TELEPHONE & DATA SYSTEMS INC /DE/
Form SC 13D/A
December 19, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934 (Amendment No. 28)

Telephone and Data Systems, Inc.
(Name of Issuer)

Common Shares
(Title of Class of Securities)

_______879433829________
(CUSIP Number)

David Goldman
GAMCO Investors, Inc.
One Corporate Center
Rye, New York 10580-1435
(914) 921-5000
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

___________December 19, 2012___________
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Gabelli Funds, LLC I.D. No. 13-4044523

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00-Funds of investment advisory clients

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e) X

6 Citizenship or place of organization
New York

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 3,528,446 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 3,528,446 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

3,528,446 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

3.47%

14 Type of reporting person (SEE INSTRUCTIONS)

IA

2

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
GAMCO Asset Management Inc. I.D. No. 13-4044521

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00-Funds of investment advisory clients

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
New York

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 4,971,062 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 5,377,646 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

5,377,646 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

5.30%

14 Type of reporting person (SEE INSTRUCTIONS)

IA, CO

3

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Gabelli Securities, Inc. I.D. No. 13-3379374

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00-Client Funds

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
Delaware

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 20,566 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 20,566 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

20,566 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

0.02%

14 Type of reporting person (SEE INSTRUCTIONS)

HC, CO

4

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
MJG Associates, Inc. I.D. No. 06-1304269

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00-Client Funds

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
Connecticut

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 20,000 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 20,000 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

20,000 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

0.02%

14 Type of reporting person (SEE INSTRUCTIONS)
CO

5

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
MJG-IV Limited Partnership I.D. No. 13-3191826
Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00 – Funds of a Private Entity

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
New York

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 5,217 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 5,217 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

5,217 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

0.01%

14 Type of reporting person (SEE INSTRUCTIONS)

PN

6

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Gabelli Foundation, Inc. I.D. No. 94-2975159

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
WC

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
NV

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 3,000 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 3,000 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

3,000 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented by amount in row (11)

0.00%

14 Type of reporting person (SEE INSTRUCTIONS)
00-Private Foundation

7

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
GGCP, Inc. I.D. No. 13-3056041

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
WC

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
Wyoming

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 14,522 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 14,522 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

14,522 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.01%

14 Type of reporting person (SEE INSTRUCTIONS)

HC, CO

8

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
GAMCO Investors, Inc. I.D. No. 13-4007862

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
None

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
New York

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | None (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | None (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

None (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.00%

14 Type of reporting person (SEE INSTRUCTIONS)
HC, CO

9

CUSIP No. 879433829

1 Names of reporting persons
I.R.S. identification nos. of above persons (entities only)
Mario J. Gabelli

2 Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE INSTRUCTIONS)
00 – Funds of a Private Entity

5 Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)

6 Citizenship or place of organization
USA

| | | |
|---|---|---|
| Number Of | : 7 | Sole voting power |
| Shares | : | 75,637 (Item 5) |
| Beneficially | : 8 | Shared voting power |
| Owned | : | None |
| By Each | : 9 | Sole dispositive power |
| Reporting | : | 75,637 (Item 5) |
| Person | :10 | Shared dispositive power |
| With | : | None |

11 Aggregate amount beneficially owned by each reporting person

75,637 (Item 5)

12 Check box if the aggregate amount in row (11) excludes certain shares
(SEE INSTRUCTIONS) X

13 Percent of class represented by amount in row (11)

0.08%

14 Type of reporting person (SEE INSTRUCTIONS)
IN

Item 1. Security and Issuer

This Amendment No. 28 to Schedule 13D on the Common Shares of Telephone and Data Systems Inc. (the "Issuer"), is being filed on behalf of the undersigned to amend the Schedule 13D, as amended (the "Schedule 13D") which was originally filed on February 27, 1998. Unless otherwise indicated, all capitalized terms used herein but not defined herein shall have the same meanings as set forth in the Schedule 13D.

Item 2. Identity and Background

Item 2 to Schedule 13D is amended, in pertinent part, as follows:

This statement is being filed by Mario J. Gabelli ("Mario Gabelli") and various entities which he directly or indirectly controls or for which he acts as chief investment officer. These entities engage in various aspects of the securities business, primarily as investment adviser to various institutional and individual clients, including registered investment companies and pension plans, and as general partner or the equivalent of various private investment partnerships or private funds. Certain of these entities may also make investments for their own accounts. The foregoing persons in the aggregate often own beneficially more than 5% of a class of equity securities of a particular issuer. Although several of the foregoing persons are treated as institutional investors for purposes of reporting their beneficial ownership on the short-form Schedule 13G, the holdings of those who do not qualify as institutional investors may exceed the 1% threshold presented for filing on Schedule 13G or implementation of their investment philosophy may from time to time require action which could be viewed as not completely passive. In order to avoid any question as to whether their beneficial ownership is being reported on the proper form and in order to provide greater investment flexibility and administrative uniformity, these persons have decided to file their beneficial ownership reports on the more detailed Schedule 13D form rather than on the short-form Schedule 13G and thereby to provide more expansive disclosure than may be necessary.

(a), (b) and (c) - This statement is being filed by one or more of the following persons: GGCP, Inc. ("GGCP"), GGCP Holdings LLC ("GGCP Holdings"), GAMCO Investors, Inc. ("GBL"), Gabelli Funds, LLC ("Gabelli Funds"), GAMCO Asset Management Inc. ("GAMCO"), Teton Advisors, Inc. ("Teton Advisors"), Gabelli Securities, Inc. ("GSI"), Gabelli & Company, Inc. ("Gabelli & Company"), MJG Associates, Inc. ("MJG Associates"), Gabelli Foundation, Inc. ("Foundation"), MJG-IV Limited Partnership ("MJG-IV"), and Mario Gabelli. Those of the foregoing persons signing this Schedule 13D are hereinafter referred to as the "Reporting Persons".

GGCP makes investments for its own account and is the manager and a member of GGCP Holdings which is the controlling shareholder of GBL. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including those named below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GSI, a majority-owned subsidiary of GBL, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies and other accounts. As a part of its business, GSI may purchase or sell securities for its own account. GSI is a general partner or investment manager of a number of funds or partnerships, including Gabelli Associates Fund, L.P., Gabelli Associates Fund II, L.P., Gabelli Associates Limited, Gabelli Associates Limited II E, ALCE Partners, L.P., Gabelli Capital Structure Arbitrage Fund LP, Gabelli Capital Structure Arbitrage Fund Limited, Gabelli Intermediate Credit Fund L.P., Gabelli Japanese Value Partners L.P., GAMA Select Energy + L.P., GAMCO Medical Opportunities L.P., GAMCO Long/Short Equity Fund, L.P., Gabelli Multimedia Partners, L.P, Gabelli International Gold Fund Limited and Gabelli Green Long/Short Fund, L.P.

Gabelli & Company, a wholly-owned subsidiary of GSI, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended ("1934 Act"), which as a part of its business regularly purchases and sells securities for its own account.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which provides advisory services for The Gabelli Equity Trust Inc., The Gabelli Asset Fund, The GAMCO Growth Fund, The Gabelli Convertible and Income Securities Fund Inc., The Gabelli Value Fund Inc., The Gabelli Small Cap Growth Fund, The Gabelli Equity Income Fund, The Gabelli ABC

Fund, The GAMCO Global Telecommunications Fund, The Gabelli Gold Fund, Inc., The Gabelli Multimedia Trust Inc., The GAMCO Vertumnus Fund, The Gabelli Capital Asset Fund, The GAMCO International Growth Fund, Inc., The GAMCO Global Growth Fund, The Gabelli Utility Trust, The GAMCO Global Opportunity Fund, The Gabelli Utilities Fund, The Gabelli Dividend Growth Fund, The GAMCO Mathers Fund, The Gabelli Focus Five Fund, The Comstock Capital Value Fund, The Gabelli Dividend and Income Trust, The Gabelli Global Utility & Income Trust, The GAMCO Global Gold, Natural Resources, & Income Trust by Gabelli, The GAMCO Natural Resources Gold & Income Trust by Gabelli, The GDL Fund, Gabelli Enterprise Mergers & Acquisitions Fund, The Gabelli SRI Green Fund, Inc., and The Gabelli Healthcare & Wellness Rx Trust, (collectively, the "Funds"), which are registered investment companies. Gabelli Funds is also the investment adviser to The GAMCO International SICAV (sub-funds GAMCO Stategic Value and GAMCO Merger Arbitrage), a UCITS III vehicle.

Teton Advisors, an investment adviser registered under the Advisers Act, provides discretionary advisory services to The GAMCO Westwood Mighty Mitessm Fund, The GAMCO Westwood Income Fund and The GAMCO Westwood SmallCap Equity Fund.

MJG Associates provides advisory services to private investment partnerships and offshore funds. Mario Gabelli is the sole shareholder, director and employee of MJG Associates. MJG Associates is the Investment Manager of Gabelli International Limited and Gabelli Fund, LDC. Mario J. Gabelli is the general partner of Gabelli Performance Partnership, LP.

The Foundation is a private foundation. Mario Gabelli is the Chairman, a Trustee and the Investment Manager of the Foundation. Elisa M. Wilson is the President of the Foundation.

Mario Gabelli is the controlling stockholder, Chief Executive Officer and a director of GGCP and Chairman and Chief Executive Officer of GBL. Mario Gabelli is also a member of GGCP Holdings. Mario Gabelli is the controlling shareholder of Teton.

MJG-IV is a family partnership in which Mario Gabelli is the general partner. Mario Gabelli has less than a 100% interest in MJG-IV. MJG-IV makes investments for its own account. Mario Gabelli disclaims ownership of the securities held by MJG-IV beyond his pecuniary interest.

The Reporting Persons do not admit that they constitute a group.

GBL, GAMCO, and Gabelli & Company are New York corporations and GSI and Teton Advisors are Delaware corporations, each having its principal business office at One Corporate Center, Rye, New York 10580. GGCP is a Wyoming corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. GGCP Holdings is a Delaware limited liability corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. Gabelli Funds is a New York limited liability company having its principal business office at One Corporate Center, Rye, New York 10580. MJG Associates is a Connecticut corporation having its principal business office at 140 Greenwich Avenue, Greenwich, CT 06830. The Foundation is a Nevada corporation having its principal offices at 165 West Liberty Street, Reno, Nevada 89501.

For information required by instruction C to Schedule 13D with respect to the executive officers and directors of the foregoing entities and other related persons (collectively, "Covered Persons"), reference is made to Schedule I annexed hereto and incorporated herein by reference.

(d) – Not applicable.

(e) – On April 24, 2008, Gabelli Funds settled an administrative proceeding with the Securities and Exchange Commission ("Commission") regarding frequent trading in shares of a mutual fund it advises, without admitting or denying the findings or allegations of the Commission. The inquiry involved Gabelli Funds' treatment of one investor who had engaged in frequent trading in one fund (the prospectus of which did not at that time impose limits on frequent trading), and who had subsequently made an investment in a hedge fund managed by an affiliate of Gabelli Funds. The investor was banned from the fund in August 2002, only after certain other investors were banned. The principal terms of the settlement include an administrative cease and desist order from violating Section 206(2) of the Investment Advisers Act of 1940, Section 17(d) of the Investment Company Act of 1940 ("Company Act"), and Rule 17d-1 thereunder, and Section 12(d)(1)(B)(1) of the Company Act, and the payment of $11 million in disgorgement and prejudgment interest and $5 million in a civil monetary penalty. Gabelli Funds was also required to retain an independent distribution consultant to develop a plan and oversee distribution to shareholders of the monies paid to the Commission, and to make certain other undertakings.

On January 12, 2009, Gabelli Funds settled an administrative proceeding with the Commission without admitting or denying the findings or allegations of the Commission, regarding Section 19(a) of the Company Act and Rule 19a-1 thereunder by two closed-end funds. Section 19(a) and Rule 19a-1 require registered investment companies, when making a distribution in the nature of a dividend from sources other than net investment income, to contemporaneously provide written statements to shareholders that adequately disclose the source or sources of such distribution. While the two funds sent annual statements and provided other materials containing this information, the shareholders did not receive the notices required by Rule 19a-1 with any of the distributions that were made for 2002 and 2003. As part of the settlement Gabelli Funds agreed to pay a civil monetary penalty of $450,000 and to cease and desist from causing violations of Section 19(a) and Rule 19a-1. In connection with the settlement, the Commission noted the remedial actions previously undertaken by Gabelli Funds.

(f) – Reference is made to Schedule I hereto.

Item 4. Purpose of Transaction

Item 4 to Schedule 13D is amended, in pertinent part, as follows:

On December 19, 2012, GAMCO sent a letter to the Issuer notifying the Issuer that GAMCO is considering contacting individuals concerning their interest and their qualification to serve on the Issuer's Board of Directors. GAMCO may submit recommendations for one or more individuals as nominee for director in accordance with the procedures set forth in the Issuer's proxy statement. A copy of the letter is attached as Exhibit A.

Item 5. Interest In Securities Of The Issuer

Item 5 to Schedule 13D is amended, in pertinent part, as follows:

(a) The aggregate number of Securities to which this Schedule 13D relates is 9,045,034 shares, representing 8.91% of the 101,555,282 shares outstanding as reported in the Issuer's most recently filed Form 10-Q for the quarterly period ended September 30, 2012. The Reporting Persons beneficially own those Securities as follows:

| Name | Shares of Common Stock | % of Class of Common |
|---|---|---|
| Gabelli Funds | 3,528,446 | 3.47% |
| GAMCO | 5,377,646 | 5.30% |
| GSI | 20,566 | 0.02% |
| Foundation | 3,000 | 0.00% |
| GGCP | 14,522 | 0.01% |
| Mario Gabelli | 75,637 | 0.08% |
| MJG-IV | 5,217 | 0.01% |
| MJG Associates | 20,000 | 0.02% |

Mario Gabelli is deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons. GSI is deemed to have beneficial ownership of the Securities owned beneficially by Gabelli & Company. GBL and GGCP are deemed to have beneficial ownership of the Securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation.

(b) Each of the Reporting Persons and Covered Persons has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the Securities reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO does not have the authority to vote 406,584 of the reported shares, (ii) Gabelli Funds has sole dispositive and voting power with respect to the shares of the Issuer held by the Funds so long as the aggregate voting interest of all joint filers does not exceed 25% of their total voting interest in the Issuer and, in that event, the Proxy Voting Committee of each Fund shall respectively vote that Fund's shares, (iii) at any time, the Proxy Voting Committee of each such Fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario Gabelli, GBL, and GGCP is indirect with respect to Securities beneficially owned directly by other Reporting Persons.

(c) Information with respect to all transactions in the Securities which were effected during the past sixty days or since the most recent filing on Schedule 13D, whichever is less, by each of the Reporting Persons and Covered Persons is set forth on Schedule II annexed hereto and incorporated herein by reference.

(e) Not applicable.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: December 19, 2012

GGCP, INC.
MARIO J. GABELLI
MJG ASSOCIATES, INC.
MJG-IV LIMITED PARTNERSHIP
GABELLI FOUNDATION, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
Attorney-in-Fact

GABELLI FUNDS, LLC

By:/s/ Bruce N. Alpert
Bruce N. Alpert
Chief Operating Officer – Gabelli Funds, LLC

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.
GABELLI SECURITIES, INC.

By:/s/ Douglas R. Jamieson
Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.
President – Gabelli Securities, Inc.

12

Schedule I
Information with Respect to Executive
Officers and Directors of the Undersigned
Schedule I to Schedule 13D is amended, in pertinent part, as follows:

The following sets forth as to each of the executive officers and directors of the undersigned: his name; his business address; his present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted. Unless otherwise specified, the principal employer of each such individual is GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., Gabelli & Company, Inc., Teton Advisors, Inc., or GAMCO Investors, Inc., the business address of each of which is One Corporate Center, Rye, New York 10580, and each such individual identified below is a citizen of the United States. To the knowledge of the undersigned, during the last five years, no such person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), and no such person was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities law or finding any violation with respect to such laws except as reported in Item 2(d) and (e) of this Schedule 13D.

GGCP, Inc.
Directors:

| | |
|---|---|
| Mario J. Gabelli | Chief Executive Officer of GGCP, Inc., and Chairman & Chief Executive Officer of GAMCO Investors, Inc.; Director/Trustee of all registered investment companies advised by Gabelli Funds, LLC. |
| Marc J. Gabelli | Chairman of The LGL Group, Inc.<br>2525 Shader Road<br>Orlando, FL 32804 |
| Matthew R. Gabelli | Vice President – Trading<br>Gabelli & Company, Inc.<br>One Corporate Center<br>Rye, NY 10580 |
| Charles C. Baum | Secretary & Treasurer<br>United Holdings Co., Inc.<br>2545 Wilkens Avenue<br>Baltimore, MD 21223 |
| Fredric V. Salerno | Chairman; Former Vice Chairman and Chief Financial Officer<br>Verizon Communications |

Officers:

| | |
|---|---|
| Mario J. Gabelli | Chief Executive Officer and Chief Investment Officer |
| Marc J. Gabelli | President |
| Silvio A. Berni | Vice President, Assistant Secretary and Controller |

GGCP Holdings LLC
Members:

| | |
|---|---|
| GGCP, Inc. | Manager and Member |
| Mario J. Gabelli | Member |

GAMCO Investors, Inc.
Directors:

| | |
|---|---|
| Edwin L. Artzt | Former Chairman and Chief Executive Officer<br>Procter & Gamble Company<br>900 Adams Crossing<br>Cincinnati, OH 45202 |
| Raymond C. Avansino | Chairman & Chief Executive Officer |

| | |
|---|---|
| | E.L. Wiegand Foundation<br>165 West Liberty Street<br>Reno, NV 89501 |
| Richard L. Bready | Former Chairman and Chief Executive Officer<br>Nortek, Inc.<br>50 Kennedy Plaza<br>Providence, RI 02903 |
| Mario J. Gabelli | See above |
| Elisa M. Wilson | Director<br>c/o GAMCO Investors, Inc.<br>One Corporate Center<br>Rye, NY 10580 |
| Eugene R. McGrath | Former Chairman and Chief Executive Officer<br>Consolidated Edison, Inc.<br>4 Irving Place<br>New York, NY 10003 |
| Robert S. Prather | President & Chief Operating Officer<br>Gray Television, Inc.<br>4370 Peachtree Road, NE<br>Atlanta, GA 30319 |
| Officers: | |
| Mario J. Gabelli | Chairman and Chief Executive Officer |
| Douglas R. Jamieson | President and Chief Operating Officer |
| Henry G. Van der Eb | Senior Vice President |
| Bruce N. Alpert | Senior Vice President |
| Agnes Mullady | Senior Vice President |
| Robert S. Zuccaro | Executive Vice President and Chief Financial Officer |

GAMCO Asset Management Inc.
Directors:

Douglas R. Jamieson
Regina M. Pitaro
William S. Selby

Officers:

| | |
|---|---|
| Mario J. Gabelli | Chief Executive Officer and Chief Investment Officer – Value Portfolios |

| | |
|---|---|
| Douglas R. Jamieson | President, Chief Operating Officer and Managing Director |
| Robert S. Zuccaro | Chief Financial Officer |
| David Goldman | General Counsel, Secretary & Chief Compliance Officer |
| Thomas J. Hearity | Assistant Secretary |

Gabelli Funds, LLC
Officers:

| | |
|---|---|
| Mario J. Gabelli | Chief Investment Officer – Value Portfolios |
| Bruce N. Alpert | Executive Vice President and Chief Operating Officer |
| Agnes Mullady | President and Chief Operating Officer – Open End Fund Division |
| Robert S. Zuccaro | Chief Financial Officer |

Teton Advisors, Inc.
Directors:

| | |
|---|---|
| Howard F. Ward | Chairman of the Board |
| Nicholas F. Galluccio | Chief Executive Officer and President |
| Robert S. Zuccaro | Chief Financial Officer |
| Vincent J. Amabile | |

Officers:

| | |
|---|---|
| Howard F. Ward | See above |
| Nicholas F. Galluccio | See above |
| Robert S. Zuccaro | See above |
| David Goldman | Assistant Secretary |
| Tiffany Hayden | Secretary |

Gabelli Securities, Inc.

Directors:

| | |
|---|---|
| Robert W. Blake | President of W. R. Blake & Sons, Inc.<br>196-20 Northern Boulevard |

| | |
|---|---|
| | Flushing, NY 11358 |
| Douglas G. DeVivo | DeVivo Asset Management Company LLC<br>P.O. Box 2048<br>Menlo Park, CA 94027 |
| Douglas R. Jamieson | President |
| Daniel R. Lee | Chairman & Chief Executive Officer of Creative Casinos, LLC<br>1010 West Charleston Boulevard, Suite 100<br>Las Vegas, NV 89135 |
| Officers: | |
| Douglas R. Jamieson | See above |
| Robert S. Zuccaro | Chief Financial Officer |
| Diane M. LaPointe | Controller |
| Thomas J. Hearity | General Counsel and Secretary |
| David M. Goldman | Assistant Secretary |
| Joel Torrance | Chief Compliance Officer |
| Gabelli & Company, Inc.<br>Directors: | |
| James G. Webster, III | Former Chairman |
| Irene Smolicz | Senior Trader - Gabelli & Company, Inc. |
| Daniel M. Miller | Chairman |
| Officers: | |
| Daniel M. Miller | See above |
| Cornelius V. McGinity | President |
| Bruce N. Alpert | Vice President |
| Diane M. LaPointe | Controller and Financial & Operations Principal |
| Douglas R. Jamieson | Secretary |
| David M. Goldman | Assistant Secretary |
| Josephine D. LaFauci | Chief Compliance Officer |

Gabelli Foundation, Inc.
Officers:

| | |
|---|---|
| Mario J. Gabelli | Chairman, Trustee & Chief Investment Officer |
| Elisa M. Wilson | President |
| Marc J. Gabelli | Trustee |
| Matthew R. Gabelli | Trustee |
| Michael Gabelli | Trustee |

MJG-IV Limited Partnership
Officers:

| | |
|---|---|
| Mario J. Gabelli | General Partner |

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SCHEDULE II
INFORMATION WITH RESPECT TO
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)

| DATE | SHARES PURCHASED SOLD(-) | AVERAGE PRICE(2) |
|---|---|---|
| COMMON STOCK-TELEPHONE & DATA SYSTEMS, INC. | | |
| GAMCO ASSET MANAGEMENT INC. | | |
| 12/18/12 | 326- | 22.7000 |
| 12/18/12 | 3,152- | *DO |
| 12/18/12 | 2,700- | *DO |
| 12/18/12 | 326- | 22.7461 |
| 12/18/12 | 1,230- | 22.7167 |
| 12/17/12 | 148- | *DO |
| 12/17/12 | 3,130- | *DO |
| 12/17/12 | 1,276- | *DO |
| 12/17/12 | 223- | *DO |
| 12/17/12 | 208- | 22.2150 |
| 12/17/12 | 156- | *DO |
| 12/17/12 | 260- | *DO |
| 12/17/12 | 1,189- | *DO |
| 12/17/12 | 1,312- | *DO |
| 12/17/12 | 453- | *DO |
| 12/17/12 | 851- | *DO |
| 12/14/12 | 417- | 22.3000 |
| 12/13/12 | 543- | 22.5901 |
| 12/13/12 | 626- | 22.6000 |
| 12/13/12 | 434- | 22.3800 |
| 12/12/12 | 869- | 22.6274 |
| 12/11/12 | 934- | 22.3400 |
| 12/11/12 | 1,200 | 22.5125 |
| 12/11/12 | 700- | 22.4943 |
| 12/07/12 | 987- | 22.1639 |
| 12/06/12 | 1,760- | 22.1500 |
| 12/06/12 | 400- | 22.1650 |
| 12/06/12 | 1,760 | 22.1499 |
| 12/05/12 | 3,000- | 22.3771 |
| 12/04/12 | 1,800- | 22.5785 |
| 12/04/12 | 108- | *DO |
| 12/03/12 | 1,000- | 22.8290 |
| 11/30/12 | 163- | *DO |
| 11/30/12 | 463- | *DO |
| 11/29/12 | 1,669- | 22.7567 |
| 11/28/12 | 1,117- | 22.5824 |
| 11/28/12 | 1,117 | 22.5901 |

| | | |
|---|---|---|
| 11/28/12 | 2,050 | 22.5978 |
| 11/28/12 | 1,117- | 22.5901 |
| 11/28/12 | 1,800- | 22.5789 |
| 11/28/12 | 1,630- | 22.4706 |
| 11/27/12 | 629- | 22.7500 |
| 11/27/12 | 1,000 | 22.5950 |
| 11/26/12 | 3,262- | *DO |
| 11/26/12 | 2,717 | 22.9499 |
| 11/23/12 | 6,348 | 23.0178 |
| 11/23/12 | 543- | 23.1474 |
| 11/21/12 | 500- | 22.6900 |
| 11/21/12 | 5,000- | 22.6600 |
| 11/20/12 | 434- | *DO |
| 11/19/12 | 217 | 22.5627 |
| 11/19/12 | 500 | 22.7879 |
| 11/19/12 | 1,634- | 22.5627 |
| 11/16/12 | 700- | 22.4843 |
| 11/16/12 | 800- | 22.3000 |
| 11/16/12 | 500- | 22.4642 |
| 11/15/12 | 500- | 22.5480 |
| 11/13/12 | 1,000 | 23.4850 |
| 11/12/12 | 1,000- | 23.3500 |
| 11/09/12 | 1,000- | 22.6800 |
| 11/09/12 | 383 | 22.6899 |
| 11/09/12 | 1,570- | 22.6791 |
| 11/09/12 | 9,000- | *DO |
| 11/09/12 | 500 | 22.7282 |
| 11/09/12 | 539 | 22.7599 |
| 11/08/12 | 1,500- | 22.6501 |
| 11/07/12 | 500 | 22.7399 |
| 11/07/12 | 2,000- | 21.7650 |
| 11/07/12 | 1,000 | 22.6199 |
| 11/06/12 | 108- | 25.7300 |
| 11/06/12 | 1,000 | 26.0249 |
| 11/02/12 | 4,603- | 25.7129 |
| 11/01/12 | 369- | 25.1500 |
| 11/01/12 | 6,000- | 25.2568 |
| 10/31/12 | 1,086- | *DO |
| 10/30/12 | 195- | *DO |
| 10/26/12 | 100 | 24.4810 |
| 10/26/12 | 5,001- | *DO |
| 10/25/12 | 2,038- | 24.5767 |
| 10/25/12 | 543- | 24.5900 |
| 10/23/12 | 200- | 24.8550 |

GABELLI FUNDS, LLC.

GABELLI GLOBAL TELECOMMUNICATIONS FUND

| | | |
|---|---|---|
| 11/07/12 | 329- | 21.7600 |

GABELLI MULTIMEDIA TRUST INC.

| | | |
|---|---|---|
| 11/12/12 | 2,000- | 23.0000 |

GABELLI DIVIDEND & INCOME TRUST

| | | |
|---|---|---|
| 12/05/12 | 7,000- | 22.4846 |

| | | |
|---|---|---|
| GABELLI ASSET FUND | | |
| 11/23/12 | 1,000- | 23.0790 |
| 11/21/12 | 2,565- | 22.7542 |
| GABELLI GLOBAL UTILITY & INCOME TRUST | | |
| 12/05/12 | 5,000- | 22.3641 |

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

(*) RESULTS IN CHANGE OF DISPOSITIVE POWER AND BENEFICIAL OWNERSHIP.

preferred industry measurement of these calculations. See Reconciliation of Non-GAAP Measures.

**Rate/Volume Variance Analysis**

| | Nine months Ended September 30, 2010 compared to 2009 | | |
|---|---|---|---|
| | Variance due to: | | |
| | Total | Rate | Volume |
| **Interest earning assets:** | | | |
| Federal funds sold[1] | $ 3,869 | $ 232 | $ 3,637 |
| Time deposits in other banks | (26,324) | (137,219) | 110,895 |
| Investment Securities[1] | | | |
| U.S. Treasury | (7,647) | | (7,647) |
| U.S. government agency | (137,527) | (79,070) | (58,457) |
| Mortgage backed securities | 246,430 | (138,285) | 384,715 |
| Municipal securities | (8,485) | (1,604) | (6,881) |
| Other | 4,308 | 8,710 | (4,402) |
| Loans:[1] | | | |
| Commercial | 60,046 | (292,327) | 352,373 |
| Mortgage | 957,851 | (110,845) | 1,068,696 |
| Consumer | (54,757) | (9,466) | (45,291) |
| Total interest revenue [1] | 1,037,764 | (759,874) | 1,797,638 |
| **Interest bearing liabilities** | | | |
| Savings | 2,636 | (1,449) | 4,085 |
| Money market and NOW | 208,065 | 140,513 | 67,552 |
| Other time deposits | (750,007) | (1,281,894) | 531,887 |
| Borrowed funds | 30,988 | (38,715) | 69,703 |
| Total interest expense | (508,318) | (1,181,545) | 673,227 |
| Net interest income[1] | $ 1,546,082 | $ 421,671 | $ 1,124,411 |

(1) Interest revenue is presented on a fully taxable equivalent (FTE) basis. Management believes providing this information on a FTE basis provides investors with a more accurate picture of our net interest spread and net interest income and we believe it to be the preferred industry measurement of these calculations. See Reconciliation of Non-GAAP Measures.

***Provision for Loan Losses***

Originating loans involves a degree of risk that credit losses will occur in varying amounts according to, among other factors, the type of loans being made, the credit-worthiness of the borrowers over the term of the loans, the quality of the collateral for the loan, if any, as well as general economic conditions. We charge the provision for loan losses to earnings to maintain the total allowance for loan losses at a level considered by management to represent its best estimate of the losses known and inherent in the portfolio that are both probable and reasonable to estimate, based on, among other factors, prior loss experience, volume and type of lending conducted, estimated value of any underlying collateral, economic conditions (particularly as such conditions relate to Old Line Bank s market area), regulatory guidance, peer statistics, management s judgment, past due loans in the loan portfolio, loan charge off experience and concentrations of risk (if any). We charge losses on loans against the allowance when we believe that collection of loan principal is unlikely. We add back recoveries on loans previously charged to the allowance.

The provision for loan losses was $200,000 for the three months ended September 30, 2010, as compared to $210,000 for the three months ended September 30, 2009, a decrease of $10,000 or 4.76%. After completing the analysis outlined below, during the three month period ended September 30, 2010, we decreased the provision for loan losses primarily because our asset quality remained stable and the economy showed evidence of continued improvement. As previously mentioned, while it remains uncertain whether the economy will continue on its path towards recovery, it appears the economy may reach a sustainable recovery during 2011 and we remain cautiously optimistic that our borrowers will continue to stay current on their loans. The $200,000 provision supported the 3.78% growth in the loan portfolio during the period.

The provision for the nine month period was $440,000. This represented a $320,000 or 42.11% decrease as compared to the nine months ended September 30, 2009. For the nine months ended September 30, 2010, we decreased the provision for loan losses because we believe that in 2009 we specifically identified and appropriately reserved for any potential deterioration in the loan portfolio caused by the tumultuous economic climate. We believe the economy has stabilized in 2010. We also believe that we have appropriately identified and allocated specific reserves to previously identified borrowers that represent increased risk or potential loss. At quarter end, we had 3 real estate loans totaling $2.98 million in non-performing loans. We have also completed foreclosure on two properties that we value at $823,000. We had one other loan in the amount of approximately $83,000 past due between 30 and 89 days. Subsequent to quarter end, the borrower paid the payment that was past due on this loan. As outlined below, we are currently working towards resolution with all of these borrowers and we have allocated a specific reserve for those loans where we consider it probable that we will incur a loss.

We review the adequacy of the allowance for loan losses at least quarterly. Our review includes evaluation of impaired loans as required by ASC Topic 310-*Receivables*, and ASC Topic 450-*Contingencies*. Also incorporated in determining the adequacy of the allowance is guidance contained in the Securities and Exchange Commission s SAB No. 102, *Loan Loss Allowance Methodology and Documentation,* the Federal Financial Institutions Examination Council s Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions and the Interagency Policy Statement on the Allowance for Loan and Lease Losses provided by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration and Office of Thrift Supervision.

We base the evaluation of the adequacy of the allowance for loan losses upon loan categories. We categorize loans as installment and other consumer loans (other than boat loans), boat loans, mortgage loans (commercial real estate, residential real estate and real estate construction) and commercial loans. We apply loss ratios to each category of loan other than commercial loans. We further divide commercial loans by risk rating and apply loss ratios by risk rating, to determine estimated loss amounts. We evaluate delinquent loans and loans for which management has knowledge about possible credit problems of the borrower or knowledge of problems with loan collateral separately and assign loss amounts based upon the evaluation.

We determine loss ratios for installment and other consumer loans (other than boat loans), boat loans and mortgage loans (commercial real estate, residential real estate and real estate construction) based upon a review of prior 18 months delinquency trends for the category, the three year loss ratio for the category, peer group loss ratios, probability of loss factors and industry standards.

With respect to commercial loans, management assigns a risk rating of one through eight to each loan at inception, with a risk rating of one having the least amount of risk and a risk rating of eight having the greatest amount of risk. For commercial loans of less than $250,000, we may review the risk rating annually based on, among other things, the borrower s financial condition, cash flow and ongoing financial viability; the collateral securing the loan; the borrower s industry; and payment history. We review the risk rating for all commercial loans in excess of $250,000 at least annually. We evaluate loans with a risk rating of five or greater separately and allocate a portion of the allowance for loan losses based upon the evaluation. For loans with risk ratings between one and four, we determine loss ratios based upon a review of prior 18 months delinquency trends, the three year loss ratio, peer group loss ratios, probability of loss factors and industry standards.

We also identify and make any necessary allocation adjustments for any specific concentrations of credit in a loan category that in management s estimation increase the risk inherent in the category. If necessary, we will also make an adjustment within one or more loan categories for economic considerations in our market area that may impact the quality of the loans in the category. For all periods presented, there were no specific adjustments made for concentrations of credit. We consider qualitative or environmental factors that are likely to cause estimated credit losses associated with our existing portfolio to differ from historical loss experience. These factors include, but are not limited to, changes in lending policies and procedures, changes in the nature and volume of the loan portfolio, changes in the experience, ability and depth of lending management and the effect of other external factors such as economic factors, competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio.

In the event that our review of the adequacy of the allowance results in any unallocated amounts, we reallocate such amounts to our loan categories based on the percentage that each category represents to total gross loans. We have risk management practices designed to ensure timely identification of changes in loan risk profiles. However, undetected losses inherently exist within the portfolio. We believe that the allocation of the unallocated portion of the reserve in the manner described above is appropriate. Although we may allocate specific portions of the allowance for specific credits or other factors, the entire allowance is available for any credit that we should charge off. We will not create a separate valuation allowance unless we consider a loan impaired. At December 31, 2009, we had 3 non-accrual loans totaling $1.59 million. During 2009, we increased the provision because we recognized that the economy may cause increased hardships for our borrowers and there was a higher probability that we may incur losses on these loans. In the third quarter of 2010, we charged off one unsecured non-accrual loan in the amount of $137,151. In the third quarter of 2010, we also received a deed in lieu of foreclosure on the property that secured a non-accrual loan. The loan balance was approximately $947,000 higher than the current appraised value of the property. Therefore, we charged off approximately $947,000 of the loan balance and recorded the remaining value of $600,000 in other real estate owned. As outlined below in the *Loan Portfolio* section of this report, we have allocated a specific valuation allowance to those loans where we anticipate a loss.

Our policies require a review of assets on a regular basis and we believe that we appropriately classify loans as well as other assets if warranted. We believe that we use the best information available to make a determination with respect to the allowance for loan losses, recognizing that the determination is inherently subjective and that future adjustments may be necessary depending upon, among other factors, a change in economic conditions of specific borrowers or generally in the economy and new information that becomes available to us. However, there are no assurances that the allowance for loan losses will be sufficient to absorb losses on non-performing assets, or that the allowance will be sufficient to cover losses on non-performing assets in the future.

The allowance for loan losses represented 0.61% of gross loans at September 30, 2010 and 0.93% as of December 31, 2009. We have no exposure to foreign countries or foreign borrowers. Based on our analysis and the satisfactory historical performance of the loan portfolio, we believe this allowance appropriately reflects the inherent risk of loss in our portfolio.

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The following table provides an analysis of the allowance for loan losses for the periods indicated:

**Allowance for Loan Losses**

| | Nine Months Ended September 30, 2010 | Nine Months Ended September 30, 2009 | Year Ended December 31, 2009 |
|---|---|---|---|
| Balance, beginning of period | $ 2,481,716 | $ 1,983,751 | $ 1,983,751 |
| Provision for loan losses | 440,000 | 760,000 | 900,000 |
| Chargeoffs: | | | |
| Commercial | (137,151) | | |
| Mortgage | (958,472) | (344,825) | (344,825) |
| Consumer | (4,194) | (50,240) | (57,210) |
| Total chargeoffs | (1,099,817) | (395,065) | (402,035) |
| Recoveries: | | | |
| Mortgage | 3,650 | | |
| Consumer | 723 | | |
| Total recoveries | 4,373 | | |
| Net (chargeoffs) recoveries | (1,095,444) | (395,065) | (402,035) |
| Balance, end of period | $ 1,826,272 | $ 2,348,686 | $ 2,481,716 |
| Ratio of allowance for loan losses to: | | | |
| Total gross loans | 0.61% | 0.89% | 0.93% |
| Non-accrual loans | 61.29% | 148.41% | 156.43% |
| Ratio of net-chargeoffs during period to average total loans during period | 0.391% | 0.157% | 0.158% |

The following table provides a breakdown of the allowance for loan losses:

**Allocation of Allowance for Loan Losses**

| | September 30, 2010 | | September 30, 2009 | | December 31, 2009 | |
|---|---|---|---|---|---|---|
| | Amount | % of Loans in Each Category | Amount | % of Loans in Each Category | Amount | % of Loans in Each Category |
| Consumer & others | $ 8,267 | 0.47% | $ 9,331 | 0.53% | $ 10,319 | 0.57% |
| Boat | 153,479 | 3.96 | 81,292 | 5.09 | 81,417 | 4.91 |
| Mortgage | 1,235,001 | 67.63 | 1,540,845 | 65.61 | 1,845,126 | 66.74 |
| Commercial | 429,525 | 27.94 | 717,218 | 28.77 | 544,854 | 27.78 |
| **Total** | $ 1,826,272 | 100.00% | $ 2,348,686 | 100.00% | $ 2,481,716 | 100.00% |

***Non-interest Revenue***

Three months ended September 30, 2010 compared to three months ended September 30, 2009

Non-interest revenue totaled $303,246 for the three months ended September 30, 2010, a decrease of $65,162 or 17.69% from the 2009 amount of $368,408. Non-interest revenue for the three months ended September 30, 2010 and September 30, 2009 included fee income from service charges on deposit accounts, earnings on bank owned life insurance, and other fees and commissions including revenues with respect to Pointer Ridge. The primary cause of the decline in non-interest revenue was the $55,578 decrease in other fees and commission as a result of the $73,083 decrease in income from Pointer Ridge rent and other revenue during the 2010 period compared to the same period in 2009. The loss of tenants in the building that Pointer Ridge owns caused the decline in the rent and other revenue that we earn from Pointer Ridge. Other fees and commissions (excluding Pointer Ridge) increased $17,505 primarily because of an increase in ATM, debit card and letter of credit fees partially offsetting the decrease in income and other revenue from Pointer Ridge. The decline in the interest we earned on our bank owned life insurance, which declined as a result of a decline in the interest rates paid on these investments, also contributed to the decrease in non-interest revenue during the period.

The following table outlines the changes in non-interest revenue for the three month periods.

| | September 30, 2010 | September 30, 2009 | $ Change | % Change |
|---|---|---|---|---|
| Service charges on deposit accounts | $ 78,247 | $ 80,641 | $ (2,394) | (2.97)% |
| Gain on sales of investment securities | | 634 | (634) | (100.00) |
| Earnings on bank owned life insurance | 83,963 | 95,322 | (11,359) | (11.92) |
| Pointer Ridge rent and other revenue | 78,126 | 151,209 | (73,083) | (48.33) |
| Gain (loss) on disposal of assets | | (4,803) | 4,803 | 100.00 |
| Other fees and commissions | 62,910 | 45,405 | 17,505 | 38.55 |
| **Total non-interest revenue** | $ 303,246 | $ 368,408 | $ (65,162) | (17.69)% |

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Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

Non-interest revenue declined $639,820 during the nine month period ended September 30, 2010 primarily because of the $432,485 decline in rent and other revenue from Pointer Ridge and the $158,551decline in gain on sales of investment securities. During the first nine months of 2009, Pointer Ridge produced $521,605 in rental income that is included in other fees and commissions. As outlined in our March 2010 report, approximately $300,000 of that amount derived from a non-recurring lease termination fee. During the same period in 2010, we received $206,825 in rental income from Pointer Ridge. The absence of the lease termination fee in 2010 and the subsequent loss of additional tenants in the building owned by Pointer Ridge were the major causes of the decline in non-interest revenue. Service charges on deposit accounts increased $5,983 in 2010 primarily as a result of an increase in customers. Other fees and commissions (excluding Pointer Ridge) decreased $30,704 primarily because in 2010, we received $25,530 in rental income from the tenant who leased the second floor of our branch located at 301 Crain Highway, Waldorf, Maryland compared to $84,270 in 2009. The tenant terminated his lease in March 2010. As a result, rental income declined $58,740. An increase in other loan fees and letter of credit fees offset a portion of this decline.

The following table outlines the changes in non-interest revenue for the nine month periods.

| | September 30, 2010 | September 30, 2009 | $ Change | % Change |
|---|---|---|---|---|
| Service charges on deposit accounts | $ 231,478 | $ 225,495 | $ 5,983 | 2.65% |
| Gain on sales of investment securitites | | 158,551 | (158,551) | (100.00) |
| Earnings on bank owned life insurance | 254,071 | 282,937 | (28,866) | (10.20) |
| Pointer Ridge rent and other revenue | 206,825 | 639,310 | (432,485) | (67.65) |
| Gain (loss) on disposal of assets | | (4,803) | 4,803 | (100.00) |
| Other fees and commissions | 174,814 | 205,518 | (30,704) | (14.94) |
| **Total non-interest revenue** | $ 867,188 | $ 1,507,008 | $ (639,820) | (42.46)% |

Because of the business development efforts of our lenders, managers and the new branches that we have opened, we expect that customer relationships will continue to grow during the remainder of 2010. We anticipate this growth will cause an increase in service charges on deposit accounts. We expect our earnings on bank owned life insurance will remain stable during the remainder of 2010. The tenant in our Crain Highway location has vacated the building. We will not lease this building to other tenants because we anticipate that we may use this space if we complete the acquisition of Maryland Bankcorp. As a result, we will not have rental income from this facility during the remainder of 2010. We anticipate that rental income from Pointer Ridge for the fourth quarter of 2010 will remain comparable to that received during the third quarter of 2010.

***Non-interest Expense***

Three months ended September 30, 2010 compared to three months ended September 30, 2009

Non-interest expense increased $684,101 for the three months ended September 30, 2010. The following chart outlines the changes in non-interest expenses for the period.

| | September 30, 2010 | September 30, 2009 | $ Change | % Change |
|---|---|---|---|---|
| Salaries | $ 1,263,368 | $ 1,075,572 | $ 187,796 | 17.46% |
| Employee benefits | 319,550 | 242,778 | 76,772 | 31.62 |
| Occupancy | 330,752 | 306,871 | 23,881 | 7.78 |
| Equipment | 105,342 | 96,004 | 9,338 | 9.73 |
| Data processing | 126,412 | 90,821 | 35,591 | 39.19 |
| Pointer Ridge other operating | 111,791 | 168,322 | (56,531) | (33.59) |
| FDIC insurance and State of Maryland assessments | 130,595 | 100,590 | 30,005 | 29.83 |
| Merger Expense | 187,125 | | 187,125 | 100.00 |
| Other operating | 493,277 | 303,153 | 190,124 | 62.72 |
| **Total non-interest expenses** | $ 3,068,212 | $ 2,384,111 | $ 684,101 | 28.69% |

Salaries, employee benefits, occupancy, equipment, data processing and other operating expenses increased primarily because of increased operating expenses from the branches that we opened in 2009 and the new lending team that we hired in December 2009. The transfer of the ownership of other real estate owned from the borrower s name to ours and maintenance of these properties contributed approximately $35,000 to the increase in other operating expenses. Pointer Ridge other operating expense decreased primarily because there were fewer tenants in the building and operating expenses associated with the building were lower. During the three month period, we incurred $187,125 in costs associated with the agreement to acquire Maryland Bankcorp for attorney, advisory and accounting fees.

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

The following chart outlines the changes in non-interest expenses for the period.

| | September 30, 2010 | September 30, 2009 | $ Change | % Change |
|---|---|---|---|---|
| Salaries | $ 3,559,727 | $ 2,851,559 | $ 708,168 | 24.83% |
| Employee benefits | 987,488 | 760,624 | 226,864 | 29.83 |
| Occupancy | 983,209 | 773,177 | 210,032 | 27.16 |
| Equipment | 311,370 | 258,398 | 52,972 | 20.50 |
| Data processing | 325,912 | 247,812 | 78,100 | 31.52 |
| Pointer Ridge other operating | 314,191 | 320,440 | (6,249) | (1.95) |
| FDIC insurance and State of Maryland assessments | 361,263 | 442,892 | (81,629) | (18.43) |
| Merger Expense | 187,125 | | 187,125 | 100.00 |
| Other operating | 1,342,623 | 1,063,587 | 279,036 | 26.24 |
| **Total non-interest expenses** | $ 8,372,908 | $ 6,718,489 | $ 1,654,419 | 24.62% |

Non-interest expense for the nine months ended September 30, 2010 increased $1.7 million or 24.62% to $8.4 million compared to $6.7 million for the same period in 2009. Salaries, employee benefits, occupancy, equipment, data processing expenses, and other operating expenses increased primarily because of increased operating expenses from the branches that we opened in 2009 and the new lending team that we hired in December 2009. Benefits also increased because of the increase in stock option and restricted stock awards granted in the first quarter of 2010. The transfer of the ownership of other real estate owned from the borrower s name to ours and maintenance of these properties contributed approximately $42,000 to the increase in other operating expenses. FDIC and State of Maryland assessments decreased because of the elimination of the special assessment of approximately $150,000. This savings was offset by increased rates and higher deposit levels. During the nine month period, we incurred $187,125 in costs associated with the agreement to acquire Maryland Bankcorp for attorney, advisory and accounting fees.

For the remainder of 2010, we anticipate non-interest expenses will remain relatively stable and will exceed last year s expenses. During the remainder of 2010, we will continue to incur increased salary, benefits, occupancy, equipment and data processing expenses related to the new Fairwood and Crofton locations and increased operational expenses associated with these branches. We will also incur increased salary and benefits expenses associated with our new lending team and increased FDIC insurance premiums as our deposits continue to grow. We also anticipate that we will continue to incur legal, accounting and advisory fees associated with the merger of Maryland Bankcorp.

***Income Taxes***

<u>Three months ended September 30, 2010 compared to three months ended September 30, 2009</u>

Income tax expense was $265,299 (47.38% of pre-tax income) for the three months ended September 30, 2010 as compared to $257,512 (33.85% of pre-tax income) for the same period in 2009. The $187,125 merger expense is non-deductible for tax purposes and was the primary cause of the increase in the tax rate.

<u>Nine months ended September 30, 2010 compared to nine months ended September 30, 2009</u>

Income tax expense was $765,431 (38.00% of pre-tax income) for the nine months ended September 30, 2010 as compared to $812,414 (32.78% of pre-tax income) for the same period in 2009. The $187,125 merger expense is non-deductible for tax purposes and was the primary cause of the increase in the tax rate.

***Net Income Available to Common Stockholders***

<u>Three months ended September 30, 2010 compared to three months ended September 30, 2009</u>

Net income attributable to Old Line Bancshares was $312,565 for the three months ended September 30, 2010 compared to $507,532 for the three month period ended September 30, 2009. Net income available to common stockholders was $312,565 or $0.08 per basic and diluted common share for the three month period ending September 30, 2010 compared to net income available to common stockholders of $226,683 or $0.06 per basic and diluted common share for the same period in 2009. The decrease in net income attributable to Old Line Bancshares for the 2010 period was primarily the result of a $684,101 increase in non-interest expense which includes $187,125 in cost associated with the agreement to acquire Maryland Bankcorp. In addition, a $65,162 decrease in non-interest revenue, and a $7,787 increase in income taxes compared to the 2009 period added to the decline in net income attributable to Old Line Bancshares. These items were partially offset by a $548,465 increase in net interest income after provision for loan losses compared to the same period in 2009. The increase in net income available to common stockholders for the 2010 period was a result of our repurchase during 2009 from the U.S. Treasury the 7,000 shares of preferred stock that we issued to them as part of the Troubled Asset Relief Program. As a result of this repurchase, we no longer pay dividends on the preferred stock. Earnings per common share increased to $0.08 for the period on a basic and diluted basis because of the items outlined above.

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

Net income attributable to Old Line Bancshares decreased $262,721 or 16.73% for the nine months ended September 30, 2010 to $1.3 million from $1.6 million for the nine month period ended September 30, 2009. Net income available to common stockholders was $1.3 million or $0.34 per basic and diluted common share for the nine month period ending September 30, 2010 compared to net income available to common stockholders of $1.1 million or $0.28 per basic and diluted common share for the same period in 2009. The decrease in net income attributable to Old Line Bancshares for the 2010 period was primarily the result of a $639,820 decrease in non-interest revenue and a $1.7 million increase in non-interest expense compared to the 2009 period, which includes $187,125 in costs associated with the merger agreement with Maryland Bankcorp, discussed in other sections of this report. These items were not fully offset by a $1.8 million increase in net interest income after provision for loan losses and a $46,983 decrease in income taxes compared to the same period in 2009. The increase in net income available to common stockholders for the 2010 period was a result of our repurchase during 2009 from the U.S. Treasury the 7,000 shares of preferred stock that we issued to them as part of the Troubled Asset Relief Program. As a result of this repurchase, we no longer pay dividends on the preferred stock. Earnings per common share increased to $0.34 for the period on a basic and diluted basis because of the items outlined above.

**Analysis of Financial Condition**

***Investment Securities***

Our portfolio consists primarily of time deposits in other banks, investment grade securities including U.S. Treasury securities, U.S. government agency securities, U.S. government sponsored entity securities, securities issued by states, counties and municipalities, mortgage backed securities, and certain equity securities, including Federal Reserve Bank stock, Federal Home Loan Bank stock, Maryland Financial Bank stock and Atlantic Central Bankers Bank stock. We have prudently managed our investment portfolio to maintain liquidity and safety and we have never owned stock in Fannie Mae or Freddie Mac or any of the more complex securities available in the market. The portfolio provides a source of liquidity, collateral for borrowings as well as a means of diversifying our earning asset portfolio. While we generally intend to hold the investment securities until maturity, we classify a portion of the investment securities as available for sale. We account for investment securities so classified at fair value and report the unrealized appreciation and depreciation as a separate component of stockholders equity, net of income tax effects. We account for investment securities classified in the held to maturity category at amortized cost. Although we will occasionally sell a security, generally, we invest in securities for the yield they produce and not to profit from trading the securities. There are no trading securities in the portfolio.

The investment securities at September 30, 2010 amounted to $47.6 million, an increase of $13.8 million, or 40.83%, from the December 31, 2009 amount of $33.8 million. Available for sale investment securities decreased to $24.1 million at September 30, 2010 from $28.0 million at December 31, 2009. Held to maturity securities at September 30, 2010 increased to $23.5 million from the $5.8 million balance on December 31, 2009. Deposits and customer sweep accounts (short term borrowings) grew at a faster rate than our loans. Therefore, we deployed the excess funds into held to maturity securities. The fair value of available for sale securities included net unrealized gains of $920,038 at September 30, 2010 (reflected as unrealized gains of $557,129 in stockholders equity after deferred taxes) as compared to net unrealized gains of $609,165 ($368,880 net of taxes) as of December 31, 2009. In general, the increase in fair value was a result of maturities, decreasing market rates and changes in investment ratings. We have evaluated securities with unrealized losses for an extended period of time and determined that these losses are temporary because, at this point in time, we expect to hold them until maturity. We have no intent or plan to sell these securities, it is not likely that we will have to sell these securities and we have not identified any portion of the loss that is a result of credit deterioration in the issuer of the security. As the maturity date moves closer and/or interest rates decline, the unrealized losses in the portfolio will decline or dissipate.

***Loan Portfolio***

Commercial loans and loans secured by real estate comprise the majority of the loan portfolio. Old Line Bank s loan customers are generally located in the greater Washington, D.C. metropolitan area.

The loan portfolio, net of allowance, unearned fees and origination costs, increased $31.6 million or 11.92% to $296.6 million at September 30, 2010 from $265.0 million at December 31, 2009 Commercial business loans increased by $9.0 million (12.13%), commercial real estate loans increased by $28.9 million (23.31%), residential real estate loans (generally home equity and fixed rate home improvement loans) increased by $3.1 million (13.25%), real estate construction loans (primarily commercial real estate construction) decreased by $8.8 million (28.48%) and consumer loans decreased by $1.4 million (9.59%) from their respective balances at December 31, 2009. During the first nine months of 2010, we received scheduled loan payoffs on construction loans that negatively impacted our loan growth for the period. In spite of these payoffs, we experienced an 11.93% growth in the loan portfolio. We saw loan and deposit growth generated from our entire team of lenders, branch personnel and board of directors. We anticipate the entire team will continue to focus their efforts on business development during the remainder of 2010 and continue to grow the loan portfolio. However, the current economic climate may cause slower loan growth.

The following table summarizes the composition of the loan portfolio by dollar amount and percentages:

**Loan Portfolio**

(Dollars in thousands)

| | September 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| Real Estate | | | | |
| Commercial | $ 152,929 | 51.32% | $ 124,002 | 46.44% |
| Construction | 22,104 | 7.42 | 30,872 | 11.56 |
| Residential | 26,477 | 8.89 | 23,350 | 8.74 |
| Commercial | 83,243 | 27.94 | 74,175 | 27.78 |
| Consumer | 13,210 | 4.43 | 14,622 | 5.48 |
| | 297,963 | 100.00% | 267,021 | 100.00% |
| Allowance for loan losses | (1,827) | | (2,481) | |
| Deferred loan costs, net | 498 | | 469 | |
| | $ 296,634 | | $ 265,009 | |

***Asset Quality***

Management performs reviews of all delinquent loans and directs relationship officers to work with customers to resolve potential credit issues in a timely manner.

As outlined below, we have only two construction loans that have an interest reserve included in the commitment amount and where advances on the loan currently pay the interest due.

**Loans With Interest Paid From Loan Advances**
(Dollars in thousands)

| | September 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | **# of Borrowers** | **(000 s)** | **# of Borrowers** | **(000 s)** |
| Hotels | 1 | $ 967 | 1 | $ 1,741 |
| Single family acquisition & development | 1 | 2,406 | 2 | 4,028 |
| | 2 | $ 3,373 | 3 | $ 5,769 |

With the exception of the three non-accrual loans, all of our loans are performing in accordance with contractual terms. Management has identified an additional 7 potential problem loans totaling $1.9 million that are complying with their repayment terms. Management has concerns either about the ability of the borrower to continue to comply with repayment terms because of the borrower s potential operating or financial difficulties or the underlying collateral has experienced a decline in value. These weaknesses have caused management to heighten the attention given to these credits.

Management generally classifies loans as non-accrual when it does not expect collection of full principal and interest under the original terms of the loan or payment of principal or interest has become 90 days past due. Classifying a loan as non-accrual results in our no longer accruing interest on such loan and reversing any interest previously accrued but not collected. We will generally restore a non-accrual loan to accrual status when the borrower brings delinquent principal and interest payments current and we expect to collect future monthly principal and interest payments. We recognize interest on non-accrual loans only when received.

As previously discussed in the provision for loan losses section of this report, at September 30, 2010, we had three loans totaling $2.98 million that were 90 days past due and were classified as non-accrual compared to three loans in the amount of $1.6 million at December 31, 2009. At September 30, 2010, we have completed foreclosure on two commercial properties and hold these properties in other real estate owned at a value of $823,169.

The table below outlines the transfer of loans from and to non-accrual status for the nine month period:

| | # of Borrowers | Loan Balance |
|---|---|---|
| Beginning Balance | 3 | $ 1,586 |
| Added to non-accrual | | 3,301 |
| Charged-off | | (1,084) |
| Transferred to other real estate owned | | (823) |
| Ending balance non-accrual loans | 3 | $ 2,980 |

During the first quarter of 2008, the borrower on the first non-accrual loan that has a balance of $810,291 began remitting payments and advised us that the borrower planned to make all past due interest and principal current prior to June 30, 2009. Through October 2008, the borrower remitted regular payments plus a portion of the arrearage. In November 2008, the borrower requested a revision to this repayment schedule with full repayment of all past due amounts to occur by May 2010. In October 2009, the borrower re-entered bankruptcy under Chapter 11 of the United States Bankruptcy Code. A commercial real estate property secures this loan. We have obtained a lift stay on the property and we have proceeded with foreclosure. We are currently waiting for the ratification of the foreclosure on the property. The loan to value at inception of this loan was 80% and an appraisal received in 2010 indicates that the current loan principal to value is less than 80%. Once we receive ratification of the foreclosure, we plan to list the property for sale. As of September 30, 2010, the interest not accrued on this loan was $197,050 none of which was included in net income for the three or nine months ended September 30, 2010. We have not designated a specific allowance for this non-accrual loan.

The second loan in the amount of $553,039 is a land development loan secured by real estate. The borrower on this loan has filed bankruptcy. A recent appraisal of the property securing this loan indicates that the value of the collateral is sufficient to provide repayment and we do not consider this loan impaired. We are in the process of receiving a deed in lieu of foreclosure on this property. We are in negotiations with a purchaser for this property. Once we receive the deed to the property, we plan to proceed with sale of the property. The total non-accrued interest on this loan as of September 30, 2010 was $30,371 none of which was included in net income in the three or nine month period ended September 30, 2010.

The third loan, which we added to non-accrual in the third quarter, is also a residential land acquisition and development loan with a balance of $1,616,317 at September 30, 2010. The non-accrued interest on this loan was $73,986 at September 30, 2010, none of which is included in interest income. We have obtained a judgment against the guarantors on this loan. At inception, the loan to value on this loan was less than 80% and we have received an appraisal that indicates the current value of the collateral that secures this loan is insufficient for repayment. We are currently working with the borrower and the guarantor to obtain additional collateral. At this point, we consider this loan impaired. We have allocated $200,000 of the allowance for loan losses to this loan.

As discussed in the provision for loan losses section of this report, during the third quarter we charged $137,151 to the allowance for loan losses for an unsecured credit facility in the amount of $137,151 that we previously classified as non-accrual.

We classify any property acquired as a result of foreclosure on a mortgage loan as other real estate owned and record it at the lower of the unpaid principal balance or fair value at the date of acquisition and subsequently carry the property at the lower of cost or net realizable value. We charge any required write-down of the loan to its net realizable value against the allowance for loan losses at the time of foreclosure. We charge to expense any subsequent adjustments to net realizable value. Upon foreclosure, Old Line Bank generally requires an appraisal of the property and, thereafter, appraisals of the property on at least an annual basis and external inspections on at least a quarterly basis.

As of September 30, 2010, we owned two properties totaling $823,169 as a result of foreclosures. One property is valued at $223,169. As outlined in our December 31, 2009 Annual Report on Form 10-K, in March 2010, we completed foreclosure on this property. We have listed that property for sale and have accepted a contract from a non-affiliated buyer for purchase of the property. The purchaser has requested an extension to a 60 day feasibility period and a 45 day settlement period. If the settlement occurs, we anticipate that we will receive full repayment of all amounts due during the fourth quarter of 2010.

The second property originally secured a residential land acquisition and development loan with a balance of $1,546,739. In the third quarter of 2010, we received a deed in lieu of foreclosure on this property. A recent appraisal indicated the value of the property was insufficient to repay the full principal balance and cost associated with selling the property. Therefore, we recognized this impairment and charged $946,739 to the allowance for loan losses in the third quarter and report the current value of $600,000 in other real estate owned.

On December 31, 2009 we held no real estate acquired as a result of foreclosure.

As required by ASC Topic 310-*Receivables* and ASC Topic 450-*Contingencies*, we measure all impaired loans, which consist of all modified loans and other loans for which collection of all contractual principal and interest is not probable, based on the present value of expected future cash flows discounted at the loan s effective interest rate, or at the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, we recognize

impairment through a valuation allowance and corresponding provision for loan losses. Old Line Bank considers consumer loans as homogenous loans and thus does not apply the impairment test to these loans. We write off impaired loans when collection of the loan is doubtful.

As of September 30, 2010, we had one impaired loan as outlined above and one restructured loan. At December 31, 2009, we had no impaired loans and one restructured loan. A continued decline in the economy may adversely affect our asset quality.

The table below presents a breakdown of the non-performing loans, other real estate owned and accruing past due loans at September 30, 2010.

**Non-Performing Assets and Past Due Loans**
(Dollars in thousands)

| | September 30, 2010 | | | December 31, 2009 | | |
|---|---|---|---|---|---|---|
| | # | Balance | Interest Not Accrued | # | Balance | Interest Not Accrued |
| Real Estate | | | | | | |
| Commercial | 3 | $ 2,980 | $ 302 | 3 | $ 1,586 | $ 191 |
| Construction | | | | | | |
| Residential | | | | | | |
| Commercial | | | | | | |
| Consumer | | | | | | |
| Other real estate owned | 2 | 823 | | | | |
| **Total non-performing assets** | **5** | **$ 3,803** | **$ 302** | **3** | **$ 1,586** | **$ 191** |
| Non-performing assets as a percentage of total assets | | 0.92% | | | 0.44% | |
| Non-performing loans as a percentage of total gross loans | | 1.00% | | | 0.59% | |
| Accruing past due loans: | | | | | | |
| 30-89 days past due | 1 | $ 83 | | 2 | 581 | |
| 90 or more days past due | | | | | | |
| **Total accruing past due loans** | **1** | **$ 83** | | **2** | **$ 581** | |
| Ratio of accruing past due loans to total loans: | | | | | | |
| 30-89 days past due | | 0.0279% | | | 0.22% | |
| 90 or more days past due | | | | | | |
| **Total accruing past due loans** | | **0.0279%** | | | **0.22%** | |

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***Bank owned life insurance***

In June 2005, we purchased $3.3 million of BOLI on the lives of our executive officers, Messrs. Cornelsen and Burnett and Ms. Rush. With a new $4 million investment made in February 2007, we increased the insurance on Messrs. Cornelsen and Burnett and expanded the coverage of the insurance policies to insure the lives of several other officers of Old Line Bank. We anticipate the earnings on these policies will contribute to our employee benefit expenses as well as our obligations under our Salary Continuation Agreements and Supplemental Life Insurance Agreements that we entered into with our executive officers in January 2006. During the first nine months of 2010, the cash surrender value of the insurance policies increased by $212,862 as a result of earnings on the investments. There are no post retirement death benefits associated with the BOLI policies.

***Deposits***

We seek deposits within our market area by paying competitive interest rates, offering high quality customer service and using technology to deliver deposit services effectively.

At September 30, 2010, the deposit portfolio had grown to $341.1 million, a $54.8 million or 19.14% increase over the December 31, 2009 level of $286.3 million. Non-interest bearing deposits increased $23.4 million during the period to $64.3 million from $40.9 million primarily due to the establishment of new customer demand deposit accounts and expansion of existing demand deposit accounts. Interest-bearing deposits grew $31.4 million to $276.9 million from $245.5 million. Approximately $5.7 million of the increase in interest bearing deposits was in certificates of deposit, $21.5 million was in money market accounts and $4.2 million was in savings accounts. The growth in these categories was the result of expansion of existing customer relationships, the new money market accounts discussed below and new customers.

We acquire brokered certificates of deposit and money market accounts through the Promontory Interfinancial Network. Through this deposit matching network and its certificate of deposit and money market account registry service (CDARS), we obtained the ability to offer our customers access to FDIC-insured deposit products in aggregate amounts exceeding current insurance limits. When we place funds through CDARS on behalf of a customer, we receive matching deposits through the network s reciprocal deposit program. Generally, these deposits originate from local municipalities, homeowners associations or other similar type customers with whom we maintain a significant relationship. We can also place deposits through this network without receiving matching deposits. At September 30, 2010, we had $25.2 million in CDARS certificates of deposit and $4.6 million in CDARS money market accounts through the reciprocal deposit program compared to $31.8 million in certificates of deposit at December 31, 2009. We had received $32.0 million at September 30, 2010 and $25.2 million at December 31, 2009 in certificates of deposit through the CDARS network that were not reciprocal deposits.

***Borrowings***

Old Line Bancshares has available a $5 million line of credit secured by Old Line Bank stock. Old Line Bank has available lines of credit, including overnight federal funds and repurchase agreements from its correspondent banks totaling $24.5 million as of September 30, 2010. Old Line Bank has an additional secured line of credit from the Federal Home Loan Bank of Atlanta (FHLB) that totaled $105.0 million at September 30, 2010 and $103.7 million at December 31, 2009. As a condition of obtaining the line of credit from the FHLB, the FHLB requires that Old Line Bank purchase shares of capital stock in the FHLB. Prior to allowing Old Line Bank to borrow under the line of credit, the FHLB also requires that Old Line Bank provide collateral to support borrowings. This collateral consists of commercial and residential mortgage loans held in our portfolio. The FHLB monitors the value of this collateral and performs audits on a regular basis. At September 30, 2010, we have provided collateral to support up to $58.5 million of borrowings. Of this, we had borrowed $15.0 million at September 30, 2010 and December 31, 2009, as outlined below. This was the maximum amount that we had borrowed during the three and ninth month periods ended September 30, 2010.

Short-term borrowings consisted of short-term promissory notes issued to Old Line Bank s customers. Old Line Bank offers its commercial customers an enhancement to the basic non-interest bearing demand deposit account. This service electronically sweeps excess funds from the customer s account into an interest-bearing Master Note with Old Line Bank. These Master Notes are payable on demand, re-price daily and have maturities of 270 days or less. At September 30, 2010, Old Line Bank had $8.9 million outstanding in these short term promissory notes with an average interest rate of 0.30%. At December 31, 2009, Old Line Bank had $11.2 million outstanding with an average interest rate of 0.50%.

At September 30, 2010 and December 31, 2009, Old Line Bank had three advances in the amount of $5 million each, from the FHLB totaling $15 million. On November 24, 2007, Old Line Bank borrowed $5.0 million with an interest rate of 3.66%. Interest is due on the 23rd day of each February, May, August and November, commencing on February 23, 2008. On November 23, 2008, or any interest payment date thereafter, the FHLB has the option to convert the interest rate on this advance from a fixed rate to a three (3) month London Interbank Offer Rate (LIBOR) based variable rate. Old Line Bank must repay this advance in full on November 23, 2010.

On December 12, 2007, Old Line Bank borrowed another $5.0 million from the FHLB. The interest rate on this advance is 3.3575% and interest is payable on the 12th day of each March, June, September and December, commencing on March 12, 2008. On December 12, 2008, or any interest payment date thereafter, the FHLB has the option to convert the interest rate on this advance to a fixed rate three (3) month LIBOR. The maturity date on this advance is December 12, 2012.

On December 19, 2007, Old Line Bank borrowed an additional $5.0 million from the FHLB. The interest rate on this borrowing is 3.119% and is payable on the 19th day of each month. On January 22, 2008 or any interest payment date thereafter, the FHLB has the option to convert the interest rate on this advance from a fixed rate to a one (1) month LIBOR based variable rate. This borrowing matures on December 19, 2012.

On August 25, 2006, Pointer Ridge entered into an Amended and Restated Promissory Note in the principal amount of $6.6 million. This loan accrues interest at a rate of 6.28% through September 5, 2016. After September 5, 2016, the rate adjusts to the greater of (i) 6.28% plus 200 basis points or (ii) the Treasury Rate (as defined in the Amended Promissory Note) plus 200 basis points. At September 30, 2010 and December 31, 2009, Pointer Ridge had borrowed $6.4 million under the Amended Promissory Note. We have guaranteed to the lender payment of up to 62.5% of the loan payment plus any costs the lender incurs resulting from any omissions or alleged acts or omissions by Pointer Ridge arising out of or relating to misapplication or misappropriation of money, rents received after an event of default, waste or damage to the property, failure to maintain insurance, fraud or material misrepresentation, filing of bankruptcy or Pointer Ridge s failure to maintain its status as a single purpose entity.

***Interest Rate Sensitivity Analysis and Interest Rate Risk Management***

A principal objective of Old Line Bank s asset/liability management policy is to minimize exposure to changes in interest rates by an ongoing review of the maturity and re-pricing of interest earning assets and interest bearing liabilities. The Asset and Liability Committee of the Board of Directors oversees this review.

The Asset and Liability Committee establishes policies to control interest rate sensitivity. Interest rate sensitivity is the volatility of a bank s earnings resulting from movements in market interest rates. Management monitors rate sensitivity in order to reduce vulnerability to interest rate fluctuations while maintaining adequate capital levels and acceptable levels of liquidity. Monthly financial reports supply management with information to evaluate and manage rate sensitivity and adherence to policy. Old Line Bank s asset/liability policy s goal is to manage assets and liabilities in a manner that stabilizes net interest income and net economic value within a broad range of interest rate environments. Management makes adjustments to the mix of assets and liabilities periodically in an effort to achieve dependable, steady growth in net interest income regardless of the behavior of interest rates in general.

As part of the interest rate risk sensitivity analysis, the Asset and Liability Committee examines the extent to which Old Line Bank s assets and liabilities are interest rate sensitive and monitors the interest rate sensitivity gap. An interest rate sensitive asset or liability is one that, within a defined time period, either matures or experiences an interest rate change in line with general market rates. The interest rate sensitivity gap is the difference between interest earning assets and interest bearing liabilities scheduled to mature or re-price within such time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of declining interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income. If re-pricing of assets and liabilities were equally flexible and moved concurrently, the impact of any increase or decrease in interest rates on net interest income would be minimal.

Old Line Bank currently has a negative gap over the short term, which suggests that the net yield on interest earning assets may decrease during periods of rising interest rates. However, a simple interest rate gap analysis by itself may not be an accurate indicator of how changes in interest rates will affect net interest income. Changes in interest rates may not uniformly affect income associated with interest earning assets and costs associated with interest bearing liabilities. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. Although certain assets and liabilities may have similar maturities or periods of re-pricing, they may react in different degrees to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market interest rates, while interest rates on other types may lag behind changes in general market rates. In the event of a change in interest rates, prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the interest-rate gap. The ability of many borrowers to service their debts also may decrease in the event of an interest rate increase.

***Liquidity***

Our overall asset/liability strategy takes into account our need to maintain adequate liquidity to fund asset growth and deposit runoff. Our management monitors the liquidity position daily in conjunction with Federal Reserve guidelines. As outlined in the borrowing section of this report, we have credit lines, unsecured and secured, available from several correspondent banks totaling $29.5 million. Additionally, we may borrow funds from the FHLB and the Federal Reserve Bank of Richmond. We can use these credit facilities in conjunction with the normal deposit strategies, which include pricing changes to increase deposits as necessary. We can also sell available for sale investment securities or pledge investment securities as collateral to create additional liquidity. From time to time we may sell or participate out loans to create additional liquidity as required. Additional sources of liquidity include funds held in time deposits and cash from the investment and loan portfolios.

Our immediate sources of liquidity are cash and due from banks, federal funds sold and time deposits in other banks. On September 30, 2010, we had $10.3 million in cash and due from banks, $13.3 million in interest bearing accounts, $3.1 million in federal funds sold, and $7.9 million in time deposits in other banks. As of December 31, 2009, we had $7.4 million in cash and due from banks, $4.0 million in interest bearing accounts, $81,138 in federal funds sold and other overnight investments and $15.0 million in time deposits in other banks.

Old Line Bank has sufficient liquidity to meet its loan commitments as well as fluctuations in deposits. We usually retain maturing certificates of deposit as we offer competitive rates on certificates of deposit. Management is not aware of any demands, trends, commitments, or events that would result in Old Line Bank s inability to meet anticipated or unexpected liquidity needs. We have experienced no material change in borrowings or fluctuations in deposits during the three or ninth month period ended September 30, 2010.

During the turmoil in the financial markets in late 2008 and early 2009, some institutions experienced large deposit withdrawals that caused liquidity problems. We did not have any significant withdrawals of deposits or any liquidity issues. Although we plan for various liquidity scenarios, if there is further turmoil in the financial markets or our depositors lose confidence in us, we could experience liquidity issues.

***Capital***

Our stockholders equity amounted to $37.8 million at September 30, 2010 and $36.6 million at December 31, 2009. We are considered well capitalized under the risk-based capital guidelines adopted by the Federal Reserve. Stockholders equity increased during the nine month period primarily because of net income attributable to Old Line Bancshares, Inc. of $1.3 million , the $92,175 adjustment for stock based compensation awards and the $188,249 after tax unrealized gain on available for sale securities. These items were partially offset by the $349,200 common stock cash dividend.

**Contractual Obligations, Commitments, Contingent Liabilities, and Off-balance Sheet Arrangements**

Old Line Bancshares is a party to financial instruments with off-balance sheet risk in the normal course of business. These financial instruments primarily include commitments to extend credit, lines of credit and standby letters of credit. Old Line Bancshares uses these financial instruments to meet the financing needs of its customers. These financial instruments involve, to varying degrees, elements of credit, interest rate, and liquidity risk. These commitments do not represent unusual risks and management does not anticipate any losses which would have a material effect on Old Line Bancshares. Old Line Bancshares also has operating lease obligations.

Outstanding loan commitments and lines and letters of credit at September 30, 2010 and December 31, 2009, are as follows:

| | September 30, 2010 | December 31, 2009 |
|---|---|---|
| | (Dollars in thousands) | |
| Commitments to extend credit and available credit lines: | | |
| Commercial | $ 36,405 | $ 21,153 |
| Real estate-undisbursed development and construction | 14,689 | 14,573 |
| Consumer | 7,642 | 9,015 |
| | $ 58,736 | $ 44,741 |
| Standby letters of credit | $ 6,471 | $ 3,883 |

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Old Line Bancshares generally requires collateral to support financial instruments with credit risk on the same basis as it does for on balance sheet instruments. The collateral is based on management s credit evaluation of the counter party. Commitments generally have interest rates fixed at current market rates, expiration dates or other termination clauses and may require payment of a fee. Available credit lines represent the unused portion of lines of credit previously extended and available to the customer so long as there is no violation of any contractual condition. These lines generally have variable interest rates. Since many of the commitments are expected to expire without being drawn upon, and since it is unlikely that all customers will draw upon their lines of credit in full at any time, the total commitment amount or line of credit amount does not necessarily represent future cash requirements. We evaluate each customer s credit worthiness on a case-by-case basis. We regularly reevaluate many of our commitments to extend credit. Because we conservatively underwrite these facilities at inception, we generally do not have to withdraw any commitments. We are not aware of any loss that we would incur by funding our commitments or lines of credit.

Commitments for real estate development and construction, which totaled $14.7 million, or 25.04% of the $58.7 million of outstanding commitments at September 30, 2010, are generally short-term and turn over rapidly with principal repayment from permanent financing arrangements upon completion of construction or from sales of the properties financed.

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Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Our exposure to credit loss in the event of nonperformance by the customer is the contract amount of the commitment. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. In general, loan commitments, credit lines and letters of credit are made on the same terms, including with respect to collateral, as outstanding loans. We evaluate each customer s credit-worthiness and the collateral required on a case-by-case basis.

**Reconciliation of Non-GAAP Measures**

Below is a reconciliation of the fully tax equivalent adjustments and the GAAP basis information presented in this report:

**Three months ended September 30, 2010**

| | Net Interest Income | Yield | Net Interest Spread |
|---|---|---|---|
| GAAP net interest income | $ 3,524,954 | 3.86% | 3.62% |
| Tax equivalent adjustment | | | |
| Federal funds sold | 1 | 0.00 | 0.00 |
| Investment securities | 12,113 | 0.01 | 0.01 |
| Loans | 28,851 | 0.03 | 0.03 |
| Total tax equivalent adjustment | 40,965 | 0.04 | 0.04 |
| Tax equivalent interest yield | $ 3,565,919 | 3.90% | 3.66% |

**Three months ended September 30, 2009**

| | Net Interest Income | Yield | Net Interest Spread |
|---|---|---|---|
| GAAP net interest income | $ 2,986,489 | 3.83% | 3.51% |
| Tax equivalent adjustment | | | |
| Federal funds sold | | | |
| Investment securities | 15,085 | 0.04 | 0.03 |
| Loans | 29,522 | 0.02 | 0.02 |
| Total tax equivalent adjustment | 44,607 | 0.06 | 0.05 |
| Tax equivalent interest yield | $ 3,031,096 | 3.89% | 3.56% |

**Nine months ended September 30, 2010**

| | Net Interest Income | Yield | Net Interest Spread |
|---|---|---|---|
| GAAP net interest income | $ 9,959,788 | 3.79% | 3.54% |
| Tax equivalent adjustment | | | |
| Federal funds sold | 1 | 0.00 | 0.00 |
| Investment securities | 36,190 | 0.02 | 0.02 |
| Loans | 84,475 | 0.03 | 0.03 |
| Total tax equivalent adjustment | 120,666 | 0.05 | 0.05 |
| Tax equivalent interest yield | $ 10,080,454 | 3.84% | 3.59% |

**Nine months ended September 30, 2009**

| | Net Interest Income | Yield | Net Interest Spread |
|---|---|---|---|
| GAAP net interest income | $ 8,449,742 | 3.73% | 3.36% |
| Tax equivalent adjustment | | | |
| Federal funds sold | | | |
| Investment securities | 47,385 | 0.02 | 0.02 |
| Loans | 37,245 | 0.02 | 0.02 |
| Total tax equivalent adjustment | 84,630 | 0.04 | 0.04 |
| Tax equivalent interest yield | $ 8,534,372 | 3.77% | 3.40% |

**Impact of Inflation and Changing Prices**

Management has prepared the financial statements and related data presented herein in accordance with generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Unlike industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution s performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the price of goods and services, and may frequently reflect government policy initiatives or economic factors not measured by a price index. As discussed above, we strive to manage our interest sensitive assets and liabilities in order to offset the effects of rate changes and inflation.

**Application of Critical Accounting Policies**

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America and follow general practices within the industry in which we operate. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. We base these estimates, assumptions, and judgments on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Certain policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write down or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. We base the fair values and the information used to record valuation adjustments for certain assets and liabilities on quoted market prices or from information other third party sources provide, when available.

Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the determination of the provision for loan losses as the accounting area that requires the most subjective or complex judgments, and as such could be most subject to revision as new information becomes available.

Management has significant discretion in making the judgments inherent in the determination of the provision and allowance for loan losses, including in connection with the valuation of collateral and the financial condition of the borrower, and in establishing loss ratios and risk ratings. The establishment of allowance factors is a continuing exercise and allowance factors may change over time, resulting in an increase or decrease in the amount of the provision or allowance based upon the same volume and classification of loans.

Changes in allowance factors or in management s interpretation of those factors will have a direct impact on the amount of the provision, and a corresponding effect on income and assets. Also, errors in management s perception and assessment of the allowance factors could result in the allowance not being adequate to cover losses in the portfolio, and may result in additional provisions or charge-offs, which would adversely affect income and capital. For additional information regarding the allowance for loan losses, see  Provision for Loan Losses .

**Information Regarding Forward-Looking Statements**

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). We may also include forward-looking statements in other statements that we make. All statements that are not descriptions of historical facts are forward-looking statements. Forward-looking statements often use words such as believe, expect, plan, may, will, should, project, contemplate, anticipate, forecast, intend or other words of similar m also identify them by the fact that they do not relate strictly to historical or current facts.

The statements presented herein with respect to, among other things, Old Line Bancshares plans, objectives, expectations and intentions, including our expectations regarding the completion of the merger with Maryland Bankcorp and the timing thereof, that merger related expenses will cause lower than expected earnings and that the merger will be accretive to earnings by the end of 2011, branch and market expansion, statements regarding anticipated changes in revenue, expenses and income, increases in net interest income, hiring and acquisition intentions, maintenance of our net interest margin, our expectation regarding leasing space in our Crain Highway location and income from Pointer Ridge, our belief that we have identified any problem assets and that our borrowers will continue to remain current on their loans, being well positioned to capitalize on potential opportunities in a healthy economy, continued growth in customer relationships, sources of liquidity, the allowance for loan losses, expected loan, deposit and asset growth, losses on and our intentions with respect to our investment securities, anticipated receipt of all amounts due in connection with the sale of a foreclosed property, interest rate sensitivity, the expected income from new branches and the loan production team hired in 2009 as well as the new branches and employees we will acquire as a result of the merger offsetting related expenses, earnings on BOLI, improving earnings per share and stockholder value, and financial and other goals and plans are forward looking. Old Line Bancshares bases these statements on our beliefs, assumptions and on information available to us as of the date of this filing, which involves risks and uncertainties. These risks and uncertainties include, among others: those discussed in this report; the businesses of Maryland Bankcorp may not be integrated into Old Line Bancshares successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the merger may not be fully realized, or realized within the expected timeframe; we may not receive required regulatory and stockholder approvals for the merger in the timeframe expected or at all; potential disruption in our businesses, operations and customer and employee relationships as a result of the announcement and pendency of the merger; the ability to complete the merger in the expected timeframe may be more difficult, time-consuming or costly than expected, or the merger may not be completed at all; the ability of Old Line Bancshares to retain key personnel; the ability of Old Line Bancshares to successfully implement its growth and expansion strategy; risk of loan losses; that the allowance for loan losses may not be sufficient; that changes in interest rates and monetary policy could adversely affect Old Line Bancshares; that changes in regulatory requirements and/or restrictive banking legislation may adversely affect Old Line Bancshares; that the market value of investments could negatively impact stockholders equity; risks associated with Old Line Bancshares lending limit; increased expenses due to stock benefit plans; expenses associated with operating as a public company; potential conflicts of interest associated with the interest in Pointer Ridge; deterioration in general economic conditions or a slower than anticipated recovery; and changes in competitive, governmental, regulatory, technological and other factors which may affect Old Line Bancshares specifically or the banking industry generally. For a more complete discussion of some of these risks and uncertainties see Risk Factors in Old Line Bancshares Annual Report on Form 10-K for the year ended December 31, 2009, Old Line Bancshares registration statement on Form S-4 filed on November 8, 2010, and the Risk Factors section of this report.

Old Line Bancshares actual results and the actual outcome of our expectations and strategies could differ materially from those anticipated or estimated because of these risks and uncertainties and you should not put undue reliance on any forward-looking statements. All forward-looking statements speak only as of the date of this filing, and Old Line Bancshares undertakes no obligation to update the forward-looking statements to reflect factual assumptions, circumstances or events that have changed after we have made the forward-looking statements.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the exposure to economic loss that arises from changes in the values of certain financial instruments. Due to the nature of our operations, only interest rate risk is significant to our consolidated results of operations or financial position. For information regarding our Quantitative and Qualitative Disclosure about Market Risk, see Interest Rate Sensitivity Analysis and Interest Rate Risk Management in Part I, Item 2 of this Form 10-Q.

**Item 4. Controls and Procedures**

As of the end of the period covered by this quarterly report on Form 10-Q, Old Line Bancshares Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of Old Line Bancshares disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based upon that evaluation, Old Line Bancshares Chief Executive Officer and Chief Financial Officer concluded that Old Line Bancshares disclosure controls and procedures are effective as of September 30, 2010. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by Old Line Bancshares in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms.

In addition, there were no changes in Old Line Bancshares internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended September 30, 2010, that have materially affected, or are reasonably likely to materially affect, Old Line Bancshares internal control over financial reporting.

**PART II-OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

**Item 1A. Risk Factors**

We have identified the following material changes in the risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009.

***Failure to complete the merger with Maryland Bankcorp could negatively impact our stock price and future businesses and financial results.*** If the merger is not completed, Old Line Bancshares ongoing businesses may be adversely affected and we will be subject to several risks, including the following:

- Old Line Bancshares may be required, under certain circumstances, to pay Maryland Bankcorp a termination fee of $750,000 under the merger agreement;

- Old Line Bancshares will pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees; and

- Matters relating to the merger may require substantial commitments of time and resources by Old Line Bancshares management that they could have otherwise devoted to other opportunities that may have been beneficial to Old Line Bancshares as an independent company.

In addition, if the merger is not completed, we will have incurred substantial expenses without realizing the expected benefits. We might also experience negative reactions from the financial markets and from our customers and employees. We also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against us to perform our obligations under the merger agreement. If the merger is not completed, we cannot assure you that the risks described above will not materialize and will not materially affect our business, financial results and stock price.

***We may fail to realize all of the anticipated benefits of the merger***. The success of the pending merger with Maryland Bankcorp will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the businesses of Old Line Bancshares and Maryland Bankcorp. To realize these anticipated benefits and cost savings, however, we must successfully combine the businesses of Old Line Bancshares and Maryland Bankcorp. If we are unable to achieve these objectives, we may not realize the anticipated benefits and cost savings of the merger or it may take longer to realize the benefits and savings than expected.

Old Line Bancshares and Maryland Bankcorp 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 loss of key depositors or other bank customers, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect Old Line Bancshares and Maryland Bankcorp s ability to maintain their relationships with their respective clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies may, to some extent, also divert management attention and resources. These integration matters could have an adverse effect on us during such transition period.

***The recently enacted Dodd-Frank Act may adversely impact our results of operations, liquidity or financial condition.*** On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ). The Dodd-Frank Act represents a comprehensive overhaul of the U.S. financial services industry. Among other things, the Dodd-Frank Act establishes the new federal Bureau of Consumer Financial Protection (the BCFP ), includes provisions affecting corporate governance and executive compensation disclosure at all Securities and Exchange Commission ( SEC ) reporting companies and that allow financial institutions to pay interest on business checking accounts, broadens the base for FDIC insurance assessments, and includes new restrictions on how mortgage brokers and loan originators may be compensated. The Dodd-Frank Act requires the BCFP and other federal agencies to implement many new and significant rules and regulations to implement its various provisions, and the full impact of the Dodd-Frank Act on our business will not be known for years until regulations implementing the statute are adopted and implemented. As a result, we cannot at this time predict the extent to which the Dodd-Frank Act will impact our business, operations or financial condition. However, compliance with these new laws and regulations may require us to make changes to our business and operations and will likely result in additional costs and a diversion of management s time from other business activities, any of which may adversely impact our results of operations, liquidity or financial condition.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. (Removed and Reserved)**

**Item 5. Other Information**

**None**

**Item 6. Exhibits**

31.1 Rule 13a-14(a) Certification of Chief Executive Officer

31.2 Rule 13a-14(a) Certification of Chief Financial Officer

32 Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

**SIGNATURES**

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

Old Line Bancshares, Inc.

Date: November 10, 2010

By: /s/ James W. Cornelsen
James W. Cornelsen,
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 10, 2010

By: /s/ Christine M. Rush
Christine M. Rush,
Executive Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)