

Report to Stockholders

ACNB Corporation reported net income of \$6,744,000 for the year ended December 31, 2008, compared to \$7,937,000 for the year ended December 31, 2007, a decrease of \$1,193,000 or 15%. The decrease in earnings is primarily due to a substantial increase in the provision for loan losses as a result of specific allocations deemed necessary for certain commercial loans, sustained loan growth in recent quarters, and more pronounced uncertainty in prevailing economic conditions. Net income on a per share basis amounted to \$1.13 for 2008 and \$1.32 for 2007. A significant component of the Corporation's net income is net interest income, which rose 16% to \$29,024,000 for the year ended December 31, 2008, in comparison to \$25,020,000 for the year ended December 31, 2007.

ACNB Corporation remains well capitalized by industry standards. During 2008, we achieved healthy growth in several key areas—including loans, deposits and new business in the Trust & Investment Services area of the Bank. The accomplishments related to the loan and deposit portfolios contributed to record net interest income in 2008 of over \$29 million.

However, risk factors do persist in the general economy, including important areas such as housing and unemployment trends. We continue to fortify our allowance for loan losses in exchange for current earnings during this period of prolonged uncertainty.

Aggregate quarterly cash dividends paid to ACNB Corporation stockholders in 2008 totaled \$4,550,000, or \$.76 per share. This is the same amount that was paid in 2007.

Total assets of ACNB Corporation on December 31, 2008, were \$977 million—an increase of 5% from December 31, 2007. Total deposits increased by 3% over the previous year to \$690 million. Total loans rose by 16% to \$638 million, as compared to December 31, 2007. Stockholders' equity on December 31, 2008, was \$84.4 million compared to \$85.1 million at December 31, 2007.

The success of ACNB Corporation as we move forward is the direct result of the drive, commitment and determination of our coworkers at Adams County National Bank and Russell Insurance Group, Inc. We are thankful for their daily contributions to the work of ACNB Corporation.

We are also grateful for your investment as a stockholder of ACNB Corporation. Your continued support, along with that of our directors, employees and customers, positions ACNB Corporation well for the challenges and opportunities of the future. Thank you for your confidence.



Ronald L. Hankey
Chairman



Thomas A. Ritter
President & CEO



Lynda L. Glass
Executive Vice President &
Secretary



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

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

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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*
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*
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Jane E. Gwyn	Christine R. Settle
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Farmers National Bank of Newville

A Division of Adams County National Bank
Carolyn H. Kough, *Executive Vice President*
James E. Showvaker, *Vice President*
Douglas R. Lindsay, *Assistant Vice President*

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*





2008 FOURTH 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.

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 18 retail banking offices located throughout Adams County, PA, and in Dillsburg and Hanover, York County, PA. In addition, the Bank operates loan offices in Hanover, York County, which opened in February 2009, and Chambersburg, Franklin County, PA. Farmers National Bank of Newville, a division of Adams County National Bank, serves customers at three retail banking offices in the Newville, Cumberland County, PA, area.

Russell Insurance Group, Inc., the insurance subsidiary of ACNB Corporation, offers a broad range of commercial and personal insurance lines through licenses in 33 states, including Maryland and Pennsylvania. This full-service insurance agency has office locations in Westminster, Carroll County, MD, and Germantown, Montgomery County, MD.

Consolidated Statements of Condition *Unaudited*

<i>In thousands</i>	December 31	
	2008	2007
Assets		
Cash and due from banks	\$ 16,925	\$ 19,212
Investment securities:		
Securities held-to-maturity	—	4,150
Securities available-for-sale	252,536	286,346
Total investment securities	252,536	290,496
Loans	638,692	549,377
Less: Allowance for possible loan losses	7,393	5,848
Net loans	631,299	543,529
Premises and equipment	14,457	14,530
Restricted investments in bank stocks	9,170	9,045
Investment in bank-owned life insurance	25,297	24,297
Other assets	26,995	25,556
TOTAL ASSETS	\$ 976,679	\$ 926,665
Liabilities		
Deposits:		
Non-interest bearing	\$ 82,486	\$ 77,192
Interest bearing	607,811	593,448
TOTAL DEPOSITS	690,297	670,640
Short-term borrowings	83,453	30,768
Long-term borrowings	106,951	130,244
Other liabilities	11,539	9,883
TOTAL LIABILITIES	892,240	841,535
Stockholders' Equity		
Common stock (par value \$2.50; 20,000,000 shares authorized; 5,990,943 shares issued; 5,955,943 and 5,990,943 shares outstanding for 2008 and 2007, respectively)	14,977	14,977
Treasury stock (at cost for 35,000 and 0 shares in 2008 and 2007, respectively)	(442)	—
Additional paid-in capital	8,787	8,787
Retained earnings	62,916	61,439
Accumulated other comprehensive loss	(1,799)	(73)
TOTAL STOCKHOLDERS' EQUITY	84,439	85,130
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 976,679	\$ 926,665

This quarterly review may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Actual results and trends could differ materially from those set forth in such statements due to various factors. Some of the factors that could affect results include local economic conditions, competitive factors, regulatory limitations, and other risks and uncertainties, including those detailed in ACNB Corporation's filings with the Securities and Exchange Commission.

Consolidated Statements of Income *Unaudited*

<i>In thousands, except per share data</i>	Year Ended December 31	
	2008	2007
Interest income	\$ 47,921	\$ 51,581
Less: Interest expense	18,897	26,561
Net interest income	29,024	25,020
Less: Provision for possible loan losses	5,570	500
Net interest income after provision for possible loan losses	23,454	24,520
Add: Other income	10,438	10,364
Less: Other expense	26,071	25,030
Income before income taxes	7,821	9,854
Less: Applicable income taxes	1,077	1,917
NET INCOME	\$ 6,744	\$ 7,937
EARNINGS PER SHARE	\$ 1.13	\$ 1.32*
DIVIDENDS PER SHARE	\$ 0.76	\$ 0.76*

**As restated due to the 5% common stock dividend distributed in December 2007.*

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 December 31, 2008, the approximate number of stockholders of record of the Corporation's common stock was 2,602.

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	
December 31, 2008	\$ 15.00	\$ 10.40	\$ 0.19
September 30, 2008	16.40	14.50	0.19
June 30, 2008	16.40	13.52	0.19
March 31, 2008	15.75	14.12	0.19
December 31, 2007	16.85	14.80	0.19
September 30, 2007	17.60	15.95	0.19
June 30, 2007	18.48	17.10	0.19
March 31, 2007	19.38	17.25	0.19

All 2007 amounts restated for the 5% common stock dividend distributed in December 2007.