



SHARP FOCUS, BROAD PERSPECTIVE.  
Fulton Financial Corporation | 2007 Annual Report



# FOCUS ON FUTURE GROWTH

*Dear Shareholder,* | **A year ago, we shared the message of “A Balanced Design for Growth.”**

Looking back on 2007, we can see how our careful attention to the discipline of balance helped us navigate what was a difficult year for the banking industry, and for Fulton Financial as well.

The overheated residential real estate market began a significant correction that continues in 2008. This real estate issue, combined with industry headwinds that began in 2006, created the most challenging operating environment that our company has experienced in some time and, unquestionably, the most challenging of my 38-year banking career.

This nationwide real estate correction affected the Corporation in the form of charges to reserves for potential losses and also in reductions in our mortgage banking revenue. Nevertheless, we faced our problems decisively – implementing changes not only to reduce the risk associated with our ongoing mortgage banking activities but also to provide for the losses we incurred.

We were encouraged that mortgage-related charges in the fourth quarter were relatively small. And despite the challenging economic environment, in 2007, we achieved strong, quality commercial loan and commercial mortgage growth of 14% and 9%, respectively. Additionally, we experienced excellent growth in cash management revenue, certificates of deposit and in various fee income categories. This growth was accomplished while maintaining tight control on operating expenses.

The Corporation’s 2007 workforce management program and subsequent realignment of employee retirement plan benefits demonstrate our continuing commitment to controlling costs.

We made significant progress in improving our technological capabilities, growing our branch system, positioning our asset and wealth management affiliate for enhanced client service, augmenting our sales management capabilities, and continuing our leadership development activities.

Banking is a cyclical business. Our strategy is to work through the current down-cycle and to position the company for optimum performance when the next upturn in economic activity arrives and the housing market regains its equilibrium. Optimists project the cycle will turn in the second half of 2008; others think it may be 2009 or beyond until we see better times for banks and the banking industry.

The Corporation’s capital levels remain strong. Our investment portfolio holds no collateralized debt obligations and all of our mortgage-backed securities are agency-guaranteed.

The Board of Directors has been actively involved in its governance role. Through effective use of our committee structure, we have been able to address the issues facing our company with our shareholders thoughtfully represented.



The following is a brief overview of our committees and the work of each of these groups:

- *The Executive Committee addresses governance issues, board meeting content, management succession and other matters. The Chairman of the Executive Committee also serves as our lead director, and he meets with me frequently to ensure that board and management priorities for this company are clearly communicated and measured. From time to time, he also conducts executive sessions of the Board so that open and candid discussion can take place without management's presence.*
- *The Executive Compensation Committee continues to work with an outside compensation consultant to ensure that management compensation is appropriately related to performance and that it is competitive in the marketplace. This committee also monitors directors' compensation so that we continue to attract and retain high quality directors.*
- *The Nominating Committee actively monitors the membership of your Board, reviewing and recommending changes. At one time we had 25 board members. We now have 15. This leaner size provides a very effective structure, combining conscientious representation of shareholder interests with efficient operation. The most recent addition of Dana Chryst to the Board came after the Committee's evaluation of her business acumen as head of a very successful company as well as the complementary skills and abilities she can add to existing Director expertise.*
- *The Audit Committee has actively led the company through all the changes required by the Sarbanes-Oxley legislation. This committee meets frequently to ensure our company's financial statements and financial news releases accurately reflect the company's financial picture.*
- *Since people are our most important asset, it is critical that we maintain a culture that attracts and retains high-quality employees. We continue to evolve our compensation systems toward more personal accountability for results at all levels of the company. The Human Resources Committee oversees these activities.*
- *The Trust Committee provides guidance to Fulton Financial Advisors and all its related asset management, wealth management and fiduciary activities. This Committee has been particularly helpful as we have increased our focus on growing these business lines.*

Please know that your Board is active, involved and effective in all of its governance responsibilities and that management appreciates their guidance.

We celebrated two significant milestones in 2007. Fulton Financial Corporation marked its 25th year of operation and Fulton Bank celebrated 125 years of providing outstanding banking service to its customers.

In 2008, Rick Ashby, a trusted advisor, an experienced resource for both commercial and trust customers, and a respected mentor, peer and manager to Fulton employees, will retire after 30 years of service. He will be missed by all of us, and we wish him well.

As I conclude this letter to you, I want you to know that the Board and Management are energetically and deliberately working to move this company forward. We are preserving those qualities that are important to our success. At the same time, we are making changes to allow us to be more agile and nimble in building for the future and improving our performance in both good times and bad.

We appreciate your investment in our company, and we thank you for your support.

R. Scott Smith, Jr.  
Chairman, President and Chief Executive Officer



## IMPROVING EFFICIENCY,

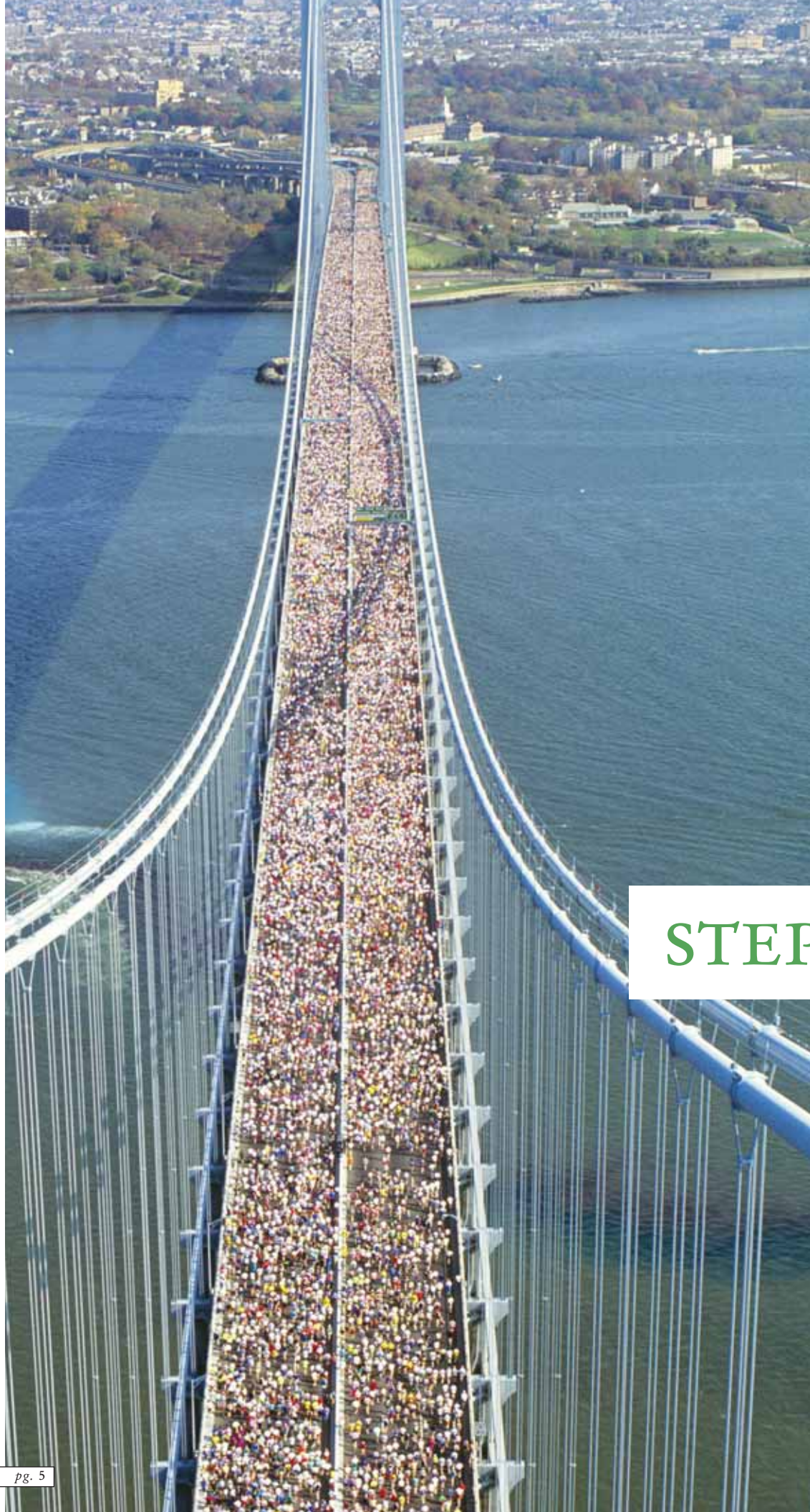
*Focus on Reducing Costs* | As we focus internally on strengthening our company, considerable attention has been paid to operational areas, where we have worked to improve efficiency wherever possible. We're practicing "lean" thinking: the same efficiency-driven approach that's proven successful in a variety of other industries. It's a systematic way of focusing on value while eliminating waste from the process of delivering that value.

Without altering our conservative philosophy, we're taking a nimbler, more creative, more flexible approach to how we do things. Procedures that don't add value or convenience for our customers are being changed or eliminated. Without stepping away from our decentralized business model, we're finding better, smarter ways to work. The result is less waste, more cost-saving efficiencies, and better value for our customers and shareholders.



# GROWING STRONGER





# STEPPING UP





# THE PACE

*Investments in Technology* | **In the spirit of innovation and providing world-class service,** we've reevaluated our overall technology strategy. What was once a three-year plan to enhance our services through updated technology has been revised into an ambitious one-year mission. We've rolled out new bank websites with enhanced user-friendly features; successfully integrated new automated teller technology, along with employee training, through all bank branches in the Corporation; and acquired a new investment technology platform that will allow Fulton Financial Advisors to provide an unprecedented level of customized personal service.

We will continue to implement vital changes quickly and efficiently, deploying state-of-the-art technology tools that streamline doing business with Fulton Financial and our affiliates while positioning us for success in the economies of tomorrow.



# A HIGHER STANDARD OF

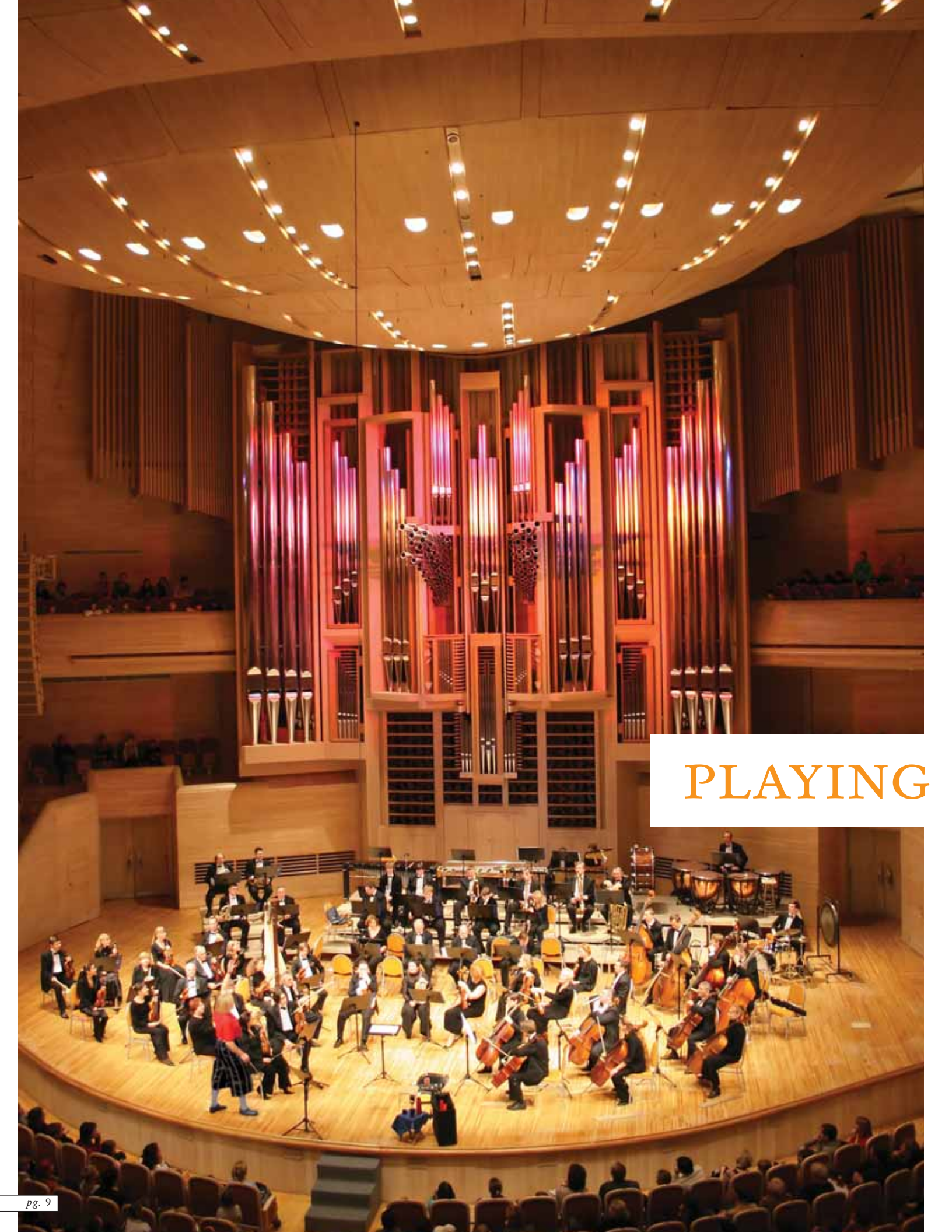
*Focus on our Customers* | At Fulton Financial Corporation, we're proud of our tradition of focusing on our customers. But we also know that the key to replicating our past success is to adopt a proactive, forward-looking strategy. Building on our strong historical foundation, we are actively working to enhance each customer's experience with our company. Looking at everything we do with a critical eye, we're identifying layers of process that can be simplified or eliminated altogether. The result is a streamlined, more satisfying experience for our customers that makes it even easier for them to do business with us. We're simplifying transactions, which is good for our customers. At the same time, we're trimming costs, which is good for our shareholders.





# SATISFACTION AND QUALITY





# PLAYING



# TO OUR STRENGTHS

*New Branches, Community Banking and Small Business Growth* | **Fulton Financial Corporation**

has a proven history of success in serving small businesses, individuals and families. By focusing even more closely on these areas of expertise, we're leveraging our customer network to generate incremental growth. By providing superior service and results, we continue to garner word-of-mouth testimonials that help to build our business. We've also identified thriving geographic markets that are rich with potential, and we are opening new branches in those areas to bring our style of personalized professional banking to more people. Guided by our core values, we're navigating this challenging banking environment by growing our business organically . . . with carefully considered, yet confident steps that build on the long-standing strengths of Fulton Financial.



Seated (l. to r.) Scott Smith, Charlie Nugent | Standing (l. to r.) Jim Shreiner, Rick Ashby, Craig Hill, Phil Wenger

### Fulton Financial Corporation Senior Management

- R. Scott Smith, Jr.  
*Chairman,  
Chief Executive Officer  
and President*
- Richard J. Ashby, Jr.  
*Senior Executive Vice  
President/Chairman  
of Fulton Financial Advisors*
- Craig H. Hill  
*Senior Executive Vice  
President/Human Resources*
- Charles J. Nugent  
*Senior Executive Vice  
President/Chief Financial Officer*
- James R. Shreiner  
*Senior Executive  
Vice President/Administrative  
Services Officer*
- E. Philip Wenger  
*Senior Executive Vice  
President/Community Banking*

### Fulton Financial Corporation Board of Directors

- Jeffrey G. Albertson, Esq.  
John M. Bond, Jr.  
Donald M. Bowman, Jr.  
Dana A. Chryst  
Craig A. Dally, Esq.  
Patrick J. Freer  
Rufus A. Fulton, Jr.  
George W. Hodges  
Carolyn R. Holleran  
Willem Kooyker  
Donald W. Leshner, Jr.  
Abraham S. Opatut  
John O. Shirk, Esq.  
R. Scott Smith, Jr.  
Gary A. Stewart

### Subsidiary Bank Boards of Directors

- Fulton Bank**  
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Randall I. Ebersole  
Carlos E. Graupera  
James M. Herr  
George A. Parmer  
Harlowe R. Prindle  
A. Richard Pugh  
Craig A. Roda  
John O. Shirk, Esq.  
E. Philip Wenger  
James S. Wisotzkey

### Fulton Bank Divisional Boards Brandywine Division

- Kenneth M. Goddu, *Chairman*  
Robert F. Adams, Esq.  
Wilmer L. Hostetter  
Dallas Krapf  
James D. McLeod, Jr.  
Michael J. O'Rourke

### Capital Division

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Samuel T. Cooper, III, Esq.  
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Dolores Liptak  
Barry E. Musser, C.P.A.  
Beth A. Peiffer  
Steven C. Wilds

### Drovers Division

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Vernon L. Bracey  
Robert S. Freed  
Roger L. Holland  
Gregory V. Saubel  
William S. Shipley, III  
Gary A. Stewart, Jr.  
Delaine A. Toerper  
Constance L. Wolf

### Great Valley Division

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Michael D. Fromm  
Kathryn G. Goodman  
Daniel M. Goodyear  
Carolyn R. Holleran  
William G. Koch, Sr., C.P.A.  
Mark C. Powell

### Lebanon Valley Division

- Andrew M. Marhevsky, *Chairman*  
Robert J. Funk  
Robert P. Hoffman  
Wendie DiMatteo Holsinger  
Robert J. Longo  
Albert B. Murry  
M. Randolph Tice

### Premier Division

- Joseph R. Feilmeier, *Chairman*  
Barry R. Angely  
Anthony D. Cino  
Wallace Rosenthal  
Ivy Silver

### Southern Division

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T.A. Grell, Jr.  
T. Richard Litton, Jr.  
Lloyd M. Poe  
Timothy J. Stiffler  
Elizabeth Addington Twohy

**Fulton Bank Advisory Boards****Akron/Lincoln/Ephrata**

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 Richard A. Hess  
 Louis G. Hurst  
 Kent M. Martin

**Denver**

Michael L. Weinhold, C.P.A.,  
*Chairman*  
 Larry L. Gensemer  
 Gerald L. Harding  
 Ralph W. Roseboro

**East Petersburg**

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 P. Larry Groff, Sr.  
 Kenneth L. Kreider  
 Jessica H. May

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Nancy Z. Garber  
 David B. Mueller  
 David W. Sweigart III

**Gap**

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 A. Charles Artinian  
 Ruth D. Doutrich

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*Chairman*  
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 Thomas S. Davis, M.D.  
 Joan E. Spire  
 Daniel A. Verdelli

**Leola**

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 Robert M. Bard  
 Richard M. Hurst

**Lititz**

Ronald L. Miller, C.P.A., *Chairman*  
 Irel D. Buckwalter  
 Wilbur G. Rohrer  
 Paul W. Stauffer

**Manheim**

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 Peter B. McCracken  
 Robert W. Obetz, Jr.  
 Larry D. Sauder  
 J. David Young, Jr., Esq.

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 John D. Yoder

**Quarryville**

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 James W. Hostetter, Sr., C.P.A.

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 Elizabeth Dupuis  
 Todd A. Erdley  
 John A. Rodgers

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 I. Hershey Bare  
 Henry M. Berger  
 Richard E. Brandt  
 Dennis L. Grumbine  
 William Hostetter  
 Amos M. Hursh  
 Aldus R. King  
 Jay H. Kopp  
 Peter B. McCracken

**Swineford National Bank**

Thomas C. Clark, Esq.  
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 Michael N. O'Keefe  
 Michael R. Wimer  
 Gene D. Zartman

**Lafayette Ambassador Bank**

Gary A. Clewell  
 Craig A. Dally, Esq.  
 L. Anderson Daub  
 Sara (Sally) Jane Gammon  
 Thomas J. Maloney, Esq.  
 Alan B. McFall, Esq.  
 Jamie P. Musselman  
 Edith Ritter  
 Robert A. Rupel  
 John J. Simon

**FNB Bank, N.A.**

Robert O. Booth  
 Richard A. Grafmyre  
 James D. Hawkins  
 Wendy S. Tripoli  
 Joanne E. Wade

**Hagerstown Trust**

Donald M. Bowman, Jr.  
 Paul N. Crampton, Jr.  
 Louis J. Giustini  
 Raymond A. Grahe  
 Donald R. Harsh, Jr.  
 Doris E. Lehman  
 Bernard P. Lesky  
 Paul C. Mellott, Jr.  
 Gregory Snook

**Delaware National Bank**

Dale R. Dukes  
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 Greg N. Johnson  
 Terry A. Megee  
 Ronald T. Moore  
 Ralph W. Simpers  
 P. Randolph Taylor  
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**The Bank**

Joseph F. Adams, C.P.A.  
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 Dennis N. DeSimone  
 Lawrence M. DiVietto, Jr.  
 Sandra J. Gubbine  
 James R. Johnson, Jr.  
 Scott H. Kintzing  
 Warner A. Knobe  
 Ross Levitsky, Esq.  
 Sarah (Sally) Love  
 Abraham S. Opatut  
 Angela M. Snyder  
 Daniel G. Timms, D.D.S.  
 Paul J. Tully

**First Washington Division**

James R. Johnson, Jr.  
 Stephen R. Miller  
 Abraham S. Opatut

**The Peoples Bank of Elkton**

Harry C. Brown  
 Judy E. Hart  
 Donald S. Hicks  
 Mark E. Huntley  
 Robert O. Palsgrove  
 Nancy R. Simpers  
 David K. Williams, Jr.

**Skylands Community Bank**

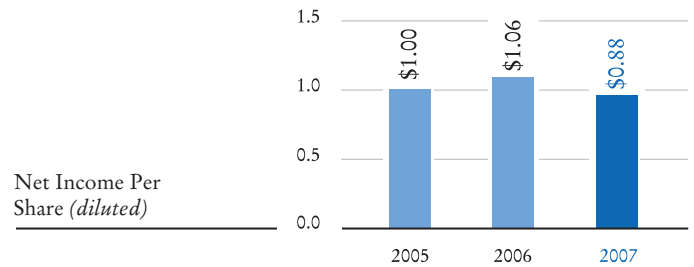
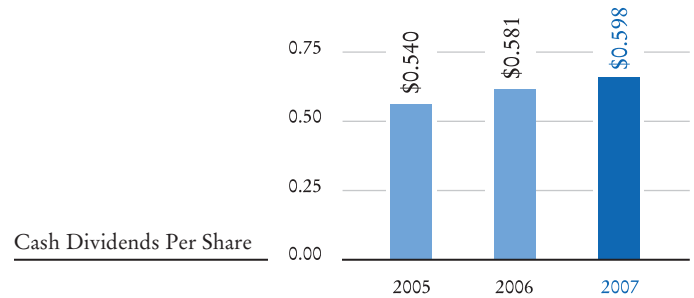
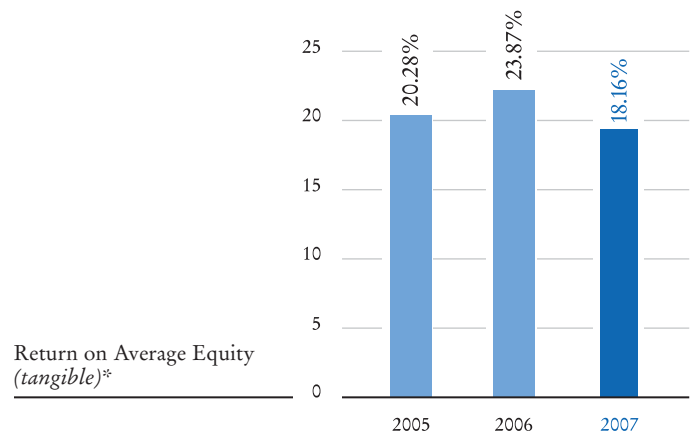
Norman S. Baron  
 Blanquita Bonifacio  
 Robert P. Corcoran  
 Michael Halpin  
 John K. Kitchen  
 Joel A. Kobert  
 Raymond Nisivoccia, C.P.A.  
 Denis H. O'Rourke  
 Paul J. Pinizzotto  
 Anthony J. Santye, Jr.  
 Leslie E. Smith, Jr.  
 Mark F. Strauss, Esq.  
 Norman Worth

**Somerset Valley Division**

Bernard Bernstein  
 Willem Kooyker  
 Frank Orlando  
 Gilbert Pittenger  
 Frederick Quick  
 Donald Sciarretta  
 Herman Simonse  
 Paul Stahlin  
 Donald Tourville, Ph.D.

**The Columbia Bank**

Joe N. Ballard  
 Anand S. Bhasin  
 John M. Bond, Jr.  
 Robert R. Bowie, Jr., Esq.  
 Garnett Y. Clark, Jr.  
 Hugh F. Cole, Jr.  
 Winfield M. Kelly, Jr.  
 Herschel L. Langenthal  
 Raymond G. LaPlaca, Esq.  
 James R. Moxley, III  
 James R. Moxley, Jr.  
 John A. Scaldara, Jr.  
 Lawrence A. Shulman, Esq.  
 Maurice M. Simpkins  
 Robert N. Smelkinson  
 Theodore G. Venetoulis  
 James J. Winn, Jr., Esq.  
 Elizabeth M. Wright



\*Net income, as adjusted for intangible amortization (net of tax) divided by average shareholders' equity, net of goodwill and intangible assets.

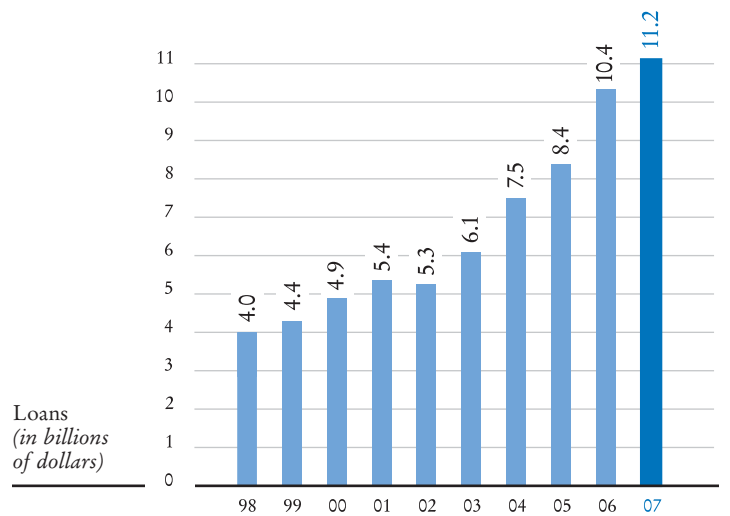
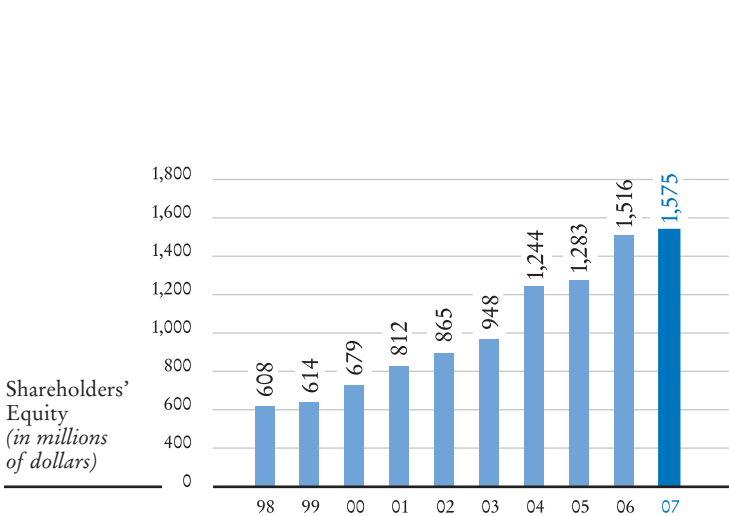
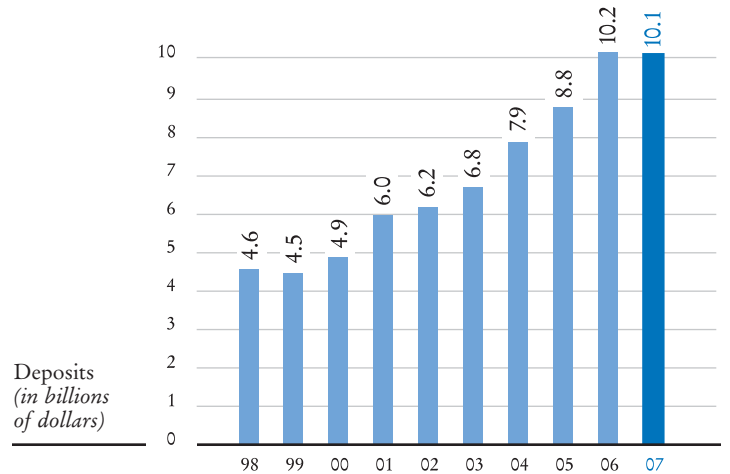
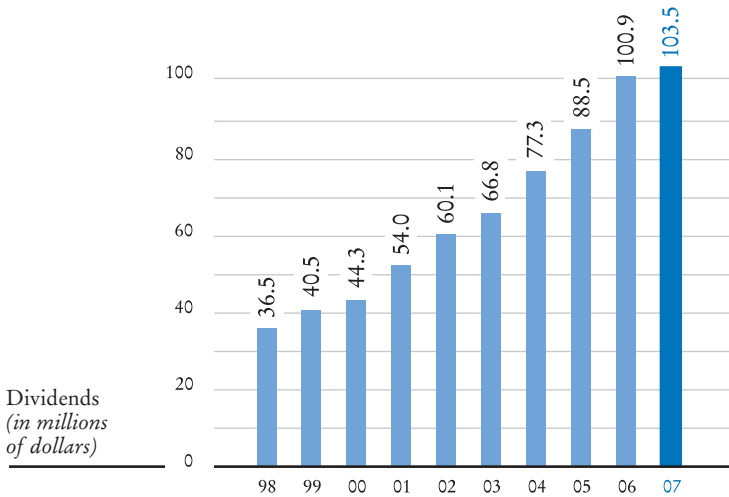
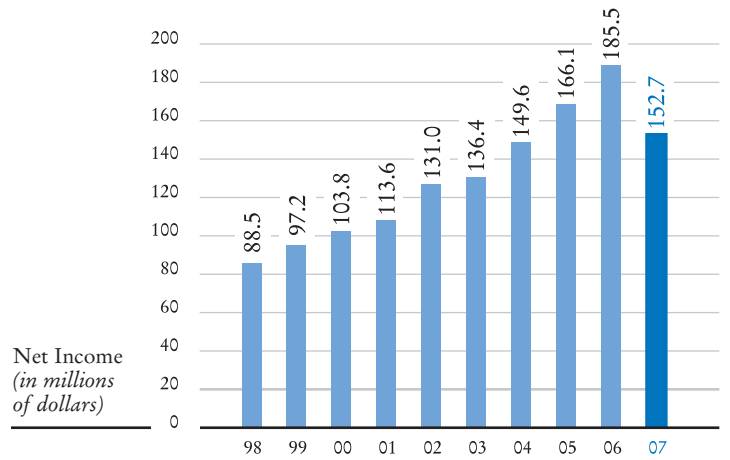
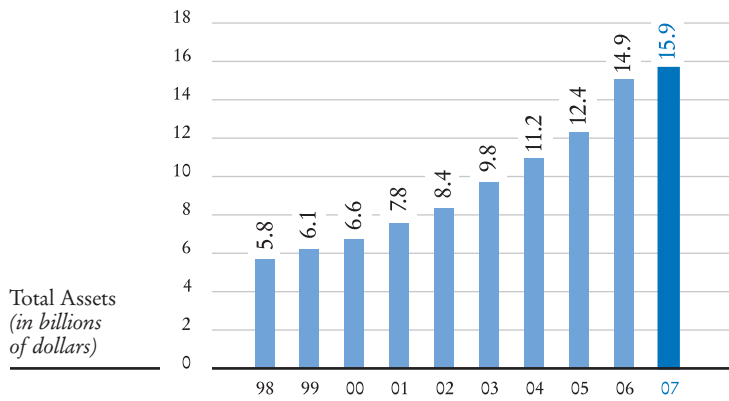
## FINANCIAL HIGHLIGHTS AS OF OR FOR THE YEAR ENDED DECEMBER 31

(Dollars in thousands, except per-share data)

BALANCE SHEET DATA	2007	2006	2005	Percent Change	
				2007/2006	2006/2005
Total assets	\$15,923,000	\$14,919,000	\$12,402,000	6.7%	20.3%
Loans, net of unearned income	11,204,000	10,374,000	8,425,000	8.0%	23.1%
Deposits	10,105,000	10,232,000	8,805,000	(1.2%)	16.2%
Shareholders' equity	1,575,000	1,516,000	1,283,000	3.9%	18.2%
<b>PER-SHARE DATA</b>					
Net income (diluted)	\$0.88	\$1.06	\$1.00	(17.0%)	6.0%
Cash dividends	0.598	0.581	0.540	2.9%	7.6%
Shareholders' equity	9.08	8.73	7.78	4.0%	12.2%

# 10 YEARS IN REVIEW

## (1998-2007)



## Investor Information

### Stock Listing

Common shares of Fulton Financial Corporation are traded under the symbol "FULI" and are listed in the National Market System of NASDAQ.

### Cash Dividends

Cash dividends on Fulton Financial Corporation's common stock are customarily paid on or about the 15th of January, April, July and October.

### Dividend Reinvestment Plan and Direct Deposit of Cash Dividends

Fulton Financial Corporation offers its shareholders the convenience of a Dividend Reinvestment and Stock Purchase Plan, and direct deposit of cash dividends.

Holders of stock may have their quarterly dividends automatically reinvested in additional shares of the Corporation's common stock by utilizing the Dividend Reinvestment Plan.

Shareholders participating in the Plan may also make voluntary cash contributions not to exceed \$5,000 per month.

In addition, shareholders also have the option of having their cash dividends sent directly to their financial institution for deposit into their checking or savings account.

Shareholders may receive information on either the Dividend Reinvestment Plan and Stock Purchase Plan or direct deposit of cash dividends by writing to:

Stock Transfer Department  
Fulton Financial Advisors, N.A.  
P. O. Box 3215  
Lancaster, PA 17604-3215

or by calling: (717) 291-2546 or toll-free: 1-800-626-0255.

### Investor Information and Documents

A copy of the Corporation's Annual Report, Form 10-K, 2008 Proxy Statement and other documents filed with the Securities and Exchange Commission can be viewed on the Corporation's website at [www.fult.com](http://www.fult.com). In addition, copies of the Form 10-K and 2008 Proxy Statement may be obtained without charge to shareholders by writing to:

Corporate Secretary  
Fulton Financial Corporation  
P. O. Box 4887  
Lancaster, PA 17604-4887

News, stock information, an events calendar, Corporate presentations and other information can be found on the Corporation's website at [www.fult.com](http://www.fult.com).

The Annual Meeting and Luncheon of Shareholders of Fulton Financial Corporation will be held on Friday, April 25, 2008 at noon in the Great American Hall of the Hershey Lodge and Convention Center, West Chocolate Avenue and University Drive, Hershey, PA. Please note that any shareholder who would like to attend **MUST HAVE A RESERVATION.**

To make a reservation, please return the Annual Meeting Response Card you received with your proxy statement. Your reservation will help ensure that we have adequate seating for all shareholders who plan to join us that day.

### Banking Subsidiaries:

Fulton Bank  
Swinford National Bank  
Lafayette Ambassador Bank  
FNB Bank, N.A.  
Hagerstown Trust  
Delaware National Bank  
The Bank  
The Peoples Bank of Elkton  
Skylands Community Bank  
The Columbia Bank

### Financial Services Subsidiaries:

Fulton Financial Advisors, N.A.  
Dearden, Maguire, Weaver and Barrett, LLC  
Fulton Insurance Services Group

### Residential mortgage lending offered through:

Fulton Mortgage Company

