolved equals or exceeds \$7.5 million, or the third party law firm cannot determine the appropriate reserves on a reasonable basis within 45 days;
- (xi) by Eagle, if any claim or claims are asserted against Fidelity or any Fidelity subsidiary relating to any issue arising out of the operations of F&T Mortgage that individually, or in the aggregate, are material in amount or material in nature, but for which a reserve cannot be agreed upon by the parties, or determined by a third party law firm within 45 days in accordance with the merger agreement;
- (xii) automatically, if the board of directors of Fidelity (a) approves entering into an agreement for an Unsolicited Acquisition Proposal, or Fidelity or F&T Bank consummate any Unsolicited Acquisition Proposal;

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- (xiii) automatically, if the board of directors of Fidelity (1) recommends any Unsolicited Acquisition Proposal to the shareholders of Fidelity; (2) fails to recommend the merger to the shareholders of Fidelity in accordance with the merger agreement; or (3) withdraws, or adversely modifies, or fails upon request of Eagle to reconfirm its recommendation of the merger to the Fidelity shareholders, in each case while any unrejected Unsolicited Acquisition Proposal exists; and
- (xiv) by Eagle, upon notice to Fidelity, if Fidelity's board makes the good faith determination that the fiduciary duty of the directors under Maryland law requires that the board of directors engage in communications with respect to an Unsolicited Acquisition Proposal as permitted by the merger agreement, resulting in such communications by Fidelity, and such communications extend for 60 days from the date on which Fidelity provided notice of such Unsolicited Acquisition Proposal to Eagle, and Fidelity has not rejected such Unsolicited Acquisition Proposal by the end of the sixty day period.

Eagle currently has the right to terminate the merger, including under the termination right described in subparagraph (iv) above. Eagle does not currently intend to terminate the merger, as it believes that the merger is still in the best interests of Eagle and its shareholders, although it has not waived any of its rights of termination.

*Effect of Termination; Termination Payments.* In the event of termination of the merger agreement by either Eagle, Woodmont, Fidelity or F&T Bank, then the merger agreement becomes void and there will be no liability on the part of either Eagle, Woodmont, Fidelity or F&T Bank or their respective officers or directors, except that:

- (i) certain provisions regarding confidentiality, return of documents and payment of expenses survive any such termination and abandonment;
- (ii) termination will not relieve the breaching party from liability or action being taken in law or in equity by the non breaching party for any fraud, for any willful misconduct or breach of a material provision of the merger agreement giving rise to such termination, except where Eagle has received the payments described in (iii) and (iv) below;
- (iii) in the event of termination of the merger agreement (a) under the termination event described at items (xii), (xiii) or by Eagle under the termination event described at (xiv) above; or (b) by Eagle and Woodmont under the termination event described at item (vi) above based on a breach of Fidelity's covenant not to solicit or communicate with respect to other Acquisition Proposals; then Fidelity shall pay \$2,000,000 to Eagle within three days of termination;
- (iv) if the merger agreement is terminated because the shareholders of Fidelity do not approve the merger agreement and merger at the Fidelity special meeting, or pursuant to the termination event at item (ii) above, and if prior to such termination Fidelity shall have breached its covenant not to solicit or communicate with respect to another Acquisition Proposal (whether or not such breach results in the failure to obtain shareholder approval), then Fidelity shall pay \$2,000,000 to Eagle within three days of termination; and
- (v) if the merger agreement is terminated because the shareholders of Fidelity do not approve the merger agreement and merger at the Fidelity special meeting, or pursuant to the termination event at item (ii) above and if: (1) prior to such termination, an Acquisition Proposal shall have been publicly proposed (other than by Eagle or any Eagle subsidiary) or any person or entity other than Eagle or any Eagle subsidiary has publicly announced its intention to make an Acquisition Proposal, or such Acquisition Proposal or intention has otherwise become widely known to Fidelity's shareholders and (2) within 12 months following the date of such termination: (A) Fidelity or F&T Bank merges with or into, or is acquired, directly or indirectly, by merger or otherwise by, any person or entity other than Eagle or any Eagle subsidiary; (B) any person or entity other than Eagle or any Eagle subsidiary, directly or indirectly, acquires more than 50% of

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the total assets of Fidelity and the Fidelity subsidiaries, taken as a whole; (C) any person or entity other than Eagle or any Eagle subsidiary, directly or indirectly, acquires more than 50% of the outstanding shares of Fidelity common stock; or (D) Fidelity adopts or implements a plan of liquidation, recapitalization or share repurchase relating to more than 50% of the outstanding shares of Fidelity common stock or an extraordinary dividend relating to more than 50% of such outstanding shares or 50% of the assets of Fidelity and the Fidelity subsidiaries, taken as a whole (or in any of clauses (A) through (D) Fidelity or any Fidelity subsidiary shall have entered into a definitive agreement providing for such action), Fidelity shall pay \$2,000,000 to Eagle within three days of the occurrence of such event.

Fidelity and F&T Bank have agreed that they will cause the acquiror in respect of any Acquisition Proposal to expressly assume the obligation of Fidelity and F&T Bank to make such termination payment to Eagle, to the extent such payment has not been previously been made. The obligations of Fidelity and F&T Bank to make the termination payments and to cause the assumption of such obligation will survive the termination of the merger agreement and is binding upon Fidelity and F&T Bank and any successor or assign of Fidelity or F&T Bank.

Eagle and Fidelity have agreed that if the merger is not consummated as a result of the refusal, without cause of the other party to consummate the merger, the other party is entitled, in addition to the rights provided by under the merger agreement and its other remedies at law, to specific performance of the merger agreement, except where Eagle receives the termination payments described above. Eagle and Woodmont are entitled to receive only one termination payment.

### **Amendment and Waiver**

Any of the terms and conditions of the merger agreement may be amended by the parties in writing, at any time before or after approval of the merger agreement by the Fidelity shareholders, except that no amendment after approval by the shareholders of Fidelity may reduce the value or change the form of consideration to be received by shareholders of Fidelity as contemplated by the merger agreement, unless such amendment is subject to the approval of Fidelity's shareholders and such approval is obtained. The parties, by action in writing, taken or authorized by their respective boards of directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained in the merger agreement, at any time.

### **Restrictions on Resale of Eagle Common Stock by Controlling Persons of Fidelity**

Shares of Eagle common stock to be issued to Fidelity shareholders in the merger have been registered under the Securities Act of 1933 (the "Securities Act") and may be traded freely and without restriction by those holders not deemed to be affiliates of Fidelity. Any subsequent transfer of shares, however, by any person who is an affiliate of Fidelity at the time the merger is submitted for a vote of Fidelity shareholders will, under existing law, require either:

the further registration under the Securities Act of the Eagle common stock to be transferred;

compliance with Rule 145 promulgated under the Securities Act, which permits limited sales under certain circumstances; or

the availability of another exemption from registration.

An "affiliate" of Fidelity is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Fidelity. These restrictions generally are expected to apply to the directors and executive officers of Fidelity and the holders of 10% or more of Fidelity common stock, if any. The same restrictions apply to certain relatives or the spouse of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater

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beneficial or equity interest. Eagle will issue stop transfer instructions to its transfer agent with respect to the shares of Eagle common stock to be received by persons subject to these restrictions, and the certificates for their shares will be appropriately legended.

If any person who is an affiliate of Fidelity becomes an affiliate of Eagle, such person may only transfer shares in a manner permitted by Rule 144 promulgated under the Securities Act.

The directors and executive officers of Fidelity and F&T Bank have executed written agreements under which they have agreed to the forgoing restrictions; and Fidelity has agreed to cause any person who becomes an affiliate of Fidelity after the date of the merger agreement to provide a similar letter to Eagle.

### **Dissenters' Rights**

Under Sections 3-201 through 3-213 of the MGCL, Fidelity shareholders have the right to object to the merger and to demand and receive "fair value" of their Fidelity common stock, determined as of the date of the meeting at which the merger is approved, without reference to any appreciation or depreciation in value resulting from the merger or its proposal. These rights are also known as dissenters' rights.

Holders of Eagle common stock do not have the right to exercise dissenters' rights in connection with the merger or the issuance of shares in connection with the merger.

Sections 3-201 through 3-213 of the MGCL, which set forth the procedures a shareholder requesting payment for his or her shares must follow, is reprinted in its entirety as Appendix D to this joint proxy statement/prospectus. The following discussion is not a complete statement of the law relating to dissenters' rights under Sections 3-201 through 3-213 of the MGCL. This discussion and Appendix D should be reviewed carefully by any Fidelity shareholder who wishes to exercise dissenters' rights or who wishes to preserve the right to do so, as failure to strictly comply with the procedures set forth in Sections 3-201 through 3-213 of the MGCL will result in the loss of dissenters' rights.

*General requirements.* Sections 3-201 through 3-213 of the MGCL generally require the following:

*Written Objection to the Proposed Transaction.* Fidelity shareholders who desire to exercise their dissenters' rights must file with Fidelity, before the vote on the merger is taken at the special meeting, a written objection to the proposed transaction. A vote against the merger agreement or the merger will not satisfy such objection requirement. The written objection should be delivered or addressed to Fidelity & Trust Financial Corporation, 4831 Cordell Avenue, Bethesda, Maryland 20814, Attention: J. Mercedes Alvarez.

*Refrain from voting for or consenting to the merger proposal.* If you wish to exercise your dissenters' rights, you must not vote in favor of the merger agreement or the merger. If you return a properly executed proxy that does not instruct the proxy holder to vote against or to abstain on the merger, or otherwise vote in favor of the merger agreement or the merger, your dissenters' rights will terminate, even if you previously filed a written notice of intent to demand payment. You do not have to vote against the merger in order to preserve your dissenters' rights.

*Continuous ownership of Fidelity shares.* You must continuously hold your shares of Fidelity common stock from the date you provide notice of your intent to demand payment for your shares through the closing of the merger. You will lose your right to demand fair value of your Fidelity common stock if you transfer your Fidelity common stock prior to the date the merger is completed. A demand for payment of the fair value must be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates. Therefore, if your Fidelity common stock is owned of record in a fiduciary capacity, such as by a broker, trustee, guardian or custodian, execution of the demand should be made in that capacity.

*Eagle Written Notice.* Under Section 3-207 of the MGCL, Eagle, as the successor to Fidelity, will promptly notify each objecting shareholder in writing of the date the articles of merger were accepted for record by the Maryland Department of Assessments and Taxation. Eagle may also send a written offer to



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pay the objecting holders of Fidelity common stock what it considers to be the fair value of the stock. If Eagle chooses to do this, it will provide each objecting shareholder of Fidelity with: (i) a balance sheet as of a date not more than 6 months before the date of the offer; (ii) a profit and loss statement for the 12 months ending on the date of that balance sheet; and (iii) any other information Eagle considers important.

*Written Demand for Payment.* Within 20 days after acceptance of the articles of merger by the Maryland Department of Assessments and Taxation, you must make a written demand on Eagle for payment of your stock that states the number and class of shares for which payment is demanded. A demand for payment of the fair value must be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates. Therefore, if your Fidelity common stock is owned of record in a fiduciary capacity, such as by a broker, trustee, guardian or custodian, execution of the demand should be made in that capacity. All written demands for payment of the fair value of Fidelity common stock should be delivered or addressed to Eagle Bancorp, Inc., 7815 Woodmont Avenue, Bethesda, Maryland 20814, Attention: Ronald D. Paul.

*Petition for Appraisal.* Within 50 days after the date the articles of merger are accepted by the Maryland State Department of Assessments and Taxation, Eagle or any holder of Fidelity common stock who has complied with the statutory requirements summarized above may file a petition with a court of equity in Montgomery County, Maryland demanding a determination of the fair value of Fidelity common stock (an "appraisal"). Eagle is not obligated to, and has no present intention to, file a petition with respect to an appraisal of the fair value of Fidelity common stock. Accordingly, it is the obligation of objecting holders of Fidelity common stock to initiate all necessary action to perfect their dissenters' rights within the time period prescribed by Section 3-208 of the MGCL.

If a petition for an appraisal is timely filed, after a hearing on the petition, the court will determine the holders of Fidelity common stock that are entitled to dissenters' rights and will appoint three disinterested appraisers to determine the fair value of the Fidelity common stock on terms and conditions the court considers proper. Within 60 days after appointment (or such longer period as the court may direct), the appraisers will file with the court and mail to each party to the proceeding their report stating their conclusion as to the fair value of the stock. Within 15 days after the filing of this report, any party may object to such report and request a hearing. The court shall, upon motion of any party, enter an order either confirming, modifying, or rejecting such report and, if confirmed or modified, enter judgment directing the time within which payment shall be made. If the appraisers' report is rejected, the court may determine the fair value of the stock of the objecting shareholders or may remit the proceeding to the same or other appraisers. Any judgment entered pursuant to a court proceeding shall include interest from the date of the Fidelity shareholders' vote on the merger. Costs of the proceeding shall be determined by the court and may be assessed against Eagle or, under certain circumstances, the objecting shareholder(s), or both. The court's judgment is final and conclusive on all parties and has the same force and effect as other decrees in equity.

*Fair Value.* You should be aware that the fair value of your Fidelity common stock as determined under Section 3-202 of the MGCL could be more than, the same as or less than the value of the Eagle stock you would receive in the merger if you did not seek appraisal of your Fidelity common stock. You should further be aware that, if you have duly demanded the payment of the fair value of your Fidelity common stock in compliance with Section 3-203 of the MGCL, you will not, after making such demand, be entitled to vote the Fidelity common stock subject to the demand for any purpose or be entitled to, with respect to such shares of stock, the payment of dividends or other distributions payable to holders of record on a record date occurring after the close of business on the date the shareholders approved the merger and the merger agreement. Fair value may not include any appreciation or depreciation which directly or indirectly results from the transaction objected to or from its proposal.

If you fail to comply strictly with these procedures you will lose your dissenters' rights. Consequently, if you wish to exercise your dissenters' rights, we strongly urge you to consult a legal advisor before attempting to exercise your dissenters' rights.

**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma combined financial information and explanatory notes present how the combined financial statements of Eagle and Fidelity may have appeared had the businesses actually been combined as of the dates indicated. We provide an unaudited pro forma combined balance sheet at March 31, 2008, based upon both the initial conversion ratio of 0.9202, and the preliminary, partial, estimated adjusted conversion ratio as of March 31, 2008 of 0.6867. The actual conversion ratio may be higher or lower than 0.6867, but not in excess of 0.9202 shares of Eagle common stock for each share of Fidelity common stock. We also provide unaudited pro forma income statements for the year ended December 31, 2007 and the three months ended March 31, 2008 based on both the initial conversion ratio and the estimated conversion ratio as of March 31, 2008. The unaudited pro forma combined income statement for the year ended December 31, 2007 gives effect to the merger as if the merger had been completed on January 1, 2007, and the unaudited pro forma combined income statement for the three months ended March 31, 2008 gives effect to the merger as if the merger had been completed on January 1, 2008.

The unaudited pro forma combined financial information shows the impact of the merger on the combined financial position and results of operations of Eagle and Fidelity under the purchase method of accounting with Eagle treated as the acquiror. Under this method of accounting, Eagle will record the assets and liabilities of Fidelity at their estimated fair values as of the date the merger is completed.

The unaudited pro forma combined financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of both Eagle and Fidelity that are included or incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" at page 145.

The unaudited pro forma combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of the periods presented and had the impact of possible revenue enhancements and expense efficiencies, among other factors, been considered. In addition, as explained in more detail in the accompanying notes to unaudited pro forma combined financial information, the allocation of the purchase price reflected in the unaudited pro forma combined financial information is subject to adjustment and will vary from the actual purchase price allocation that will be recorded upon completion of the merger based upon changes in the balance sheet including fair value estimates.

**UNAUDITED PRO FORMA COMBINED BALANCE SHEET**  
**For the Three Months Ended March 31, 2008**  
**(Assuming a conversion ratio of 0.6867)**  
**(dollars in thousands)**

	Eagle	Fidelity	Pro Forma Adjustments	Pro Forma Combined
<b>ASSETS</b>				
Cash and due from banks	\$ 18,117	\$ 11,891	\$ (2,436) Note 3	\$ 27,572
Federal funds sold	16,013	6,572		22,585
Interest bearing deposits with banks and other short-term investments	2,230			2,230
Investment securities available for sale, at fair value	82,932	85,770		168,702
Loans held for sale	1,945	10,153		12,098
Loans	759,547	336,874	(7,383) Notes 3, 4	1,089,038
Less allowance for credit losses	(8,733)	(3,470)		(12,203)
Loans, net	750,814	333,404	(7,383)	1,076,835
Premises and equipment, net	6,445	3,699		10,144
Deferred income taxes	3,218	963	691 Note 3	4,872
Core deposit intangibles, net			790 Notes 1, 3	790
Goodwill			7,830 Notes 1, 3	7,830
Other assets	17,753	6,756		24,509
<b>TOTAL ASSETS</b>	<b>\$ 899,467</b>	<b>\$ 459,208</b>	<b>\$ (508)</b>	<b>\$ 1,358,167</b>

**LIABILITIES AND STOCKHOLDERS'****EQUITY****LIABILITIES**

## Deposits:

Noninterest bearing demand	\$ 143,508	\$ 59,246	\$	\$ 202,754
Interest bearing transaction	47,822	4,589		52,411
Savings and money market	193,348	94,454		287,802
Time, \$100,000 or more	177,003	137,065	2,166 Note 3	316,234
Other time	124,059	73,626	1,163 Note 3	198,848
Total deposits	685,740	368,980	3,329 Note 3	1,058,049
Customer repurchase agreements and federal funds purchased	61,727	53,439		115,166
Other short-term borrowings	22,000	9,000	(9,000) Note 4	22,000
Long-term borrowings	40,000			40,000
Other liabilities	6,463	2,764	Note 3	9,227
<b>Total liabilities</b>	<b>815,930</b>	<b>434,183</b>	<b>(5,671)</b>	<b>1,244,442</b>

**STOCKHOLDERS' EQUITY**

Common stock, \$.01 par value; shares authorized 20,000,000, shares issued and outstanding 9,790,252 issued and outstanding pro forma combined 12,679,210 (Note 2)	98		29 Note 2	127
Common stock, \$.01 par value; shares authorized 20,000,000, shares issued and outstanding 4,207,016		42	(42) Note 2	
Additional paid in capital	52,878	37,726	(7,567)	83,037
Retained earnings (deficit)	29,258	(13,592)	13,592	29,258

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	<u>Eagle</u>	<u>Fidelity</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
Accumulated other comprehensive income	1,303	849	(849)	1,303
Total stockholders' equity	83,537	25,025	5,163	113,725
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 899,467</b>	<b>\$ 459,208</b>	<b>\$ (508)</b>	<b>\$ 1,358,167</b>

**UNAUDITED PRO FORMA COMBINED INCOME STATEMENT**  
**For the Three Months Ended March 31,2008**

(Assuming a conversion ratio of 0.6867)  
(dollars in thousands)

	Eagle	Fidelity	Pro Forma Adjustments	Pro Forma Combined
<b>Interest Income</b>				
Interest and fees on loans	\$ 12,880	\$ 5,980	\$ (970) Note 3	\$ 17,890
Taxable interest and dividends on investment securities	1,095	1,133		2,228
Interest on balances with other banks and short term investments				
Interest on federal funds sold	39	111		150
	<u>14,014</u>	<u>7,224</u>	<u>(970)</u>	<u>20,268</u>
<b>Interest Expense</b>				
Interest on deposits	4,428	3,407	(1,110) Note 3	6,725
Interest on customer repurchase agreements and federal funds purchased	394	248		642
Interest on other short-term borrowings	190	68		258
Interest on long-term borrowings	402			402
	<u>5,414</u>	<u>3,723</u>	<u>(1,110)</u>	<u>8,027</u>
<b>Net Interest Income</b>	<b>8,600</b>	<b>3,501</b>	<b>140</b>	<b>12,241</b>
<b>Provision for Credit Losses</b>	<b>720</b>	<b>311</b>		<b>1,031</b>
<b>Net Interest Income After Provision For Credit Losses</b>	<b>7,880</b>	<b>3,190</b>	<b>140</b>	<b>11,210</b>
<b>Noninterest Income</b>				
Service charges on deposits	429	71		500
Gain on sale of loans	127			127
Gain (loss) on sale of investment securities	10			10
Gain on increase in surrender value of bank owned life insurance	116			116
Other income	258	109		367
	<u>940</u>	<u>180</u>		<u>1,120</u>
<b>Noninterest Expense</b>				
Salaries and employee benefits	3,640	1,765		5,405
Premises and equipment expenses	1,080	781		1,861
Advertising	81	25		106
Legal, accounting and professional fees	170	439		609
Other expenses	1,237	649		1,886
Amortization of intangible			28 Note 3	28
	<u>6,208</u>	<u>3,659</u>	<u>28</u>	<u>9,895</u>
<b>Income (Loss) From Continuing Operations Before Income Tax Expense</b>	<b>2,612</b>	<b>(289)</b>	<b>112</b>	<b>2,435</b>

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	<u>Eagle</u>	<u>Fidelity</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
<b>Income Tax Expense (Benefit)</b>	961	(114)	56 Note 3	903
<b>Income (Loss) From Continuing Operations</b>	1,651	(175)	56	1,532
<b>Loss From Discontinued Operations</b>		(610)		(610)
<b>Income Tax Benefit</b>				
<b>Net Income (Loss)</b>	\$ 1,651	\$ (785)	\$ 56	\$ 922
<b>Earnings Per Share</b>				
Basic	\$ 0.17	\$ (0.19)		\$ 0.07
Diluted	\$ 0.17	\$ (0.19)		\$ 0.07
<b>Dividends Declared Per Share</b>	\$ 0.06	\$		\$ 0.05
<b>Weighted Average Shares Outstanding Basic</b>	9,781,237	4,206,017	(1,317,059)	12,670,195
<b>Weighted Average Shares Outstanding Diluted</b>	9,933,993	4,206,017	(1,317,059)	12,822,951

**UNAUDITED PRO FORMA COMBINED INCOME STATEMENT**  
**For the Year Ended December 31, 2007**  
**(Assuming a conversion ratio of 0.6867)**  
**(dollars in thousands)**

	<u>Eagle</u>	<u>Fidelity</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Combined</u>
<b>Interest Income</b>				
Interest and fees on loans	\$ 51,931	\$ 25,248	\$ (1,533) Note 3	\$ 75,646
Taxable interest and dividends on investment securities	4,177	4,622		8,799
Interest on balances with other banks and short term investments	293			293
Interest on federal funds sold	676	753		1,429
	<u>57,077</u>	<u>30,623</u>	<u>(1,533)</u>	<u>86,167</u>
<b>Interest Expense</b>				
Interest on deposits	19,810	13,299	(3,285) Note 3	29,824
Interest on customer repurchase agreements and federal funds purchased	1,887	1,710		3,597
Interest on other short-term borrowings	611	20		631
Interest on long-term borrowings	1,421			1,421
	<u>23,729</u>	<u>15,029</u>	<u>(3,285)</u>	<u>35,473</u>
<b>Net Interest Income</b>	<u>33,348</u>	<u>15,594</u>	<u>1,752</u>	<u>50,694</u>
<b>Provision for Credit Losses</b>	<u>1,643</u>	<u>1,861</u>		<u>3,504</u>
<b>Net Interest Income After Provision For Credit Losses</b>	<u>31,705</u>	<u>13,733</u>	<u>1,752</u>	