

Edgar Filing: FIRST NATIONAL LINCOLN CORP /ME/ - Form 8-K

TABLE OF CONTENTS

Item 1.01 Entry into a Material Definitive Agreement	Page 1
Item 9.01 Financial Statements and Exhibits.	Page 2
Signatures	Page 3
Exhibit Index	Page 4

Section 1 - Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

Edgar Filing: FIRST NATIONAL LINCOLN CORP /ME/ - Form 8-K

On August 25, 2004, First National Lincoln Corporation ("FNLC") entered into an Agreement and Plan of Merger (the "Merger Agreement") with FNB Bankshares ("FNB") pursuant to which FNB, the parent company of First National Bank of Bar Harbor, would be merged with and into FNLC.

As part of the anticipated merger, FNLC will issue shares of its common stock to the shareholders of FNB in exchange for their shares in FNB. Each outstanding share of FNB is expected to be converted into FNLC stock valued at \$42.00. The actual exchange ratio will vary depending on the per share market price of FNLC common stock prior to closing, but FNB shareholders will receive not less than 1.91, nor more than 2.47, shares of FNLC for each share of FNB they hold.

At August 25, 2004, there were 1,047,722 shares of FNB outstanding. At August 25, 2004, there were outstanding options to purchase 126,208 shares of FNB. Of these, options to acquire 40,630 FNB shares are expected to be converted into options to acquire common shares of FNLC at the effective time of the merger. The number of FNLC shares subject to each option shall be equal to the number of FNB common shares subject to such option immediately prior to the effective time of the merger multiplied by the same exchange ratio as applies to FNB common shares, and the exercise price of the FNLC shares purchasable pursuant to the converted option shall be that specified with respect to the option, divided by the same exchange ratio.

Holder of the options that are not converted and remain unexercised at the effective date of the merger will be paid cash to retire their options at the rate of \$42.00 for each share subject to the option, less the option exercise price per share, subject to downward adjustment should the market price of FNLC common stock fall below an established threshold prior to the closing. If all of the remaining options are outstanding at the closing, FNLC would pay approximately \$2.6 million to retire such remaining options, although the actual amount to be paid may be less depending on the per share market price of FNLC common stock prior to closing.

As part of the merger, FNLC will assume all outstanding liabilities of FNB, including liabilities under certain Employment Continuity Agreements with executive officers of FNB, subject to amendment as provided in the Merger Agreement.

The merger will require regulatory approval and the satisfaction of other customary conditions, as well as the approval of the shareholders of both companies. It is intended to qualify as a reorganization for federal income tax purposes and provide for a tax-free exchange of shares.

There is no material relationship between FNLC (or any of its affiliates) and FNB (or any of its affiliates), other than in respect of the Merger Agreement.

The information set forth above does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is filed herewith as Exhibit 2.1.

Page 1
Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

Edgar Filing: FIRST NATIONAL LINCOLN CORP /ME/ - Form 8-K

The following Exhibits are being furnished herewith:

2.1 Agreement and Plan of Merger with FNB Bankshares
dated August 25, 2004.

99.1 Registrant's Press Release dated August 26, 2004.

Page 2

SIGNATURE

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

FIRST NATIONAL LINCOLN CORPORATION

Edgar Filing: FIRST NATIONAL LINCOLN CORP /ME/ - Form 8-K

By: /s/ F. STEPHEN WARD

F. Stephen Ward
Treasurer and Chief Financial Officer

Dated: August 27, 2004

Page 3

Exhibit Index

Exhibit
Number

Description of Exhibit

2.1	Agreement and Plan of Merger with FNB Bankshares dated August 25, 2004.
99.1	Registrant's Press Release dated August 26, 2004.

