

**FULTON FINANCIAL CORPORATION**  
2010 Annual Report



In 2010, Fulton Financial Corporation was recognized by Forbes as one of the 100 Most Trustworthy Companies in the nation. Of the 8,000 companies that were considered for the Top 100 designation, we were the only bank included in the mid-cap and large-cap lists.

Dear Shareholder:

2010 was a year of significant improvement in our financial performance. For the year ended December 31, 2010, net income available to common shareholders was \$112.0 million or \$0.59 per diluted share, which was up 90.3% over the \$0.31 we reported in 2009. Also in 2010, we grew our mortgage banking income year-over-year, improved our net interest margin, grew core deposits, added business and consumer households, increased other income and reduced our operating expenses.

We are pleased that we were able to strengthen our company's performance despite ongoing economic challenges. Loan growth was sluggish due to the continued slow pace of economic recovery. Many customers remain in a "wait and see" mode, and are still reluctant to expand operations or take on new debt. In addition, since the national economy is not recovering quite as quickly as some experts had hoped, some of our customers continue to struggle to meet their obligations to us. Consequently, we expect elevated credit costs to continue to impact our performance in 2011.

As you might expect, when I talk with our shareholders, I am frequently asked about the quarterly cash dividend. As I write this letter in early March, the board remains keenly aware that you would like to see your dividend increased. Over the past year, I have emphasized four things that needed to happen before we could consider an increase. First, we needed to pay off our TARP funds, and as you know, we have done this. Second, we needed to see our earnings improve, and we made good progress in 2010. Third, we need to have a clearer understanding about the increased capital levels that will be required by bank regulators. While we are still awaiting some additional clarity around this issue, our capital position has been and remains strong. Finally, we will need confidence in the sustainability of a meaningful economic recovery.

Your board of directors has actively monitored these four areas and has recurring discussions about what level of dividend is appropriate, given where our company and our nation are in the economic recovery process. As shareholders ourselves, your directors and management



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



**E. Philip Wenger**  
*President and Chief Operating Officer*

share your desire to see the dividend increased. Yet, we must balance this decision with our responsibility to preserve and enhance shareholder value.

Currently, we are more optimistic about the prospects for economic improvement than we have been in some time. The recovery stalled last summer, and that slowdown affected us, our customers, and other companies as well. Since that time, as the economy has gradually improved, so has our company's performance. While we are pleased with the trend of our results in 2010, we also realize that the pace of our improving performance hinges on economic growth and on the corresponding rate of growth in our earning assets.

Since retaining existing customers and attracting new ones is the foundation for further strengthening our performance, we have continued to create a superior experience for our customers through activities focused on our company-wide customer promise to "Care, Listen, Understand and Deliver." We have enhanced our communications with employees and have worked to provide them with the tools to better serve their

co-workers and customers, thus enabling our team to actively promote our company as a great place to work and as an outstanding financial partner and advisor.

Our company experienced a number of milestones in 2010:

"We have enhanced our communications with employees and have worked to provide them with the tools to better serve their co-workers and customers, thus enabling our team to actively promote our company as a great place to work and as an outstanding financial partner and advisor."

In April, Fulton Financial was recognized by Forbes as one of the 100 Most Trustworthy Companies in the nation. Of the 8,000 companies considered for the Top 100 list, we were the only bank included on the mid-cap and large-cap lists.

Frankly, this objective, independent recognition from Forbes could not

have come at a better time. The banking industry was working to recover from the negative perception caused by the financial crisis. Forbes wanted to identify the most trustworthy businesses that trade on American exchanges – companies that have consistently demonstrated transparent and conservative accounting practices and solid corporate governance and management. We were pleased to be selected for this honor, and we believe it positively differentiated our company at a critical time. The recognition also enabled us to boost the favorable attention focused on our banks by investors and by customers and prospects in the markets we serve.



**Charles J. Nugent**  
*Senior Executive Vice President/  
Chief Financial Officer*



**James E. Shreiner**  
*Senior Executive Vice President/  
Administrative Services*



**Craig H. Hill**  
*Senior Executive Vice President/  
Human Resources*

In May, we were pleased by the enthusiastic response from the investment community to our \$230 million common stock offering. In July, as I mentioned earlier, we used the proceeds from this offering to redeem the \$376.5 million in preferred stock that we had issued to the U.S. Department of the Treasury in connection with the TARP/Capital Purchase Program. Then in September, we purchased the associated warrant from the Treasury, which enabled us to satisfy all of our obligations under this program.

In October, we marked the 25th anniversary of our company's listing on the NASDAQ Stock Market. Your board of directors participated in NASDAQ's Opening Bell Ceremony and the event generated some very positive publicity for our company.

As you know, from time to time we have merged our subsidiary banks where it made sense to do so. In December, we merged Delaware National Bank into Fulton Bank. Fulton Bank and Delaware National were both active in the southeastern Pennsylvania and northern Delaware markets. Because of Fulton Bank's asset size, that bank name carried greater brand recognition throughout the area. By merging these two contiguous banks, we continue to leverage the name and product capabilities of the larger bank while maintaining the personal, professional banking style that our Delaware team has consistently provided over the years.

In January of 2011, a new director joined the Fulton Financial board: Lieutenant General Joe N. Ballard, US Army (Ret.), of Davidsonville, MD. Joe has served on the board of our subsidiary bank, The Columbia Bank, since 2006. His accomplishments

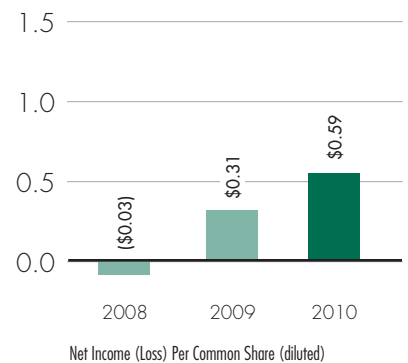
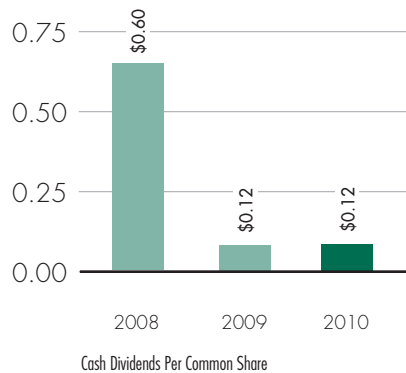
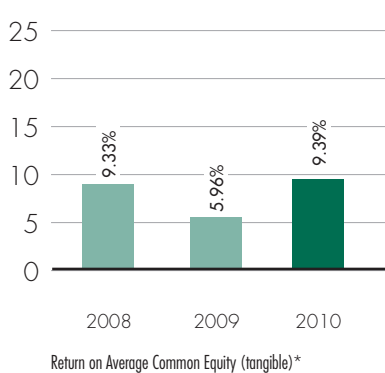
"As we move into the post-recession era, and as consumer and business confidence increases, we remain focused on growing your company's earnings. I am optimistic about our ability to do so."

as a decorated war veteran and as the CEO of The Ravens Group, coupled with his expertise in strategy, management and business practices, will be great assets to our company.

In April, Donald M. Bowman, Jr. will retire from our board of directors after 30 years of service to Hagerstown Trust, The Columbia Bank and Fulton Financial Corporation. Don is a partner in the Bowman Group, which is active in trucking and transportation, commercial real estate development, and in the operation of hotels and restaurants. As a result of decades of success in a wide range of business ventures, Don has provided our company with vast experience in operating a business successfully in upward and downward economic cycles.

In addition to Don's business expertise and knowledge of our industry, we will miss his warmth and enthusiasm which have added so much to our company. We wish him all the best in his future endeavors.

You are no doubt hearing a great deal in the news about the Dodd-Frank financial reform legislation that was signed into law in July 2010. The nearly 1,000 pages of this Act are expected to produce at least 250-300 new regulations with which banks will need to comply, some in 2011 and others in the future. While we support the intent of the Act, which was to curb the actions that contributed to the national financial crisis, we are very concerned that some of its provisions will have an adverse impact on customers. We are working both



\*Net income (loss) available to common shareholders, adjusted for intangible amortization (net of tax) and goodwill impairment charges, divided by average common shareholders' equity, net of goodwill and intangible assets.

independently and in conjunction with national financial services trade organizations to voice our concerns to our elected officials in Washington, D.C. with the hope of minimizing the Act's potential negative impact on customers and your company. Overall, we believe that we are responding effectively to this new regulatory environment. We also view its implementation as an opportunity, as we believe we are better positioned to comply with the new rules than many of our competitors.

As we move into the post-recession era, and as consumer and business confidence increases, we remain focused on growing your company's earnings. I am confident in our ability to do so. Our investments in technology, brand awareness, marketing, employee training, customer and new prospect outreach efforts and in providing a superior experience to our customers are all producing market share growth.

Even though the acceptance and utilization of electronic banking services is rapidly increasing, traditional branches remain important to many of our customers as well as an integral part of our organic growth strategy. In recent years, we have added new locations and, as our earnings improve, we plan to increase our pace of new branch

deployment in attractive local markets. Of course, potential acquisitions can help us achieve our growth goals as well. We will use our past merger experience to carefully evaluate those opportunities.

Our future growth and success will be led by our talented employees. It is their dedication and hard work that has kept this company on a sound financial footing throughout one of the most challenging periods in its history. And, it will be that continued level of resolve and commitment in the years ahead that will enable our shareholders, customers, employees and communities to face the future boldly and confidently.

Thank you for your continued support.

Sincerely,

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

## FINANCIAL HIGHLIGHTS

AS OF OR FOR THE YEAR ENDED DECEMBER 31

(Dollars in thousands, except per-share data)

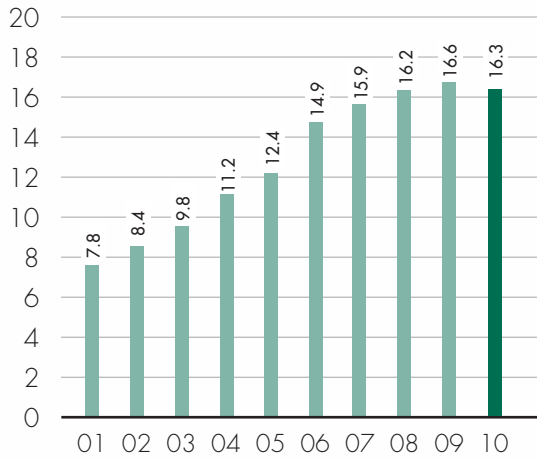
BALANCE SHEET DATA	2010	2009	2008	Percent Change	
				2010/2009	2009/2008
Total assets	\$16,275,000	\$16,636,000	\$16,185,000	(2.2%)	2.8%
Loans, net of unearned income	11,933,000	11,972,000	12,043,000	(0.3%)	(0.6%)
Deposits	12,389,000	12,098,000	10,552,000	2.4%	14.7%
Common shareholders' equity	1,880,000	1,566,000	1,491,000	20.1%	5.0%
<b>PER COMMON SHARE DATA</b>					
Net income (loss) (diluted)	\$0.59	\$0.31	\$(0.03)	90.3%	N/M
Common stock cash dividends	0.12	0.12	0.60	-	(80.0%)
Shareholders' equity (tangible)	6.69	5.75	5.33	16.3%	7.9%

N/M - Not meaningful

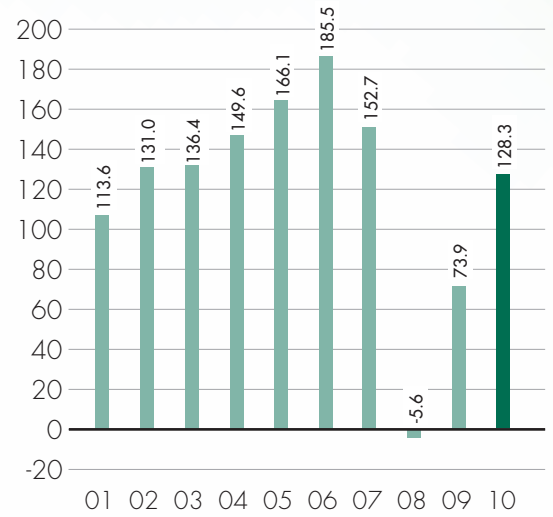
# 10 YEARS IN REVIEW

## (2001-2010)

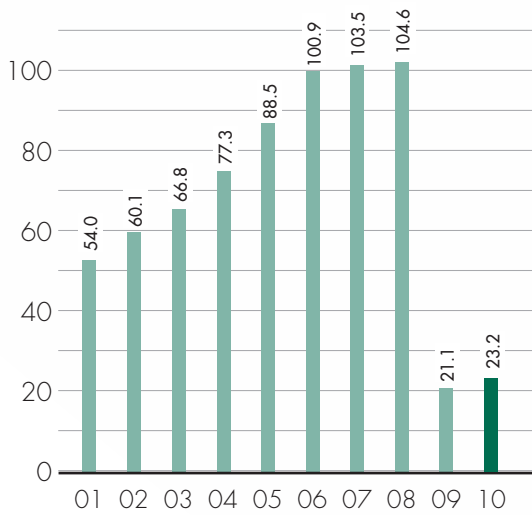
Total Assets  
(in billions  
of dollars)



Net Income (loss)  
(in millions  
of dollars)



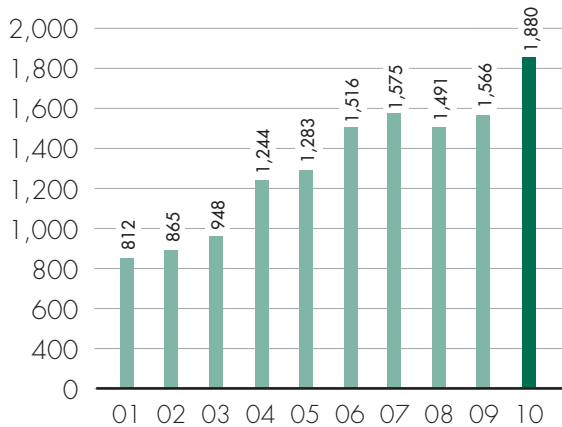
Common Stock  
Cash Dividends  
(in millions  
of dollars)



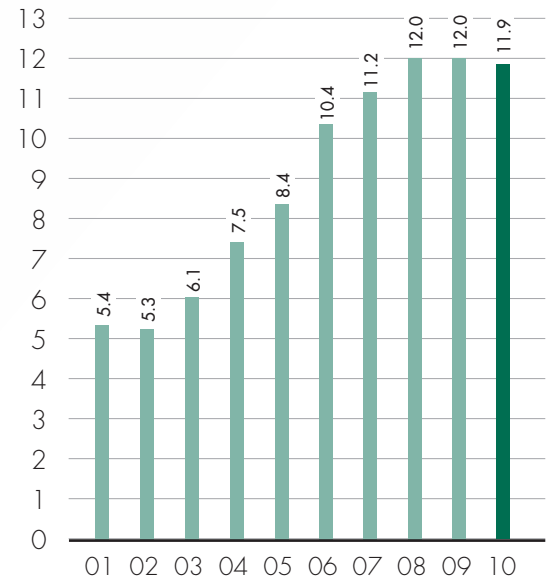
Deposits  
(in billions  
of dollars)



Common  
Shareholders'  
Equity  
(in millions  
of dollars)



Loans  
(in billions  
of dollars)





## INVESTOR INFORMATION

### INVESTOR INFORMATION

#### STOCK LISTING

Common shares of Fulton Financial Corporation are traded under the symbol "FULT" and are listed in the NASDAQ Global Select Market.

#### CASH DIVIDENDS

The Fulton Financial Corporation Board of Directors decides whether to declare a quarterly cash dividend in the third month of each quarter (i.e., March, June, September and December).

#### 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.

Holdes 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 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, including a plan prospectus, or direct deposit of cash dividends by writing to:

Stock Transfer Department  
Fulton Financial Advisors  
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, 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 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 of Shareholders of Fulton Financial Corporation will be held on Thursday, April 28, 2011 at 10:00 a.m. in the Commonwealth Ballroom of the Lancaster Marriott at Penn Square in downtown Lancaster, PA.

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.

# SENIOR MANAGEMENT, DIRECTORS & ADVISORY BOARD MEMBERS

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*President and  
Chief Operating Officer*

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*Senior Executive  
Vice President/  
Chief Financial Officer*

James E. Shreiner,  
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Vice President/  
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Fulton Bank, N.A.

Swineford National Bank

Lafayette Ambassador Bank

FNB Bank, N.A.

The Bank

Skylands Community Bank

The Columbia Bank

*Residential mortgage lending offered through:*

Fulton Mortgage Company

*Investment management and  
planning services offered through:*

Fulton Financial Advisors &

Clermont Wealth Strategies