

FULTON FINANCIAL CORP
Form DEF 14A
March 26, 2010

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Soliciting Material Under Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

Fulton Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

P.O. Box 4887
One Penn Square
Lancaster, Pennsylvania 17604

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD FRIDAY, APRIL 30, 2010 AT 10:00 A.M.

TO THE SHAREHOLDERS OF FULTON FINANCIAL CORPORATION:

NOTICE IS HEREBY GIVEN that, pursuant to the call of its directors, the Annual Meeting of the shareholders of FULTON FINANCIAL CORPORATION will be held on Friday, April 30, 2010, at 10:00 a.m., at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania, for the purpose of considering and voting upon the following matters:

1. ELECTION OF DIRECTORS. To elect ten (10) directors to serve for one-year terms;
2. EXECUTIVE COMPENSATION. A non-binding resolution to approve the compensation of the named executive officers;
3. RATIFY KPMG LLP AS INDEPENDENT AUDITOR. To ratify the appointment of KPMG LLP as Fulton Financial Corporation's Independent Auditor for the fiscal year ending December 31, 2010; and
4. OTHER BUSINESS. To consider such other business as may properly be brought before the meeting and any adjournments thereof.

Only those shareholders of record at the close of business on March 1, 2010, shall be entitled to be given notice of, and to vote at, the meeting. Please note that Fulton's 2010 meeting is being held at a different location than last year's meeting. Public parking is available in downtown Lancaster. Light refreshments will be available starting at 9:00 a.m., and the business meeting will start promptly at 10:00 a.m.

It is requested that you promptly execute the enclosed Proxy and return it in the enclosed postpaid envelope. Alternatively, you may vote by telephone or electronically through the Internet by following the instructions on the proxy card. You are cordially invited to attend the meeting, but please RSVP that you will attend. See the enclosed Annual Meeting Invitation and Reservation Form for more information and to RSVP if you are going to attend the meeting in person. Your Proxy is revocable and may be withdrawn at any time before it is voted at the meeting.

A copy of the Annual Report on Form 10-K of Fulton Financial Corporation is also enclosed.

Sincerely,
George R. Barr, Jr.
Secretary

Enclosures
March 26, 2010

PROXY STATEMENT

Dated and To Be Mailed on or about: March 26, 2010

P.O. Box 4887, One Penn Square
 Lancaster, Pennsylvania 17604
 (717) 291-2411

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 30, 2010 AT 10:00 A.M.

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GENERAL

Introduction

Fulton Financial Corporation, a Pennsylvania business corporation and registered financial holding company (also herein referred to as “Fulton” or the “Corporation”), was organized pursuant to a plan of reorganization adopted by Fulton Bank and implemented on June 30, 1982. On that date, Fulton Bank became a wholly owned subsidiary of Fulton, and the shareholders of Fulton Bank became shareholders of Fulton. Since that time, Fulton has acquired other banks and today owns the following depository banks: Delaware National Bank, FNB Bank, N.A., Fulton Bank N.A., Lafayette Ambassador Bank, Skylands Community Bank, Swineford National Bank, The Bank and The Columbia Bank. In 2009, Fulton Bank changed its charter to become a national bank and changed its formal name to Fulton Bank, National Association.

In addition, Fulton has several other direct subsidiaries including: Fulton Insurance Services Group, Inc. (which operates an insurance agency selling life insurance and related insurance products), Fulton Financial Realty Company (which owns or leases certain properties on which certain branch and operational facilities are located), Fulton Reinsurance Company, Ltd. (which reinsures credit life, health and accident insurance that is directly related to extensions of credit by subsidiary banks of Fulton), Central Pennsylvania Financial Corp. (which owns, directly or indirectly, certain limited partnership interests, principally in low to moderate income and elderly housing projects), and FFC Management, Inc. (which holds certain investment securities and corporate-owned life insurance policies).

RSVP, Date, Time and Place of Meeting

The annual meeting of the shareholders of Fulton (“Annual Meeting”) will be held on Friday, April 30, 2010, at 10:00 a.m., at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania.

You are cordially invited to attend the Annual Meeting, but in order for Fulton to plan and prepare for the proper number of shareholders, please RSVP and confirm that you will attend by completing and returning the enclosed postcard which is part of the Annual Meeting Invitation and Reservation Form enclosed. Light refreshments will be available starting at 9:00 a.m., and the business meeting will start promptly at 10:00 a.m. Shareholders are encouraged to arrive early. Public parking is available in downtown Lancaster. For a list of available parking locations, please consult the Lancaster Parking Authority web site at www.lancasterparkingauthority.com or consult the information on the Annual Meeting Invitation and Reservation Form. Each shareholder may be asked to present valid picture identification, such as a driver’s license, and some proof of share ownership. Large bags, cameras, recording devices and other electronic devices will not be permitted at the meeting.

This Proxy Statement relates to Fulton’s twenty-eighth Annual Meeting of the shareholders. Attendance at the Annual Meeting will be limited to shareholders of record at the close of business on March 1, 2010 (the “Record Date”), their authorized representatives and guests of Fulton.

Shareholders Entitled to Vote

Only those shareholders of record as of the Record Date shall be entitled to receive notice of, and to vote at, the Annual Meeting.

Purpose of Meeting

The shareholders will be asked to consider and vote upon the following matters at the meeting: (i) to elect ten (10) directors to serve for one-year terms; (ii) a non-binding resolution to approve the compensation of the named executive officers; (iii) to ratify the appointment of KPMG LLP as Fulton's independent auditor; and (iv) to consider and vote upon such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

Solicitation of Proxies

This Proxy Statement is furnished in connection with the solicitation of proxies, in the accompanying form, by the Board of Directors of Fulton for use at the Annual Meeting to be held at 10:00 a.m. on Friday, April 30, 2010, and any adjournments thereof. Fulton is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of the notices and these proxy materials, the solicitation of proxies or votes may be made in person, by mail, telephone or by electronic communication by Fulton's directors, officers and employees, who will not receive any additional compensation for such solicitation activities.

Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and Fulton will reimburse them for reasonable out-of-pocket expenses incurred by them in connection therewith. Fulton has engaged Laurel Hill Advisory Group, LLC to aid in the solicitation of proxies in order to assure a sufficient return of votes on the proposals to be presented at the meeting. The costs of such services are estimated at \$7,500 for the proxy solicitation fee, plus reasonable research, distribution and mailing costs.

Revocability and Voting of Proxies

The execution and return of the enclosed proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person. A shareholder may revoke any proxy given pursuant to this solicitation by delivering written notice of revocation to the Corporate Secretary of Fulton, at any time before the proxy is voted at the Annual Meeting. Unless revoked, any proxy given pursuant to this solicitation will be voted at the meeting in accordance with the written instructions of the shareholder giving the proxy. In the absence of instructions, all proxies will be voted FOR the election of the ten (10) nominees identified in this Proxy Statement, FOR a non-binding resolution to approve the compensation of the named executive officers, and FOR the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2010. Although the Board of Directors knows of no other business to be presented, in the event that any other matters are properly brought before the meeting, any proxy given pursuant to this solicitation will be voted in accordance with the recommendations of the Board of Directors of Fulton as permitted by Rule 14a-4(c).

Shares held for the account of shareholders who participate in the Dividend Reinvestment and Stock Purchase Plan and for the account of employees who participate in the Employee Stock Purchase Plan (the "ESPP") will be voted in accordance with the instructions of each shareholder as set forth in his or her proxy. If a shareholder who participates in these plans does not return a proxy, the shares held for the shareholder's account will not be voted.

Shares held for the account of employees of Fulton and its subsidiaries who participate in the Fulton Financial Common Stock Fund of the Fulton Financial Corporation 401(k) Retirement Plan (the "401(k) Plan"), formerly known as the Fulton Financial Corporation Profit Sharing Plan, will be voted by Fulton Financial Advisors, a division of Fulton Bank ("FFA") in accordance with the instructions of each participant as set forth in the separate voting instruction card sent to the participant with respect to such shares. To allow sufficient time for FFA to vote, participants' voting instructions must be received by April 24, 2010. Shares held in the Fulton Financial Common Stock Fund with respect to which no voting instructions are received by April 24, 2010, will be

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voted by FFA FOR the election of the ten (10) nominees identified in this Proxy Statement, FOR a non-binding resolution to approve the compensation of the named executive officers, and FOR the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2010.

Effect of Not Voting Your Shares

If you hold your shares in street name with a bank or broker it is important that you cast your vote if you want it to count in the election of directors (Item 1 of this Proxy Statement). In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank or broker was allowed to vote those shares on your behalf in the election of directors as they felt appropriate. Recent changes in regulation, however, no longer permit your bank or broker to vote your shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote your shares in the election of directors or any non-routine matters, such as Item 2 of this Proxy Statement, no votes will be cast on your behalf. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Item 3 of this Proxy Statement) and other matters that your bank or broker considers routine. If you are a registered shareholder of record who holds stock in certificates or book entry with Fulton's transfer agent and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the Annual Meeting.

Accordingly, we encourage you to vote your shares before the meeting either by returning your proxy by mail, voting by telephone or voting via the Internet so that your shares will be represented and voted at the meeting if you cannot attend in person.

Voting of Shares and Principal Holders Thereof

At the close of business on the Record Date, Fulton had 176,467,834 shares of common stock outstanding and entitled to vote. There is no other class of common stock outstanding. As of the Record Date, 2,843,815 shares of Fulton common stock were held by FFA, as sole fiduciary. The shares held by FFA as sole fiduciary represent, in the aggregate, approximately 1.61 percent of the total shares outstanding and unless directed otherwise will be voted FOR the election of the ten (10) nominees identified in this Proxy Statement, FOR a non-binding resolution to approve the compensation of the named executive officers, and FOR the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2010.

A majority of the outstanding common stock present in person or by proxy constitutes a quorum for the conduct of business. The judge of election will treat shares of Fulton common stock represented by a properly signed and returned proxy as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining. Likewise, the judge of election will treat shares of common stock represented by broker non-votes 1 as present for purposes of determining a quorum, but broker non-votes will not be counted for any proposal.

Each share is entitled to one vote on all matters submitted to a vote of the shareholders. A majority of the votes cast at a meeting at which a quorum is present is required in order to approve any matter submitted to a vote of the shareholders, except for the election of directors, or in cases where the vote of a greater number of shares is required by law or under Fulton's Articles of Incorporation or Bylaws.

In the case of the election of directors, the ten (10) candidates receiving the highest number of votes cast at the Annual Meeting shall be elected to the Board of Directors for terms of one year. The affirmative

1 Broker non-votes are shares of common stock held in record name by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote; and (ii) the broker or nominee does not have discretionary voting power to vote such shares on a particular proposal.

vote of a majority of the common shares represented and voting at the Annual Meeting is required for approval of the non-binding resolution to approve the compensation of the named executive officers and ratification of Fulton's independent auditor. Abstentions and broker non-votes will be counted as shares that are present at the meeting, but will not be counted as votes cast on the election of directors, the non-binding resolution to approve the compensation of the named executive officers, or for the ratification of Fulton's independent auditor. Abstentions and broker non-votes will have no effect on the director election, the non-binding resolution concerning executive compensation or the ratification of Fulton's independent auditor, since only votes cast will be counted.

To the knowledge of Fulton, on the Record Date, no person or entity owned of record or beneficially more than five percent of the outstanding common stock of Fulton, except those listed on page 13 under "Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners."

Recommendation of the Board of Directors

The Board of Directors recommends that the shareholders vote FOR the election of the ten (10) nominees identified in this Proxy Statement to serve for one-year terms, FOR the non-binding resolution to approve the compensation of the named executive officers, and FOR ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2010.

Shareholder Proposals

Shareholder proposals intended to be considered for inclusion in Fulton's proxy statement and proxy for the 2011 Annual Meeting must be received at the principal executive offices of Fulton at One Penn Square, Lancaster, Pennsylvania no later than November 26, 2010. Any shareholder proposal not received at Fulton's principal executive offices by February 9, 2011, which is 45 calendar days before the one year anniversary of the date Fulton released the previous year's annual meeting proxy statement to shareholders, will be considered untimely and, if presented at the 2011 Annual Meeting, the proxy holders will be able to exercise discretionary authority to vote on any such proposal to the extent authorized by Rule 14a-4(c) under the Securities Exchange Act of 1934, as amended. All shareholder proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, as well as Fulton's Bylaws.

Generally, a shareholder may not submit more than one proposal, and the proposal, including any accompanying supporting statement, may not exceed 500 words. In order to be eligible to submit a proposal, a shareholder must have continuously held at least \$2,000 in market value of Fulton common stock for at least one year before the date the proposal is submitted. Any shareholder submitting a shareholder proposal to Fulton must also provide Fulton with a written statement verifying ownership of stock and confirming the shareholder's intention to continue to hold the stock through the date of the 2011 Annual Meeting. The shareholder, or a qualified representative, must attend the 2011 Annual Meeting in person to present the proposal. The shareholder must continue to hold the shareholder's stock through the date of the 2011 Annual Meeting.

Contacting the Board of Directors

Any shareholder of Fulton who desires to contact the Board of Directors may do so by writing to: Board of Directors, Fulton Financial Corporation, P.O. Box 4887, One Penn Square, Lancaster, PA 17604. These written communications will be provided to the Chair of the Executive Committee of the Board of Directors who will determine further distribution based on the nature of the information in the communication. For example, communications concerning accounting, internal accounting controls or auditing matters will be shared with the Chair of the Audit Committee of the Board of Directors.

Code of Conduct

Fulton has had a written Code of Conduct (“Code”) for over two decades that governs the conduct of its directors, officers and employees. The Code was revised in 2004 to comply with the requirements of the Sarbanes-Oxley Act of 2002 and NASDAQ listing standards, and Fulton provides the Code to each director, officer and employee. In 2006, Fulton updated the Code to include a new process for filing anonymous complaints and to make other minor changes. Fulton last updated the Code in 2008 to include a hotline number and make other minor changes. A current copy of the Code can be obtained, without cost, by writing to the Corporate Secretary at: Fulton Financial Corporation, P.O. Box 4887, One Penn Square, Lancaster, PA 17604. The current Code is also posted and available on Fulton's website at www.fult.com.

Corporate Governance Guidelines

Fulton has adopted Corporate Governance Guidelines (“Governance Guidelines”) that include guidelines and Fulton’s policy regarding the following topics: (1) board size; (2) director qualifications; (3) service on other boards and director change in status; (4) meeting attendance and review of meeting materials; (5) director access to management and independent advisors; (6) designation of lead director; (7) executive sessions; (8) CEO evaluation and succession planning; (9) board and committee evaluations; (10) stock ownership guidelines; (11) communications by interested parties; (12) board and committee minutes; (13) codes of conduct; and (14) disclosure and update of the Governance Guidelines. A current copy of the Governance Guidelines can be obtained, without cost, by writing to the Corporate Secretary at: Fulton Financial Corporation, P.O. Box 4887, One Penn Square, Lancaster, PA 17604. The current Governance Guidelines are also posted and available on Fulton's website at www.fult.com.

SELECTION OF DIRECTORS

General Information

The Bylaws of Fulton provide that the Board of Directors shall consist of not less than two nor more than thirty-five persons and that the Board of Directors shall determine the number of directors. Pursuant to Fulton’s Bylaws, as amended, beginning with the 2009 Annual Meeting, nominees elected to the Board of Directors are elected for one-year terms. Subject to Fulton's retirement provisions, directors elected prior to the 2009 Annual Meeting were permitted to serve the remainder of their elected term, even if greater than one year. Beginning in 2011 all nominees will be elected for a one-year term.

A majority of the Board of Directors may increase or decrease the number of directors between meetings of the shareholders. Any vacancy occurring in the Board of Directors, whether due to an increase in the number of directors, resignation, retirement, death or any other reason, may be filled by appointment by the remaining directors. Any director who is appointed to fill a vacancy shall hold office until the next Annual Meeting of the shareholders and until a successor is elected and shall have qualified.

Fulton’s Bylaws limit the age of director nominees, and no person shall be nominated for election as a director who will attain the age of seventy-two (72) years on or before the date of the Annual Meeting at which he or she is to be elected. There is also a mandatory retirement provision in the Bylaws, which states that the office of a director shall be considered vacant at the Annual Meeting next following the director’s seventy-second (72) birthday. In addition, Fulton has adopted a Voluntary Resignation Policy for Non-Management Directors that generally requires a director to tender his or her resignation when the director’s effectiveness as a member of the Board may be substantially impaired. Circumstances that trigger this provision include, but are not limited to: a director failing to attend at least 62.5% of meetings without a valid excuse; and, unless such an event is promptly cured to the satisfaction of Fulton, any extension of credit by any of Fulton’s affiliate banks for which the director or a related interest of the director is an obligor or guarantor is: a) classified by Fulton as nonaccrual, sixty or more days past due, or restructured; b) assigned a risk rating of “substandard” or less; or c) not in material compliance

with Federal Reserve Regulation O (12 CFR 215). While the Fulton policy sets forth events which might cause a director to tender his or her resignation, it also directs Fulton's Board of Directors to consider carefully, on a case-by-case basis, whether or not Fulton should accept such a resignation.

Procedure for Shareholder Nominations

Section 3 of Article II of the Bylaws of Fulton requires shareholder nominations to be made in writing and delivered or mailed to the Chairman of the Board or the Corporate Secretary not less than the earlier of (a) one hundred twenty (120) days prior to any meeting of shareholders called for the election of directors or (b) the deadline for submitting shareholder proposals for inclusion in a proxy statement and form of proxy as calculated under Rule 14a-8(e) promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (or any successor provision thereto). Further, the notice to the Chairman of the Board or the Corporate Secretary of a shareholder nomination shall set forth: (i) the name and address of the shareholder who intends to make the nomination and a representation that the shareholder is a holder of record of stock of Fulton entitled to vote at such meeting and intends to be present in person or by proxy at such meeting to nominate the person or persons to be nominated, (ii) the name, age, business address and residence address of each nominee proposed in such notice, (iii) the principal occupation or employment of each such nominee, (iv) the number of shares of capital stock of Fulton that are beneficially owned by each such nominee, (v) a statement of qualifications of the proposed nominee and a letter from the nominee affirming that he or she will agree to serve as a director of Fulton if elected by the shareholders, (vi) a description of all arrangements or understandings between the shareholder submitting the notice and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder, and (vii) such other information regarding each nominee proposed by the shareholder as would have been required to be included in the proxy statement filed pursuant to the proxy rules of the SEC had each nominee been nominated by or at the direction of the Board of Directors. The chairman of the meeting shall determine whether nominations have been made in accordance with the requirements of the Bylaws and, if the chairman determines that a nomination is defective, the nomination and any votes cast for the nominee shall be disregarded. Shareholder nominees are not subject to any greater or different standard of review by Fulton's Board of Directors or its Nominating and Corporate Governance Committee.

Director Qualifications

In considering any individual nominated for board membership, including those nominated by a shareholder, Fulton considers a variety of factors, including whether the candidate is recommended by executive management, the individual's professional and personal qualifications, including business experience, education and community and charitable activities, and the individual's familiarity with a market or markets in which Fulton is located or is seeking to locate, or with a market that is similar to those in which Fulton is located or is seeking to locate. Fulton does not have a separate written policy on how diversity is to be considered in the director nominating process. Generally, however, Fulton takes into account diversity in business experience, community service, skills, professional background and other qualifications, as well as diversity in race and gender, in considering individual candidates. Fulton's Governance Guidelines provide that Fulton's Board of Directors should be sufficient in size to achieve diversity in business experience, community service and other qualifications among non-employee directors while still facilitating substantive discussions in which each director can participate meaningfully. In 2004, the Board of Directors formed the Nominating and Corporate Governance Committee of the Board, whose members are independent in accordance with the NASDAQ listing standards. The charter for the Nominating and Corporate Governance Committee is posted and available on Fulton's website at www.fult.com. The Nominating and Corporate Governance Committee is responsible for recommending director nominees to the Board of Directors and for the Governance Guidelines. Information on the experience, qualifications, attributes or skills of Fulton's continuing directors and nominees is described under Continuing Director and Nominee Biographical Information below.

ELECTION OF DIRECTORS – PROPOSAL ONE

General Information

For the 2010 Annual Meeting, the Board of Directors has fixed the number of directors at fourteen (14). There are four (4) continuing directors whose terms of office will expire at the 2011 Annual Meeting. Pursuant to Fulton's Bylaws, as amended, beginning with the 2009 Annual Meeting, nominees to the Board of Directors shall be elected for one-year terms. Subject to Fulton's retirement provisions, directors elected prior to the 2009 Annual Meeting were permitted to serve the remainder of their elected term, even if greater than one year. The Board of Directors has nominated the following ten (10) persons for election to the Board of Directors for a term of one year:

2010 Director Nominees

Jeffrey G. Albertson
Craig A. Dally
Willem Kooyker
E. Philip Wenger

Donald M. Bowman, Jr.
Rufus A. Fulton, Jr.
John O. Shirk

Dana A. Chryst
George W. Hodges
R. Scott Smith, Jr.

Each of the above nominees is presently a director of Fulton. Following the recommendation of the Nominating and Corporate Governance Committee, the Board of Directors approved the nomination of the above individuals. However, in the event that any of the foregoing 2010 director nominees are unable to accept nomination or election, any proxy given pursuant to this solicitation will be voted in favor of such other persons as the Board of Directors of Fulton may recommend. The Board of Directors has no reason to believe that any of its director nominees will be unable to accept nomination or to serve as a director if elected.

Vote Required

The ten (10) candidates receiving the highest number of votes cast at the Annual Meeting shall be elected to the Board of Directors. Abstentions and broker non-votes will be counted as shares that are present at the Annual Meeting, but will not be counted as votes cast in the election of directors.

Recommendation of the Board of Directors

The Board of Directors recommends that the shareholders vote FOR the election of the ten (10) nominees identified in this Proxy Statement to serve for one-year terms.

Information about Nominees, Continuing Directors and Independence Standards

Information concerning the experience, qualifications, attributes or skills of the ten (10) persons nominated by Fulton for election to the Board of Directors of Fulton at the 2010 Annual Meeting and concerning the other continuing directors is set forth below, including whether they were determined by the Board of Directors to be independent for purposes of the NASDAQ listing standards.

Fulton is a NASDAQ listed company and follows the NASDAQ listing standards for board of directors and committee independence. At its January 2010 meeting, the Board of Directors determined that eleven (11) of Fulton's current fourteen (14) directors are independent, as defined in the applicable NASDAQ listing standards. Specifically, the Board of Directors found that Directors Bowman, Bond, Chryst, Dally, Freer, Fulton, Hodges, Kooyker, Leshner, Shirk and Stewart met the definition of independent director in the NASDAQ listing standards and that each of these directors is free of any relationships that would interfere with his or her individual exercise

of independent judgment. In addition, members of the Audit Committee of the Board of Directors meet the more stringent requirements for independence under the NASDAQ listing standards, and the rules and regulations of the SEC for service on the Audit Committee. The Board of Directors considered the relationships and other arrangements, if any, of each director when director independence was reviewed, including Fulton's relationships with the law firms with which Directors Dally and Shirk were affiliated in 2009. The other types of relationships and transactions that were reviewed are more fully described in "Related Person Transactions with Directors and Executive Officers" on page 47.

Continuing Director and Nominee Biographical Information

Several of the directors joined Fulton's Board as a result of mergers, or were directors when the Corporation was formed in 1982. The following biographical information, experience and qualifications below represent each continuing director's or nominee's background, experience, qualifications, attributes or skills that led Fulton to conclude that these persons should serve as a director of Fulton.

JEFFREY G. ALBERTSON, age 69.

- Director of Fulton since 1996 and a Nominee for election at the Annual Meeting.
- Director of The Bank since 1989.
- Admitted and licensed to practice law in New Jersey and the Federal District Court in 1966 and Partner of the Albertson Law Office.
- Recipient of the 2002 New Jersey Lawyer of the Year Award.
- New Jersey Bar Association Trustee from 1979 to 1985. Mr. Albertson also served on the New Jersey Bar Association Judicial and Prosecutorial Appointments Committee and Supreme Court Ethics Committee.
- General Counsel (1982 - 1990) to the Eastern Pennsylvania-Southern New Jersey Delaware Valley Regional Planning Commission, a bi-state planning transportation agency.
- Community service includes several terms on the Underwood-Memorial Foundation Board, Councilman for the Borough of Woodbury Heights (1969 to 1973), Solicitor for the Gloucester County municipalities of Franklin Township, Woodbury Heights, Mantua Township and Monroe Township.

Mr. Albertson's broad legal experience in business transactions, particularly in lending, real estate, and state and local law, as well as his knowledge of the southern New Jersey market, adds valuable outside experience to Fulton's Board of Directors. He has extensive knowledge of Fulton through his tenure of more than ten years on its Board of Directors.

JOHN M. BOND, JR. (Independent Director), age 66.

- Director of Fulton since 2006 with current term expiring in 2011.
- Director of The Columbia Bank since 1988.
- Director of the Federal Home Loan Bank of Atlanta 2005 to present.
- Director Columbia Bancorp (NASDAQ:CBMD) from 1987 to 2006 when Columbia Bancorp merged with Fulton.
- Retired as Chief Executive Officer of The Columbia Bank in 2006. Former Chairman of the Maryland Bankers Association 2001 to 2002. Trustee Goucher College 1997 to present.
- Admitted and licensed to practice law in New York.

Mr. Bond offers Fulton's Board of Directors years of bank executive management and financial expertise, strong knowledge of the financial services industry and knowledge of the suburban markets near Baltimore and Washington DC, as well as northern Virginia. Mr. Bond also brings a focused historical perspective to the Fulton Board with his prior corporate governance experience and having held leadership positions at an entity acquired by Fulton.

DONALD M. BOWMAN, JR. (Independent Director), age 71.

- Director of Fulton since 1994 and a Nominee for election at the Annual Meeting.
- Director of Hagerstown Trust Company from 1981 until it was combined with The Columbia Bank in 2009, Director of The Columbia Bank and a member of the Hagerstown Trust Advisory Board.
- Business Entrepreneur and Partner in Bowman Group which includes D.M. Bowman, Inc. (a transportation and logistics firm), Bowman Development Corporation (a commercial real estate development company with assets in five states), Bowman Sales and Equipment (a storage and office trailer leasing enterprise) and Bowman Hospitality and Convenience (a hotel and restaurant business).
- Board Member of Antietam Healthcare Foundation 2003 to present and Board Member of Maryland Theatre 2006 to present. In addition, Mr. Bowman has served a total of 12 years (not consecutive) as a member of the Washington County Economic Development Commission, and was honored as 2009 Washington County Business Person of the Year.

As a result of numerous years as a successful entrepreneur in a wide array of business ventures, Mr. Bowman provides Fulton's Board of Directors with a business person's perspective and extensive knowledge of what is required for a business to be successful in both good and bad times. In addition, Mr. Bowman also provides an extensive knowledge of Fulton's markets in western Maryland, southern Pennsylvania, eastern West Virginia, and northwestern Virginia, as well as valuable knowledge of Fulton through his tenure of more than fifteen years on its Board of Directors.

DANA A. CHRYST (Independent Director), age 50.

- Director of Fulton since 2008 and a Nominee for election at the Annual Meeting.
- Director of Fulton Bank since 2003.
- Chief Executive Officer and owner of The Jay Group (a marketing fulfillment company).
- Director of Lancaster General Hospital 2007 to present, Lancaster General Health 2004 to present.
- Director of Hershey Entertainment & Resorts Company 2006 to present.
- An active community member, Ms. Chryst has been the recipient of several prestigious awards including the 2009 Women's Business Enterprise Star by the Women's Business Enterprise Council and 2008 Volunteer of the Year by the American Heart Association. She is also the recipient of the Central Penn Business Journal's "25 Women of Influence 2010" award.

As the Chief Executive Officer of a marketing fulfillment company, Ms. Chryst offers the Board of Directors her expertise in the areas of marketing, human resources, distribution, business processes and finance. In addition, she has extensive knowledge of Fulton's south central and southeastern Pennsylvania markets.

CRAIG A. DALLY (Independent Director), age 53.

- Director of Fulton since 2000 and a Nominee for election at the Annual Meeting.
- Director of Lafayette Ambassador Bank since 1990.
- Judge, Third Judicial District of Pennsylvania, 2010 to present.
- Admitted and licensed to practice law in Pennsylvania and New Jersey.
- Former partner of Pierce & Dally, LLP (law firm).
- Served as a member of the Pennsylvania House of Representatives, District 138, from 1996 to 2010 and former Director of the Pennsylvania Higher Education Assistance Agency 2007 to 2010.
- Director of Nazareth Area YMCA, 1993 to present; Moravian Hall Square Retirement Community, 2006 to present; and Two Rivers Health and Wellness Foundation, 2003 to present.

Mr. Dally brings unique knowledge and expertise to Fulton's Board of Directors that he gained as a founding director of Lafayette Ambassador Bank, a member of the Pennsylvania House of Representatives, a Director of the Pennsylvania Higher Education Assistance Agency, a law firm partner and his leadership role in various

philanthropic endeavors in the Lehigh Valley.

PATRICK J. FREER (Independent Director), age 60.

- Director of Fulton since 1996 with current term expiring in 2011.
- Director of Lebanon Valley Farmers Bank, formerly known as Farmers Trust Bank, from 1980 until it was combined with Fulton Bank in 2007.
- President, Strickler Insurance Agency, Inc. (insurance broker) and a Certified Insurance Counselor.
- Board member of Lebanon County Christian Ministries 2001 to present, American Cancer Society Lebanon Unit 2007 to present and Lebanon Valley Sertoma Club 1976 to present.
- Past president of Lebanon County Christian Ministries and Lebanon Valley Sertoma Club.

Mr. Freer brings to the Fulton Board of Directors an extensive knowledge of insurance, investments, finance and risk management as well as valuable knowledge of Fulton through his tenure of more than ten years on its Board of Directors and as a bank director since 1980. Mr. Freer has long been an active member in his community helping with numerous capital campaigns and community projects.

RUFUS A. FULTON, JR. (Independent Director), age 69.

- Director of Fulton since 1984 and a Nominee for election at the Annual Meeting.
- Retired Chairman of the Board and Chief Executive Officer of Fulton.
- Director of The Aerospace Corp. 2006 to present (research and development for the aerospace industry), Burnham Holdings, Inc. 2000 to present (manufacturer of boilers, furnaces, radiators and air conditioning systems), High Real Estate Group 2007 to present (real estate), Lebanon Seaboard Corporation 2008 to present (chemicals and fertilizers) and Highmark, Inc. 2005 to present (health insurance).
- Former Director Federal Reserve Bank of Philadelphia 1999 to 2001 and Federal Advisory Council to the Federal Reserve Board, Washington, DC from 2002 to 2005.
- Director of The Boys' and Girls' Club of Lancaster 1973 to present, Franklin & Marshall College Leadership Council 1994 to present and Lancaster Police Foundation 2006 to present.

Mr. Fulton brings to all Board of Director and Committee discussions and deliberations broad knowledge of the financial services industry, as well as valuable knowledge of Fulton through his long tenure of more than twenty five years on the Board of Directors, his service as the former Chairman and CEO of Fulton from 1999 until 2005 and other management positions with Fulton. In addition, Mr. Fulton has prior and current board service on a number of corporate boards and several community organizations.

GEORGE W. HODGES (Independent Director), age 59.

- Director of Fulton since 2001 and a Nominee for election at the Annual Meeting.
- Former Director of Drovers & Mechanics Bank until it was merged into Fulton Bank in 2001.
- Director York Water Company 2000 to present (NASDAQ:YORW).
- Director of The Wolf Organization, Inc. from 2008 to present (regional distributor of kitchen and bath products and specialty building products), Director of Burnham Holdings, Inc. (manufacturer of boilers, furnaces, radiators and air conditioning systems), and has served on the boards of various for profit, non-profit and community organizations.
- Mr. Hodges, now retired, served as non-executive Chairman of the Board of The Wolf Organization from 2008 to 2009. Prior to being Chairman, Mr. Hodges was a member of the Office of the President of The Wolf Organization from 1986 to 2008.

Mr. Hodges brings considerable financial expertise and business knowledge to the Fulton Board of Directors, both through his business experience and his service on other boards. His extensive business experience, financial expertise, and background are also invaluable for Fulton's Audit Committee where he serves as Chairman and as a Financial Expert, as defined by the SEC regulations.

WILLEM KOOYKER (Independent Director), age 67.

- Director of Fulton since 2005 and a Nominee for election at the Annual Meeting.
- Director of Somerset Valley Bank until it was combined with Skylands Community Bank in 2007.
- Chairman and Chief Executive Officer, Blenheim Capital Management, LLC (investment management company).
- Former Board Member and Co-Founder of Derivatives Portfolio Management 1993 to 2005.
- Board Member of National Mentoring Partnership 1993 to present and in 2009 was named Chairman. Mr. Kooyker has served as director and trustee for a variety of industry and philanthropic organizations. He is a member of the advisory board of The Oliver Scholars Program (New York, NY), which mentors African-American and Latino children and their families. He also is a council member of the Woodrow Wilson International Center for Scholars, which engages in the study of national and world affairs.

Mr. Kooyker has significant business, finance, trading and investment experience that enables him to serve on Fulton's Audit Committee as a Financial Expert, as defined by the SEC regulations. He also brings experience with a focus on currencies, stocks, financials and the commodity markets to the Fulton Board of Directors.

DONALD W. LESHER, JR. (Independent Director), age 65.

- Director of Fulton since 1998 with current term expiring in 2011.
- Director of Lebanon Valley National Bank from 1978 until it was merged into Lebanon Valley Farmers Bank in 1998, then a Director of Lebanon Valley Farmers Bank until it was combined with Fulton Bank in 2007.
- Retired President, Leshar Mack Sales and Service (truck dealership).
- During his career Mr. Leshar has supported and served as a board member of various non-profit and community organizations. He is not currently serving on any non-profit or community boards, but his prior service included being a director of the YMCA Lebanon Valley, Community Chest – United Way of Lebanon County, Lebanon Lancaster Boy Scout Board, Good Samaritan Hospital and Lebanon County Christian Ministries.

Mr. Leshar provides Fulton with valuable perspectives in finance, industrial real estate and business operations as a retired private business owner and operator in the truck sales and transportation fields. He also adds valuable knowledge of Fulton through his tenure of more than ten years on its Board of Directors.

JOHN O. SHIRK (Independent Director), age 66.

- Director of Fulton since 1983 and a Nominee for election at the Annual Meeting.
- Director of Fulton Bank since 1983.
- Of Counsel 2007 to present and Managing Partner from 1983 to 1993, Barley Snyder LLC (law firm).
- Director of Eastern Insurance Holdings, Inc. (NASDAQ: EIHI) 1987 to present and has been or continues to be a director of various service, manufacturing, construction and non-profit organizations.

As a practicing attorney and a former partner of a multi-disciplinary law firm, Mr. Shirk has extensive experience in mergers and acquisitions, corporate finance, advanced corporate planning, structuring corporations, partnerships, limited liability companies and other business entities, real estate development and finance, business and construction contracts and contract disputes. He has also served as general counsel for Franklin & Marshall College for many years, has extensive experience on other boards and has valuable knowledge of Fulton through his tenure of more than twenty five years on its Board of Directors.

R. SCOTT SMITH, JR., age 63.

- Director of Fulton since 2001 and a Nominee for election at the Annual Meeting.
- Chairman of the Board and Chief Executive Officer, Fulton Financial Corporation.
- Director of Fulton Bank from 1993 to 2002.
- Director of the American Bankers Association 2006 to 2009
- Member of the Federal Advisory Council to the Federal Reserve Board, Washington, DC from 2008 to present.
- Employed by Fulton since 1978 and worked in financial services since 1969.

Mr. Smith's various management roles with Fulton during his thirty two years of service and leadership capabilities give him a broad understanding of the financial services industry, Fulton's operations, corporate governance matters and the leadership experience qualifying him to serve on the Fulton Board of Directors.

GARY A. STEWART (Independent Director), age 62.

- Director of Fulton since 2001 with current term expiring in 2011.
- Partner, Stewart Associates (real estate developer), Director of Stewart Companies (manufacturing holding company), President of Aspen Equity Group LLC (real estate) and has served on the boards of various for profit, non-profit and community organizations.
- Former Director of York Bank & Trust Company from 1981 to 1998.
- Former Director of Drovers & Mechanics Bank until it was merged into Fulton Bank in 2001.

Mr. Stewart has relevant business experience and bank board service qualifying him for service as a member of the Board of Directors that includes insight and extensive experience in real estate acquisition, development, finance and management.

E. PHILIP WENGER, age 52.

- Director of Fulton since March 2009 and a Nominee for election at the Annual Meeting.
- President and Chief Operating Officer of Fulton Financial Corporation.
- Director of Fulton Bank from 2003 to 2009.
- Employed by Fulton in a number of positions since 1979, including a variety of management positions.

Mr. Wenger possesses an extensive knowledge of the many aspects of banking operations through more than thirty years of experience in the financial services industry. He has gained valuable insight through his experience in different banking areas, including retail banking, commercial banking, bank operations and systems. Prior to his appointment as Fulton's President and Chief Operating Officer, he was the Chairman and Chief Executive Officer of Fulton Bank.

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Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners

The following table sets forth the number of shares of common stock beneficially owned as of the Record Date by each director, nominee for director and the named executive officers, Messrs. Smith, Wenger, Nugent, Shreiner and Hill (the "Executives" or "Senior Management" and individually the "Executive"). Except as to the Beneficial Owners and other Principal Holders listed below, to the knowledge of Fulton, no person or entity owned of record or beneficially on the Record Date more than five percent of the outstanding common stock of Fulton. Unless otherwise indicated in a footnote, shares shown as beneficially owned by each nominee, continuing director or the Executives are held either (i) individually by the person, (ii) individually by the person's spouse or children living in the same household, (iii) jointly with the person's spouse or children living in the same household, or (iv) in the name of a bank, broker or nominee for the account of the person, person's spouse, or the person's children living in the same household. The directors, nominees and the Executives of Fulton, as a group, owned of record and beneficially 5,071,642 (1) shares of Fulton common stock, representing 2.84 percent of such shares then outstanding. Shares representing less than one percent of the outstanding shares are shown with a "*" below.

Name of Beneficial Owner	Title	Number of Common Shares Beneficially Owned (1)(2)(3)	Percent of Class