

## Report to Stockholders

**ACNB Corporation reported year-to-date net income of \$6,791,000 for the nine months ended September 30, 2010, compared to \$5,447,000 over the same nine-month period in 2009, an increase of \$1,344,000 or 25%.**

Net income on a per share basis rose to \$1.15 for the first nine months of 2010 from \$0.92 for the same period in 2009. Net interest income, which is the most significant component of the Corporation's net income, increased by \$2,452,000, or 10%, to a total of \$26,490,000 for the nine months ended September 30, 2010.

On a quarterly basis, the Corporation reported net income of \$2,304,000 for the three months ended September 30, 2010, compared to \$1,897,000 for the same quarter in 2009, an increase of \$407,000 or 21%. Net income on a per share basis amounted to \$0.39 for the third quarter of 2010 and was \$0.32 for the same period in 2009.

Quarterly cash dividends paid to ACNB Corporation stockholders for the first nine months of 2010 totaled \$3,379,000, or \$0.57 per share. This is the same per share amount that was paid in the first nine months of 2009.

Total assets of ACNB Corporation at September 30, 2010, were \$993 million, an increase of 3% from September 30, 2009. Total deposits increased by 7% over the previous year to \$765 million. Total loans rose by 5% to \$670 million, as compared to September 30, 2009. A 5% increase in stockholders' equity resulted in an aggregate of \$93.8 million at September 30, 2010, compared to \$89.2 million at September 30, 2009.

Just subsequent to the end of Third Quarter 2010, Adams County National Bank, the wholly-owned subsidiary of ACNB Corporation, completed the process of converting from a national banking association to a Pennsylvania state-chartered bank and trust company. Accordingly, on Monday, October 4, 2010, Adams County National Bank became ACNB Bank.

It was a deliberate strategic decision to convert from a national bank to a Pennsylvania state-chartered bank and trust company, which also necessitated the removal of the word "National" from the Bank's name. We believe a state bank charter serves the needs of a community bank like ours more effectively. The Pennsylvania Department of Banking focuses solely on Pennsylvania financial institutions, so we anticipate a better understanding of our organization and the environment in which we operate.

Further, with the Bank serving customers in the four counties of Adams, Cumberland, York and Franklin, the name of Adams County National Bank no longer served the organization well given the continued expansion beyond Adams County. Plus, the brand name of ACNB Bank is consistent with the name of ACNB Corporation and its stock symbol of ACNB.

Most important, the change to ACNB Bank is indicative of ACNB Corporation's plans for a healthy future—a future of growth and independence.

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

## Boards of Directors

### ACNB Corporation and Adams County National Bank Boards of Directors

Frank Elsner, III	Marian B. Schultz
Ronald L. Hankey	David L. Sites
James J. Lott	Alan J. Stock
Robert W. Miller	Jennifer L. Weaver
Daniel W. Potts	Harry L. Wheeler
Thomas A. Ritter	James E. Williams

### Adams County National Bank Directors Emeriti

D. Richard Guise	Wayne E. Lau
Edgar S. Heberlig	

### Adams County National Bank Honorary Directors

Dana P. Brandt	William B. Lower
J. Thomas Derick	Mervin J. Morrison
Guy F. Donaldson	W. Irvin Nelson
Frank C. Egger	Ralph S. Sandoe
Richard L. Galusha	L. Robert Snyder
Philip M. Jones	

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

Lynda L. Glass	Thomas A. Ritter
Ronald L. Hankey	Frank C. Russell, Jr.
Daniel W. Potts	

## Officers

### ACNB Corporation

**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*

### Adams County National Bank

**Ronald L. Hankey**, *Chairman*  
**Thomas A. Ritter**, *President & Chief Executive Officer*  
**David W. Cathell**, *Executive Vice President, Cashier & Chief Financial Officer*  
**Lynda L. Glass**, *Executive Vice President & Chief Operating Officer*

## Officers Continued

**James P. Helt**, *Executive Vice President/Banking Services*  
**Sandra A. Deaner**, *Senior Vice President/Human Resources*  
**Paul H. Ketterman, Jr.**, *Senior Vice President & Senior Trust Officer*  
**John M. Kiehl**, *Senior Vice President & Chief Risk Officer*  
**Laurie A. Laub**, *Senior Vice President & Chief Credit Officer*  
**Dorothy K. Puhl**, *Senior Vice President/Information Systems*  
**Carl L. Ricker**, *Senior Vice President/Retail Lending*  
**Douglas A. Seibel**, *Senior Vice President/Commercial Lending*  
**Thomas R. Stone**, *Senior Vice President/Retail Banking*

### First Vice Presidents

Barry C. Dillman	Dennis R. Hollinger
Kathy S. Hansel	R. Mark Purdy
L. John Hicks	

### Vice Presidents

Timothy A. Berwager	Beth W. Lesko
Cara Lynn Clabaugh	Scott A. Miller
Wayne G. Crum	Jeffrey A. Pottorff
David W. Deaner	Gary W. Rappoldt
Michael D. Farley	Wendy D. Roth
Ryan A. Fox	James E. Showwaker
Stephen C. Hawbaker	Debra T. Sites
Leslie R. Horn	Rhonda L. Winterstein
Helen A. Jahn	Merle J. Zehr
William D. Kough, Jr.	

### Assistant Vice Presidents

Karen B. Arthur	William A. Kauffman
Kevin L. Cook	Douglas R. Lindsay
Kim D. Elmo	George F. Marguglio
Kimberly S. Flickinger	Celeste M. Miller
Carolyn E. Groft	Shelby L. Pentz
Barbara D. Guise	Karen J. Redding
Jane E. Gwyn	Susan M. Saylor
Scott E. Hartlaub	Christine R. Settle
Nancy E. Helwig	Lisa A. Smith
Ginny L. Huntsberry	Tina M. Steckler

### Russell Insurance Group, Inc.

**Frank C. Russell, Jr.**, *President & Chief Executive Officer*  
**Daniel J. Coughlin**, *Vice President*  
**David W. Cathell**, *Vice President & Treasurer*  
**Lynda L. Glass**, *Vice President & Secretary*

# 2010

THIRD QUARTER REVIEW



## 2010 Third Quarter Review

**ACNB Corporation**, headquartered in Gettysburg, PA, is the financial holding company for the wholly-owned subsidiaries of Adams County National Bank, Gettysburg, PA, and Russell Insurance Group, Inc., Westminster, MD. After the close of the quarter, Adams County National Bank became ACNB Bank effective October 4, 2010.

Through its banking subsidiary of Adams County National 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, Adams County National Bank serves its marketplace via a network of 19 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, 2009, 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

	SEPTEMBER 30	
	2010	2009
<b>ASSETS</b> <i>Dollars in thousands</i>		
Cash and due from banks	\$ 15,317	\$ 14,665
Interest bearing deposits with banks	17,547	24,424
Total cash and cash equivalents	32,864	39,089
Securities held to maturity (fair value \$10,844 and \$10,394 in 2010 and 2009, respectively)	10,048	10,060
Securities available for sale	205,534	214,222
Total investment securities	215,582	224,282
Loans held for sale	3,761	285
Loans	669,820	640,758
Less: Allowance for loan losses	15,278	10,994
Net loans	654,542	629,764
Premises and equipment	14,344	14,811
Restricted investment in bank stocks	9,170	9,170
Investment in bank-owned life insurance	27,200	26,162
Investments in low-income housing partnerships	4,189	4,480
Goodwill	5,972	5,972
Intangible assets	3,848	4,457
Foreclosed real estate	7,934	585
Other assets	13,790	8,977
<b>TOTAL ASSETS</b>	<b>\$993,196</b>	<b>\$968,034</b>
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing	\$106,087	\$ 89,001
Interest bearing	658,776	626,324
<b>TOTAL DEPOSITS</b>	<b>764,863</b>	<b>715,325</b>
Short-term borrowings	41,785	55,369
Long-term borrowings	81,611	95,396
Other liabilities	11,113	12,755
<b>TOTAL LIABILITIES</b>	<b>899,372</b>	<b>878,845</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock (par value \$2.50; 20,000,000 shares authorized; 5,990,943 shares issued; 5,928,343 shares outstanding for 2010 and 2009, respectively)	14,977	14,977
Treasury stock, at cost (62,600 shares in 2010 and 2009, respectively)	(728)	(728)
Additional paid-in capital	8,787	8,787
Retained earnings	69,035	64,977
Accumulated other comprehensive income	1,753	1,176
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>93,824</b>	<b>89,189</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$993,196</b>	<b>\$968,034</b>

## Consolidated Statements of Income Unaudited

	NINE MONTHS ENDED SEPTEMBER 30	
	2010	2009
<i>In thousands, except per share data</i>		
Interest income	\$33,915	\$34,680
Less: Interest expense	7,425	10,642
Net interest income	26,490	24,038
Less: Provision for loan losses	4,610	3,550
Net interest income after provision for loan losses	21,880	20,488
Add: Other income	8,944	8,850
Less: Other expenses	22,260	22,843
Income before income taxes	8,564	6,495
Less: Provision for income taxes	1,773	1,048
<b>NET INCOME</b>	<b>\$ 6,791</b>	<b>\$ 5,447</b>
<b>EARNINGS PER SHARE</b>	<b>\$ 1.15</b>	<b>\$ 0.92</b>
<b>DIVIDENDS PER SHARE</b>	<b>\$ 0.57</b>	<b>\$ 0.57</b>

## Common Stock Market Prices and Dividends

ACNB Corporation's common stock trades on the Over The Counter Bulletin Board under the symbol ACNB. As of September 30, 2010, the approximate number of shareholders of record of the Corporation's common stock was 2,544.

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		PER SHARE DIVIDEND
	HIGH	LOW	
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
June 30, 2009	12.10	9.25	0.19
March 31, 2009	12.48	7.75	0.19
December 31, 2008	15.00	10.40	0.19