

ACNB Corporation reported year-to-date net income of \$4,566,000 for the six months ended June 30, 2011, compared to \$4,487,000 for the same six-month period in 2010, an increase of \$79,000 or 2%. Net income on a per share basis was \$0.77 for the first half of 2011, up from \$0.76 for the same period in 2010.

The Corporation reported net income of \$2,106,000 for the three months ended June 30, 2011, compared to \$2,065,000 for the same quarter in 2010, an increase of \$41,000 or 2%. Net income on a per share basis was \$0.36 for the second quarter of 2011, up from \$0.35 for the same period in 2010.

Quarterly cash dividends paid to ACNB Corporation stockholders for the first half of 2011 totaled \$2,254,000, or \$0.38 per share. This is the same per share amount that was paid in the first six months of 2010.

Total assets of ACNB Corporation at June 30, 2011, were \$998 million, an increase of 2% from June 30, 2010. Total deposits increased by 2% over the previous year to \$769 million. Total loans rose by 1% to \$668 million, as compared to June 30, 2010. A 5% increase in stockholders' equity resulted in an aggregate of \$97.3 million at June 30, 2011, compared to \$92.7 million at June 30, 2010.

2011 continues to be a challenging year for the industry due to the sustained low interest rate environment, uncertainty of economic recovery in some sectors, and slack loan demand. Also, extensive regulatory reform remains a

significant factor impacting the banking environment. However, ACNB Corporation's strength comes from solid community banking principles, firmly rooted in a history of independence for more than 150 years. This history is the foundation upon which we look to the future.

The continued loyalty and confidence of our Board of Directors, our stockholders, our customers, our employees and our communities provide the strength and stability supporting ACNB Corporation. The success of our endeavors reflects this commitment, for which we are grateful.

Sincerely,



Ronald L. Hankey  
Chairman



Thomas A. Ritter  
President & Chief Executive Officer



Lynda L. Glass  
Executive Vice President & Secretary



David W. Cathell  
Executive Vice President,  
Treasurer & Chief Financial Officer

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**Russell Insurance Group, Inc. Board of Directors**

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Daniel W. Potts	

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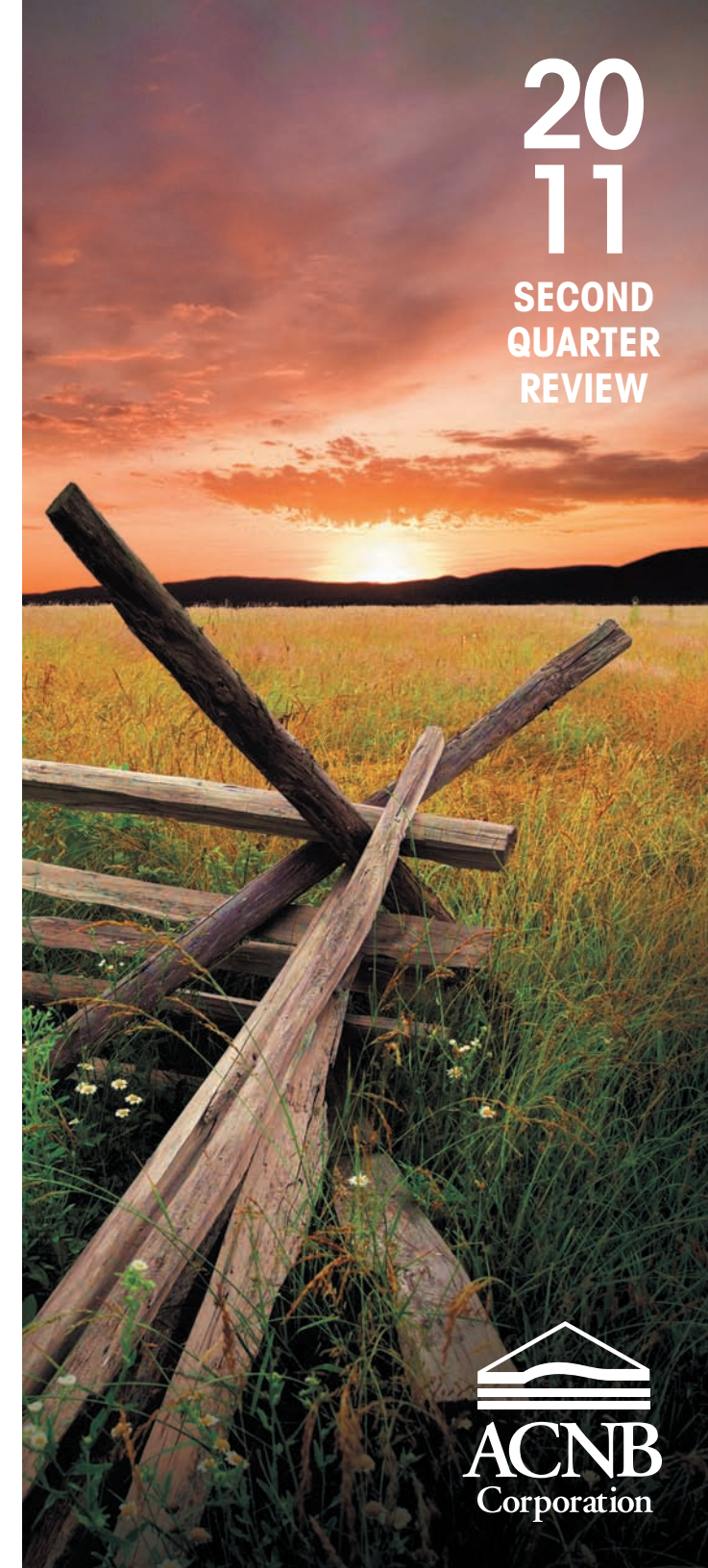
Cara Lynn Clabaugh	Beth W. Lesko
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 Daniel J. Coughlin, *Vice President*  
 David W. Cathell, *Vice President & Treasurer*  
 Lynda L. Glass, *Vice President & Secretary*



## 2011 SECOND QUARTER REVIEW

ACNB Corporation, headquartered in Gettysburg, PA, is the financial holding company for the wholly-owned subsidiaries of ACNB Bank, Gettysburg, PA, and Russell Insurance Group, Inc., Westminster, MD.

Through its banking subsidiary of ACNB Bank, ACNB Corporation provides a wide array of consumer, commercial and fiduciary services to fulfill the financial needs of individuals, businesses, public entities, and community organizations in its trading area. Originally founded in 1857, ACNB Bank serves its marketplace via a network of 18 retail banking offices located throughout Adams County, PA, as well as in Dillsburg and Hanover, York County, PA, and in Newville, Cumberland County, PA. In addition, the Bank operates loan offices in Hanover, York County, and Chambersburg, Franklin County, PA.

Russell Insurance Group, Inc., the insurance subsidiary of ACNB Corporation, offers a broad range of commercial and personal insurance lines through licenses in 36 states, including Maryland and Pennsylvania. This full-service insurance agency has office locations in Westminster, Carroll County, MD, and Germantown, Montgomery County, MD.

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*In addition to historical information, this Quarterly Review may contain forward-looking statements which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "intends," "will," "should," "anticipates," or the negative of any of the foregoing or other variations thereon or comparable terminology, or by discussion of strategy. Actual results may differ materially from those projected in such forward-looking statements due to various risks and uncertainties such as economic conditions, competitive factors, and regulatory limitations. For a discussion of specific factors that may adversely affect financial results and condition and cause actual results to differ from expectations, please refer to ACNB Corporation's Annual Report on Form 10-K for the year ended December 31, 2010, and the most recent Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission and available on the SEC's website at [www.sec.gov](http://www.sec.gov).*

## CONSOLIDATED STATEMENTS OF CONDITION *Unaudited*

	JUNE 30	
	2011	2010
<b>ASSETS</b> <i>In thousands, except per share data</i>		
Cash and due from banks	\$ 13,382	\$ 14,193
Interest bearing deposits with banks	28,510	14,807
Total Cash and Cash Equivalents	41,892	29,000
Securities available for sale	207,719	204,580
Securities held to maturity (fair value \$10,702 and \$10,681)	10,038	10,051
Loans held for sale	825	3,662
Loans, net of allowance for loan losses (\$14,700 and \$14,344)	653,652	646,355
Premises and equipment	14,418	14,511
Restricted investment in bank stocks	7,886	9,170
Investment in bank-owned life insurance	27,931	26,699
Investments in low-income housing partnerships	3,946	4,245
Goodwill	5,972	5,972
Intangible assets	3,369	4,023
Foreclosed assets held for resale	3,631	7,395
Other assets	17,058	12,623
<b>TOTAL ASSETS</b>	<b>\$998,337</b>	<b>\$978,286</b>
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing	\$112,411	\$105,078
Interest bearing	656,989	647,710
<b>TOTAL DEPOSITS</b>	<b>769,400</b>	<b>752,788</b>
Short-term borrowings	47,924	39,882
Long-term borrowings	76,305	83,725
Other liabilities	7,375	9,231
<b>TOTAL LIABILITIES</b>	<b>901,004</b>	<b>885,626</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock (\$2.50 par value; 20,000,000 shares authorized; 5,999,840 and 5,990,943 shares issued; 5,937,240 and 5,928,343 shares outstanding)	14,999	14,977
Treasury stock, at cost (62,600 shares)	(728)	(728)
Additional paid-in capital	8,901	8,787
Retained earnings	71,848	67,857
Accumulated other comprehensive income	2,313	1,767
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>97,333</b>	<b>92,660</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$998,337</b>	<b>\$978,286</b>

## CONSOLIDATED STATEMENTS OF INCOME *Unaudited*

	SIX MONTHS ENDED JUNE 30	
	2011	2010
<i>In thousands, except per share data</i>		
Interest income	\$20,968	\$22,815
Less: Interest expense	3,810	5,037
Net interest income	17,158	17,778
Less: Provision for loan losses	2,410	3,210
Net interest income after provision for loan losses	14,748	14,568
Add: Other income	5,964	6,028
Less: Other expenses	14,872	14,962
Income before income taxes	5,840	5,634
Less: Provision for income taxes	1,274	1,147
<b>NET INCOME</b>	<b>\$ 4,566</b>	<b>\$ 4,487</b>
<b>EARNINGS PER SHARE</b>	<b>\$ 0.77</b>	<b>\$ 0.76</b>
<b>DIVIDENDS PER SHARE</b>	<b>\$ 0.38</b>	<b>\$ 0.38</b>

## COMMON STOCK MARKET PRICES AND DIVIDENDS

ACNB Corporation's common stock trades on The NASDAQ Capital Market under the symbol ACNB. As of June 30, 2011, the approximate number of shareholders of record of the Corporation's common stock was 2,486.

The following table reflects the quarterly high and low prices of ACNB Corporation's common stock for the last eight quarters and the cash dividends paid on the common stock for the same periods.

QUARTER ENDED	PRICE RANGE PER SHARE HIGH	PER SHARE LOW	PER SHARE DIVIDEND
June 30, 2011	\$16.50	\$14.85	\$0.19
March 31, 2011	16.50	15.00	0.19
December 31, 2010	16.00	14.01	0.19
September 30, 2010	15.10	13.60	0.19
June 30, 2010	14.70	12.80	0.19
March 31, 2010	13.30	11.85	0.19
December 31, 2009	13.70	12.40	0.19
September 30, 2009	13.60	11.40	0.19