

FULTON FINANCIAL CORP  
Form DEF 14A  
April 04, 2016

**Table of Contents**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant [X]  
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement  
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
[X] Definitive Proxy Statement  
[ ] Definitive Additional Materials  
[ ] Soliciting Material Pursuant to §240.14a-12

**Fulton Financial Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.  
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: FULTON FINANCIAL CORP - Form DEF 14A

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

**Table of Contents**

**2016 Proxy Statement**

Notice of Annual Meeting of Shareholders  
Monday, May 16 at 10:00 a.m.  
Lancaster, PA

---

Table of Contents

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD  
MONDAY, MAY 16, 2016 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 ( Fulton ) will be held on Monday, May 16, 2016, 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. The election of eleven (11) director nominees to serve for one-year terms;
2. EXECUTIVE COMPENSATION PROPOSAL. A non-binding say on pay ( Say-on-Pay ) resolution to approve the compensation of the named executive officers;
3. RATIFICATION OF INDEPENDENT AUDITOR. The ratification of the appointment of KPMG LLP as Fulton s independent auditor for the fiscal year ending December 31, 2016; and
4. OTHER BUSINESS. 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 February 29, 2016, shall be entitled to be given notice of, to attend and to vote at the meeting. Please take a moment now to cast your vote over the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or, alternatively, if you received paper copies of the Proxy Statement and proxy card, to complete, sign and date the enclosed proxy card and return it in the postage-paid envelope provided. Shareholders attending the Annual Meeting in person may vote in person, even if they have previously voted by proxy.

Voting via the Internet or by telephone is fast and convenient, and your vote is immediately tabulated and confirmed. Your Proxy is revocable and may be withdrawn at any time before it is voted at the meeting. **You are cordially invited to attend the meeting. If you plan on attending, please RSVP that you will attend by returning the Annual Meeting Reservation Form enclosed or print and return the form posted at [www.proxyvote.com](http://www.proxyvote.com).**

A copy of Fulton s Annual Report on Form 10-K accompanies this Proxy Statement.

Sincerely,  
Daniel R. Stolzer  
Corporate Secretary

Enclosures  
April 4, 2016

---

**Table of Contents**

**PROXY STATEMENT**

*Dated and To Be Mailed on or about: April 4, 2016*

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

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 16, 2016 AT 10:00 A.M.

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b><u>ANNUAL MEETING SUMMARY</u></b>	<b>1</b>
<b><u>GENERAL INFORMATION</u></b>	<b>2</b>
<u>Introduction</u>	2
<u>RSVP, Date, Time and Place of Meeting</u>	2
<u>Shareholders Entitled to Vote and Attend Meeting</u>	2
<u>Purpose of Meeting</u>	2
<u>Solicitation of Proxies</u>	3
<u>Revocability and Voting of Proxies</u>	3
<u>Voting Shares Held in Street Name</u>	4
<u>Voting of Shares and Principal Holders Thereof</u>	4
<u>Internet Availability of Proxy Materials</u>	5
<u>Recommendation of the Board of Directors</u>	5
<u>Shareholder Proposals</u>	5
<u>Contacting the Board of Directors</u>	6
<u>Code of Conduct</u>	6
<u>Corporate Governance Guidelines</u>	6
<b><u>SELECTION OF DIRECTORS</u></b>	<b>7</b>
<u>General Information</u>	7
<u>Majority Vote Standard</u>	7
<u>Procedure for Shareholder Nominations</u>	7
<u>Director Qualifications and Board Diversity</u>	8
<b><u>ELECTION OF DIRECTORS Proposal One</u></b>	<b>9</b>
<u>General Information</u>	9
<u>2016 Director Nominees</u>	9
<u>Vote Required</u>	9
<u>Recommendation of the Board of Directors</u>	9
<u>Information about Nominees, Directors and Independence Standards</u>	9
<u>Director Nominee Biographical Information</u>	10
<u>Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners</u>	16
<b><u>INFORMATION CONCERNING THE BOARD OF DIRECTORS</u></b>	<b>18</b>
<u>Meetings and Committees of the Board of Directors</u>	18
<u>Human Resources Committee Interlocks and Insider Participation</u>	18
<u>Other Board Committees</u>	18
<u>Board's Role in Risk Oversight</u>	20
<u>Lead Director and Fulton's Leadership Structure</u>	21
<u>Executive Sessions</u>	21



**Table of Contents**

<u>Annual Meeting Attendance</u>	<u>21</u>
<u>Director Education and Board of Directors Development</u>	<u>21</u>
<u>Legal Proceedings</u>	<u>21</u>
<u>Related Person Transactions</u>	<u>22</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>23</u>
<u>Board of Directors and Committee Evaluations</u>	<u>23</u>
<u>Compensation of Directors</u>	<u>24</u>
<u>Director Compensation Table</u>	<u>25</u>

**INFORMATION CONCERNING COMPENSATION**

<u>Compensation Discussion and Analysis</u>	<u>26</u>
Section	Page
<u>A. Executive Summary</u>	<u>26</u>
<u>B. Shareholder Say-on-Pay Proposal Historical Results</u>	<u>28</u>
<u>C. Pay for Performance</u>	<u>28</u>
<u>D. Compensation Philosophy</u>	<u>29</u>
<u>E. HR Committee Membership and Role</u>	<u>30</u>
<u>F. Role of Management</u>	<u>30</u>
<u>G. Compensation Plan Risk Review</u>	<u>31</u>
<u>H. Use of Consultants</u>	<u>31</u>
<u>I. Use of Peer Groups</u>	<u>32</u>
<u>J. Elements of Executive Compensation</u>	<u>32</u>
<u>K. Employment Agreements</u>	<u>38</u>
<u>L. Other Compensation Elements</u>	<u>39</u>
<u>Human Resources Committee Report</u>	<u>41</u>
<u>Summary Compensation Table</u>	<u>42</u>
<u>Grants of Plan-Based Awards Table</u>	<u>45</u>
<u>Outstanding Equity Awards at Fiscal Year-End Table</u>	<u>46</u>
<u>Option Exercises and Stock Vested Table</u>	<u>48</u>
<u>Pension Benefits Table</u>	<u>48</u>
<u>Nonqualified Deferred Compensation Table</u>	<u>49</u>
<u>Potential Payments Upon Termination and Golden Parachute Compensation Table</u>	<u>50</u>

**NON-BINDING SAY-ON-PAY RESOLUTION TO APPROVE THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS Proposal Two**

<u>Recommendation of the Board of Directors</u>	<u>54</u>
---	-----------

**RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS**

55

**RATIFICATION OF INDEPENDENT AUDITOR Proposal Three**

<u>Recommendation of the Board of Directors</u>	<u>56</u>
---	-----------

**ADDITIONAL INFORMATION**

<u>Annual Report on Form 10-K</u>	<u>57</u>
<u>Householding of Proxy Materials</u>	<u>57</u>
<u>Sign Up for Electronic Delivery</u>	<u>57</u>

**OTHER MATTERS**

58

**EXHIBITS**

<u>Report of Audit Committee</u>	<u>Exhibit A</u>
----------------------------------	------------------





**Table of Contents**

**ANNUAL MEETING SUMMARY**

The annual meeting of the shareholders of Fulton (the Annual Meeting ) for 2016 will be held on Monday, May 16, 2016, at 10:00 a.m., at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania. The Board of Directors has approved an agenda consisting of four items for the Annual Meeting, as described in the meeting notice and in more detail herein.

**Proposal 1 (Page 9)**

The election of the eleven (11) director nominees identified in this Proxy Statement.

**Proposal 2 (Page 54)**

The approval of the non-binding Say-on-Pay resolution to approve the compensation of the named executive officers.

**Proposal 3 (Page 56)**

The ratification of the appointment of KPMG LLP as Fulton s independent auditor for the fiscal year ending December 31, 2016.

The Board of Directors recommends that shareholders vote **FOR** the election of the eleven (11) director nominees identified in this Proxy Statement, **FOR** the approval of the non-binding Say-on-Pay 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, 2016.

You can vote your shares via the Internet by visiting [www.proxyvote.com](http://www.proxyvote.com) and entering your control number.

You can vote your shares by telephone using your control number by calling 1-800-690-6903.

If you received a paper copy of the Proxy Statement, you can vote your shares by signing and returning your proxy card by mail.

You can vote in person at the Annual Meeting with your Proxy Card or legal proxy if shares are held in street name. (See Voting Shares Held in Street Name on Page 4 for more information.)

If you would like to save paper and reduce the costs incurred by Fulton in printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please go to [www.proxyvote.com](http://www.proxyvote.com) and have your proxy card and control number in hand when you access the website, then follow the instructions at [www.proxyvote.com](http://www.proxyvote.com) to obtain your records and to create an electronic voting instruction form. Follow the instructions for voting by Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

## Table of Contents

### GENERAL INFORMATION

#### Introduction

Fulton Financial Corporation, a Pennsylvania business corporation and registered financial holding company, 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 (some of which have since been merged together), Fulton Bank adopted a national charter, and today Fulton owns the following community banks: FNB Bank, N.A., Fulton Bank, N.A., Fulton Bank of New Jersey, Lafayette Ambassador Bank, Swineford National Bank and The Columbia Bank.

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 branch and operational facilities are located); 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 will be held on Monday, May 16, 2016, 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. In order for Fulton to plan and prepare for the proper number of shareholders, if you plan on attending, **please RSVP and confirm that you will attend by completing and returning the Annual Meeting Reservation Form enclosed. If you received a Notice of Internet Availability of Proxy Materials, or if you requested proxy materials by email, please print and return the Annual Meeting Reservation Form posted at [www.proxyvote.com](http://www.proxyvote.com) if you plan to attend the Annual Meeting. 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 parking locations, please consult the Lancaster Parking Authority website at [www.lancasterparkingauthority.com](http://www.lancasterparkingauthority.com), or consult the information in the Annual Meeting Invitation and Reservation Form. Each shareholder may be asked to present valid picture identification, such as a driver's license, and proof of share ownership, such as a copy of a brokerage statement or a copy of your ballot. Large bags, cameras, cell phones, recording devices and other electronic devices will not be permitted at the Annual Meeting, and individuals not complying with this request are subject to dismissal from the Annual Meeting. In the event of an adjournment, postponement or emergency that may change the Annual Meeting's time, date, or location, Fulton will make an announcement, issue a press release or post information at [www.fult.com](http://www.fult.com) to notify shareholders as appropriate. The information on our website is not part of this Proxy Statement. References to Fulton's website in this Proxy Statement are intended to serve as inactive textual references only.

This Proxy Statement relates to the Annual Meeting of shareholders to be held on Monday, May 16, 2016 at 10:00 a.m. Attendance at the Annual Meeting will be limited to shareholders of record at the close of business on February 29, 2016 (the Record Date), their authorized representatives and guests of Fulton.

#### Shareholders Entitled to Vote and Attend Meeting

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

#### Purpose of Meeting

Fulton shareholders will be asked to consider and vote upon the following matters at the Annual Meeting: (i) the election of eleven (11) director nominees to serve for one-year terms; (ii) the non-binding Say-on-Pay resolution to approve the compensation of the named executive officers; (iii) the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2016; and (iv) such other business as may be properly brought before the Annual Meeting and any adjournments thereof.



## **Table of Contents**

### **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 Monday, May 16, 2016, and any adjournments or postponements 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. 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 Annual Meeting. The fee for such services is estimated at \$7,000, plus reimbursement for reasonable research, distribution and mailing costs.

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.

### **Revocability and Voting of Proxies**

The execution and return of the enclosed proxy card, or voting by another method, 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 or Assistant Corporate Secretary of Fulton, sending a new proxy card at any time before the shares are voted by the proxy at the Annual Meeting, or by voting by another method at any time before the applicable deadline for voting set forth on the proxy card. Unless revoked, any proxy given pursuant to this solicitation will be voted at the Annual Meeting, including any adjournment or postponement thereof, 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 eleven (11) director nominees identified in this Proxy Statement, FOR the approval of the non-binding Say-on-Pay 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, 2016. 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 Annual 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) under the Securities Exchange Act of 1934, as amended (the Exchange Act). 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.

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), will be voted by Fulton Financial Advisors, a division of Fulton Bank, N.A., as plan trustee (Plan Trustee) in accordance with the instructions of each participant as set forth in the proxy card sent to the participant with respect to such shares. To allow sufficient time for the Plan Trustee to vote, participants' voting instructions must be received by May 11, 2016.

Each participant in the 401(k) Plan (or the beneficiary of a deceased participant) is entitled to direct the Plan Trustee how to vote shares of common stock of Fulton which are allocated to his or her account under the 401(k) Plan on any matter on which other holders of Fulton's common stock are entitled to vote. If no direction is given, then the 401(k) Plan shares will not be voted by the Plan Trustee. The Plan Trustee has established procedures that are designed to safeguard the confidentiality of information about each Plan Participant's purchase, holding, sale and voting of the common stock. If a 401(k) Plan Participant has questions about these procedures or concerns about the confidentiality of this information, please contact the Retirement Plan Administrative Committee and direct the inquiry to Fulton Financial Corporation, Attn: RPAC Benefits, P.O. Box 4887, One Penn Square, Lancaster, PA 17604.

## **Table of Contents**

### **Voting Shares Held in Street Name**

If you hold shares in street name with a bank or broker, it is important that you instruct your bank or broker how to vote your shares if you want your shares to be voted on the election of directors (Proposal 1 of this Proxy Statement) and on the non-binding Say-on-Pay resolution to approve the compensation of the named executive officers (Proposal 2 of this Proxy Statement). 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 Proposal 2 of this Proxy Statement, no votes will be cast on your behalf for the election of directors or Proposal 2. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of Fulton's independent auditor (Proposal 3 of this Proxy Statement) and other matters that your bank or broker considers routine. If you hold shares in street name with a bank or broker and you wish to vote your shares in person at the Annual Meeting, you will need to obtain a legal proxy from your bank or broker authorizing you to vote the shares at the Annual Meeting.

### **Voting of Shares and Principal Holders Thereof**

At the close of business on the Record Date, Fulton had 173,361,338 shares of common stock outstanding and entitled to vote. There is no other class of capital stock outstanding. As of the Record Date 2,468,604 shares of Fulton common stock were held by Fulton Financial Advisors (FFA), a division of Fulton Bank, N.A., as the Plan Trustee, or in a fiduciary capacity for fiduciary accounts. The shares held in this manner, in the aggregate, represent approximately 1.42% of the total shares outstanding. Shares that are held in the applicable plan are voted by the beneficiaries. Shares for which FFA serves as a co-fiduciary will be voted by the co-fiduciary, unless the co-fiduciary declines to accept voting responsibility, in which case, FFA will vote to abstain on all proposals. Shares for which FFA serves as sole trustee of a revocable trust, shares for which FFA acts as agent for an investment management account, and shares for which FFA acts as custodian for a custodial account, are voted by the settlor of the revocable trust and the principal of the agency or custodial account unless the governing document provides for FFA to vote the shares, in which case FFA will vote to abstain on all proposals. Shares for which FFA is acting as sole trustee of an irrevocable trust or as guardian of the estate of a minor or an incompetent person are voted by FFA, and in such cases, FFA will vote to abstain on all proposals.

The holders of a majority of the outstanding common stock present in person or by proxy at the Annual Meeting constitute 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 which casts a vote on any matter, other than a procedural matter, as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked or designated as casting a vote or abstaining on a particular matter. Likewise, the judge of election will treat shares of common stock represented by broker non-votes as present for purposes of determining a quorum if such shares have been voted on any matter other than a procedural matter.<sup>1</sup>

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 eleven (11) candidates receiving the highest number of votes cast at the Annual Meeting shall be elected to the Board of Directors for terms of one (1) year. The affirmative vote of a majority of the common stock present or represented by proxy and voting at the Annual Meeting is required for approval of the non-binding Say-on-Pay resolution to approve the compensation of the named executive officers and the ratification of Fulton's independent auditor.

---

<sup>1</sup> 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.



## **Table of Contents**

Abstentions and broker non-votes may be counted as shares that are present at the Annual Meeting for determining the presence of a quorum if such shares are voted on at least one non-procedural matter at the meeting, but will not be counted as votes cast on the election of directors, the non-binding Say-on-Pay resolution to approve the compensation of the named executive officers, or the ratification of Fulton's independent auditor. Abstentions and broker non-votes will have no effect on the election of directors, the non-binding Say-on-Pay 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 5% of the outstanding common stock of Fulton, except those listed on page 16 under Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners.

## **Internet Availability of Proxy Materials**

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 16, 2016**

In accordance with the rules of the Securities and Exchange Commission (the SEC), Fulton is advising its shareholders that Fulton is furnishing proxy materials (i.e., this Proxy Statement, 2015 Annual Report and proxy card) to some of Fulton's shareholders on the Internet at [www.proxyvote.com](http://www.proxyvote.com) rather than mailing paper copies of the materials to those shareholders. As a result, some shareholders will receive a Notice of Internet Availability of Proxy Materials and other shareholders will receive paper copies of this Proxy Statement, the 2015 Annual Report and proxy card. The Notice of Internet Availability of Proxy Materials contains instructions on how to access this Proxy Statement, the 2015 Annual Report and proxy card over the Internet, instructions on how to vote shares, as well as instructions on how to request a paper copy of our proxy materials, if shareholders so desire. Fulton believes electronic delivery should expedite the receipt of materials, significantly lower costs and help to conserve natural resources.

Whether shareholders receive the Notice of Internet Availability of Proxy Materials or paper copies of the proxy materials, the Proxy Statement, the 2015 Annual Report, the proxy card, and any amendments to the foregoing materials that are required to be furnished to shareholders, are available for review online at <http://materials.proxyvote.com/360271>.

This Proxy Statement and our 2015 Annual Report also are available in the Investor Relations section of Fulton's website at [www.fult.com](http://www.fult.com). Shareholders may access this material by choosing the Investor Relations tab at the top of the page, and then SEC Filings from the items listed in the Investor Relations section.

## **Recommendation of the Board of Directors**

**The Board of Directors recommends that shareholders vote FOR the election of the eleven (11) director nominees identified in this Proxy Statement, FOR the approval of the non-binding Say-on-Pay 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, 2016.**

## **Shareholder Proposals**

Under SEC rules, shareholder proposals intended to be considered for inclusion in Fulton's Proxy Statement and form of proxy for the 2017 Annual Meeting must be received at the principal executive offices of Fulton at One Penn Square, Lancaster, Pennsylvania no later than December 5, 2016. In addition, any shareholder proposal not received at Fulton's principal executive offices by February 18, 2017, which is forty-five (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 2017 Annual Meeting, the proxy holders will be able to exercise discretionary authority in voting on any such proposal to the extent authorized by Rule 14a-4(c) under the Exchange Act. All shareholder proposals must comply with Rule 14a-8 under the Exchange Act, as well as Fulton's Bylaws.

Generally, under applicable SEC rules, 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 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





## **Table of Contents**

intention to continue to hold the stock through the date of the 2017 Annual Meeting. The shareholder, or a qualified representative, must attend the 2017 Annual Meeting in person to present the proposal. The shareholder must also continue to hold the applicable amount of Fulton common stock through the date of the 2017 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's Code of Conduct (the "Code of Conduct") governs the conduct of its directors, officers and employees. Fulton provides the Code of Conduct to each director, officer and employee when starting their position, and they are required to annually acknowledge their review of the Code of Conduct. The Code of Conduct was last updated in 2014, after a review by the Nominating and Corporate Governance Committee. Fulton's employees and directors are expected to recognize and avoid conflicts of interest situations in which personal interest or relationships interfere with, might interfere with, or appear to interfere with, their responsibilities to Fulton. A current copy of the Code of Conduct 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 of Conduct, future amendments and any waivers are also posted and available on Fulton's website at [www.fult.com](http://www.fult.com).

## **Corporate Governance Guidelines**

Fulton has adopted Corporate Governance Guidelines (the "Governance Guidelines") that include guidelines and Fulton's policy regarding the following topics: (1) the size of the Board of Directors; (2) director qualifications; (3) majority vote standard; (4) service on other boards and director change in status; (5) meeting attendance and review of meeting materials; (6) director access to management and independent advisors; (7) designation of a Lead Director; (8) executive sessions; (9) Chief Executive Officer ("CEO") evaluation and succession planning; (10) Board of Directors and committee evaluations; (11) stock ownership guidelines; (12) communications by interested parties; (13) Board of Directors and committee minutes; (14) Codes of Conduct; and (15) disclosure and update of the Governance Guidelines. On January 21, 2014, the Governance Guidelines were amended to add a majority vote standard for an uncontested election of directors. The Governance Guidelines were updated on June 17, 2014 to add the provision that Fulton encourages each member of the Board of Directors to attend outside education programs of relevance to their board service as one component of its corporate governance and general board education process, and again on July 21, 2015 to remove a provision expressing a general preference in the selection of directors for candidates working or living in the markets where Fulton operates, or in markets contiguous to those markets. A copy of the current 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 Governance Guidelines are also posted and available on Fulton's website at [www.fult.com](http://www.fult.com).

## **Table of Contents**

### **SELECTION OF DIRECTORS**

#### **General Information**

The Bylaws of Fulton provide that the Board of Directors shall consist of at least five (5) but not more than thirty-five (35) persons, and that the Board of Directors shall determine the number of directors. Pursuant to Fulton's Bylaws, as amended, all nominees elected to the Board of Directors are elected for one-year terms.

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 may 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. In addition, Fulton has adopted a Voluntary Resignation Policy, last amended in January 2014, for directors that generally requires a director to tender his or her resignation when the director's effectiveness as a member of the Board of Directors may be substantially impaired. Circumstances that require a resignation to be submitted include, but are not limited to: (i) a director failing to attend at least 62.5% of meetings of the Board of Directors or its committees without a valid excuse; (ii) unless such an event is promptly cured to the satisfaction of Fulton, any extension of credit by any of Fulton's subsidiary 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 (60) or more days past due, or restructured; b) assigned a risk rating of "substandard" or less; or c) not in material compliance with Board of Governors of the Federal Reserve System's Regulation O (12 C.F.R. Part 215) ("Regulation O"); and (iii) a nominee for director does not receive a majority of the votes cast in an uncontested election for the Board of Directors. While the 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.

#### **Majority Vote Standard**

In January 2014, Fulton's Nominating and Corporate Governance Committee recommended, and the Board of Directors adopted, a majority vote standard for uncontested director elections by revising the Governance Guidelines and the Voluntary Resignation Policy for directors. In an uncontested election for the Board of Directors at a Fulton annual meeting of shareholders, any nominee for director who does not receive a majority of the votes cast is required to promptly tender his or her resignation following certification of the shareholder vote. As further described in the Governance Guidelines, the Nominating and Corporate Governance Committee shall consider the resignation tendered and recommend to the Board of Directors whether to accept it.

#### **Procedure for Shareholder Nominations**

Section 3 of Article II of Fulton's Bylaws requires shareholder nominations of director candidates 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 SEC under the Exchange Act. For the 2017 Annual Meeting this deadline date is December 5, 2016. 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

**Table of Contents**

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 subject to the same standard of review as nominees of Fulton's Board of Directors or its Nominating and Corporate Governance Committee.

**Director Qualifications and Board Diversity**

In considering any individual nominated for membership on the Board of Directors, 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, the individual's familiarity with one or more of the communities in which the Corporation is located or is seeking to locate, and the diversity the individual may provide to the Board of Directors and its committees. Fulton does not have a separate written policy regarding 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, national origin 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 of Directors, 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](http://www.fult.com). The Nominating and Corporate Governance Committee is responsible for the Governance Guidelines and for recommending director nominees to the Board of Directors. A third party search firm was retained by the Nominating and Corporate Governance Committee to assist Fulton in identifying and evaluating potential nominees during 2015, including Director Spair. The Nominating and Corporate Governance Committee also considers nominees for director that are recommended by various persons or entities, including, but not limited to, non-management directors, Fulton's chief executive officer, other senior officers and third parties. Information on the experience, qualifications, attributes or skills of Fulton's director nominees is described under Director Nominee Biographical Information below.

**Table of Contents**

**ELECTION OF DIRECTORS PROPOSAL ONE**

**General Information**

For the 2016 Annual Meeting, the Board of Directors has fixed the number of directors at eleven (11). Pursuant to Fulton's Bylaws, as amended, nominees to the Board of Directors are elected for one-year terms. The Board of Directors has nominated the following eleven (11) people for election to the Board of Directors for a term of one year:

**2016 Director Nominees**

Lisa Crutchfield	Denise L. Devine	Patrick J. Freer
George W. Hodges	Albert Morrison III	James R. Moxley III
R. Scott Smith, Jr.	Ronald H. Spair	Mark F. Strauss
Ernest J. Waters	E. Philip Wenger	

Each of the above director 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 2016 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 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 by a majority of the shares voted at the Annual Meeting.

**Vote Required**

The eleven (11) 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.

Under the Governance Guidelines, in an uncontested election of directors, any nominee for director who does not receive a majority of the votes cast is required to promptly tender his or her resignation following certification of the shareholder vote. As further described in the Governance Guidelines, the Nominating and Corporate Governance Committee shall consider the resignation tendered and recommend to the Board of Directors whether to accept it.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that shareholders vote FOR the election of the eleven (11) director nominees identified in this Proxy Statement to serve for one-year terms.**

**Information about Nominees, Directors and Independence Standards**

Information concerning the experience, qualifications, attributes or skills of the eleven (11) persons nominated by Fulton for election to the Board of Directors at the 2016 Annual Meeting 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. The Board of Directors determined that ten (10) of Fulton's eleven (11) director nominees are independent, as defined in the applicable NASDAQ listing standards. Specifically, the Board of Directors found that Directors Crutchfield, Devine, Freer, Hodges, Morrison, Moxley, Smith, Spair, Strauss and Waters 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 and the Human Resources Committee (the HR Committee) of the Board of Directors meet the requirements for independence under the NASDAQ listing standards, and the rules and regulations of the SEC for service on the Audit Committee or the HR Committee, as applicable. In reviewing director independence, the Board of Directors considered the relationships and other arrangements, if any, of each director. The other types of

relationships and transactions that were reviewed and considered are more fully described in Related Person Transactions on page 22.

**Table of Contents**

**Director Nominee Biographical Information**

The following information regarding each director nominee's background, experience, qualifications, attributes or skills represents the information that led Fulton to conclude that these persons should be nominated to serve as a director of Fulton.

<b>LISA CRUTCHFIELD (Independent Director)</b>	
<b>Age:</b> 53	<p>Ms. Crutchfield has been a Director of Unifil Corporation (NYSE:UTL) from 2012 to present. Since September of 2013, Ms. Crutchfield has led the CEO Council for Growth. Prior to her role at the CEO Council, she served as executive vice president and chief regulatory and compliance officer for National Grid USA from 2008 to 2011. In this role, Ms. Crutchfield also served as a non-independent director on the board of National Grid USA. She has also held executive roles with PECO Energy Company, TIAA-CREF and Duke Energy. In 1993, Crutchfield was appointed to serve as vice chairman of the Pennsylvania Public Utility Commission. Ms. Crutchfield is a graduate of Yale University with a B.A. in economics and political science. She is also a graduate of the Harvard School of Business and holds a M.A. of Business Administration, with a distinction in finance.</p> <p>Ms. Crutchfield brings more than 20 years of experience leading corporate teams and has extensive knowledge of the financial industry and business practices with expertise in risk mitigation, compliance and regulatory matters.</p>
<b>Fulton Director since:</b> 2014	
<b>Committees:</b>	
Executive - Member Nominating and Corporate Governance - Vice Chair Risk - Chair	

<b>DENISE L. DEVINE (Independent Director)</b>	
<b>Age:</b> 60	<p>Ms. Devine is the founder and the Chief Executive Officer of FNB Holdings, LLC, a company dedicated to initiatives in the health and wellness space. Ms. Devine was also founder and the Chief Executive Officer of Nutripharm, Inc., a company that has generated a portfolio of composition and process patents to create innovative natural food, beverage, pharmaceutical and nutraceutical products that facilitate nutrition and lifelong health. She has also been dedicated to developing and marketing convenient and natural beverage and snack solutions for the healthy growth and development of children. Ms. Devine, a certified public accountant, also previously served as Chief Financial Officer for Energy Solutions International and in financial management positions for Campbell Soup Company. Ms. Devine has served as Chair of the Pennsylvania State Board of Accountancy and on the Board of the American Institute of CPAs. Ms. Devine was a member of the Board of Trustees of Villanova University from 2005 to 2015, where she was the Chair of the Audit and Risk Committee. She has also served as a member of the Board of Trustees of Lourdes Health System since 2010.</p> <p>Ms. Devine has substantial management, business and finance experience, which adds valuable outside experience to Fulton's Board of Directors and its committees. She received an MBA from the Wharton School of the University of Pennsylvania, an M.S. in Taxation from Villanova Law School, and a B.S. in Accounting from Villanova University, where she graduated first in her class.</p>
<b>Fulton Director since:</b> 2012	
<b>Committees:</b>	
Audit - Member and financial expert Executive - Member Human Resources - Chair	

**Table of Contents**

**PATRICK J. FREER** (Independent Director)

**Age:** 66 Mr. Freer was a Director of Lebanon Valley Farmers Bank, formerly known as Farmers Trust Bank, from 1980 until it was combined with Fulton Bank in 2007. He is the President of Strickler Insurance Agency, Inc. (insurance broker) and a Certified Insurance Counselor.

**Fulton Director since:** 1996

**Committees:** 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 fifteen (15) years on its Board of Directors and as a bank director from 1980 to 2007. Mr. Freer has long been an active member in his community, helping with numerous capital campaigns and community projects. Mr. Freer has been a board member of the American Cancer Society, Lebanon County Economic Development Authority, Center of Lebanon Association and the Lebanon County Mental Health Association and has served as past president of the Lebanon Valley Sertoma Club and Lebanon County Christian Ministries.

Executive - Member  
Human Resources Vice Chair  
Nominating and Corporate  
Governance Committee - Chair

**GEORGE W. HODGES** (Independent Director and Lead Director)

**Age:** 65 Mr. Hodges currently serves as Lead Director of Fulton and was a Director of Drovers & Mechanics Bank, until it was merged into Fulton Bank in 2001, and has served on the Board of Directors of Fulton Bank since 2012. He has been a Director of York Water Company (NASDAQ:YORW) from 2000 to present and served as Chairman since 2011, Director of The Wolf Organization, Inc. from 2008 to 2015 (regional distributor and sourcing company of kitchen and bath products and specialty building products), a Director of Burnham Holdings, Inc. from 2006 to present, the parent company of fourteen subsidiaries that are leading domestic manufacturers of boilers and related HVAC products and accessories (including furnaces, radiators and air conditioning systems), for residential, commercial and industrial applications, and has served on the boards of various for profit, non-profit and community organizations. Mr. Hodges 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.

**Fulton Director since:** 2001

**Committees:** 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, and has completed the requirements for the National Association of Corporate Directors ( NACD ) Board Leadership Fellow Program from 2012 to 2015.

Audit Vice Chair and financial expert  
Executive - Chair  
Human Resources - Member

**Table of Contents**

**ALBERT MORRISON III** (Independent Director)

<p><b>Age:</b> 69</p> <p><b>Fulton Director since:</b> 2012</p> <p><b>Committees:</b></p> <p>Audit Chair and financial expert                  Executive Vice Chair                  Risk Committee Member                  Special Joint Board Compliance -                  Member</p>	<p>Since 2002, Mr. Morrison has served as the Chairman of the Board of Burnham Holdings, Inc., the parent company of fourteen subsidiaries that are leading domestic manufacturers of boilers and related HVAC products and accessories (including furnaces, radiators and air conditioning systems), for residential, commercial and industrial applications. Mr. Morrison was elected as a director of Burnham in 1986, and became President and Chief Executive Officer of Burnham in 1988. Mr. Morrison retired as Chief Executive Officer, effective in April 2012, after thirty-eight years of service with Burnham Holdings, Inc.</p> <p>As a long-time Chief Executive Officer and director of a manufacturing company, Mr. Morrison brings extensive business, financial, acquisition and human resources skills to Fulton's Board of Directors.</p>
--	---

**JAMES R. MOXLEY III** (Independent Director)

<p><b>Age:</b> 55</p> <p><b>Fulton Director since:</b> 2015</p> <p><b>Committees:</b></p> <p>Nominating and Corporate                  Governance - Member                  Risk Vice Chair                  Special Joint Board Compliance                  Vice Chair</p>	<p>In addition to being a director of Fulton, Mr. Moxley has been a director of The Columbia Bank since 1999. He is admitted and licensed to practice law in Maryland and a former real estate attorney with Venable, Baetjer and Howard, now known as Venable LLP (law firm). Since 1992, Mr. Moxley has served as a Principal of Security Development Corporation (a Washington-Baltimore real estate land development company engaged primarily in retail and multifamily projects). He has served as the past Board Chair and has been a trustee of Glenelg Country School from 1996 to present. He has also served as a trustee of the Howard Hospital Foundation from 2014 to present, as a Founding Director of the Real Estate Charitable Foundation of Maryland from 2015 to present, and is active on numerous governmental and community boards and committees in Maryland.</p> <p>Mr. Moxley brings banking expertise to Fulton's Board of Directors that he gained as a director of The Columbia Bank. He also has extensive business, tax and legal experience related to the acquisition, financing, and development of commercial and residential real estate. Mr. Moxley's longstanding board service at Fulton's affiliate bank in Maryland also imparts corporate governance and supervisory skills.</p>
---	---



**Table of Contents**

**R. SCOTT SMITH, JR.** (Independent Director)

**Age:** 69

**Fulton Director since:** 2001

**Committees:**

Risk - Member

Mr. Smith is the retired Chairman of the Board and Chief Executive Officer of Fulton. He served as Chairman of the Board and CEO from January 2006 to December 2012 and also served as a Director of Fulton Bank from 1993 to 2002. He was a Director of The Federal Reserve Bank of Philadelphia from 2010 to 2013 and a member of the Federal Advisory Council to the Board of Governors of the Federal Reserve System from 2008 to 2010. Mr. Smith was a Director of the American Bankers Association from 2006 to 2009, was employed by Fulton from 1978 to 2012 in various positions and worked in financial services since 1969. In 2014, Mr. Smith became a director of Herr Foods, Inc. (snack food manufacturer), and IREX Corp. (a specialty contracting organization), and he continues to be active in the Lancaster community.

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

**RONALD H. SPAIR** (Independent Director)

**Age:** 60

**Fulton Director since:** 2015

**Committees:**

Audit - Member and financial expert

Human Resources - Member

Mr. Spair has served as the Chief Financial Officer, Chief Operating Officer and a member of the Board of Directors of OraSure Technologies, Inc. (NASDAQ:OSUR), a diagnostic and medical device company headquartered in Bethlehem, Pennsylvania, since September 2006, and as Executive Vice President and Chief Financial Officer since November 2001. Since 2013, Mr. Spair has also served on the board of Pennsylvania Bio, a state trade association for the life sciences community in the Commonwealth of Pennsylvania. He is a certified public accountant, a chartered global management accountant and holds an MBA from Rider College.

Mr. Spair brings his public company executive experience and financial expertise to Fulton's Board of Directors. Mr. Spair has also had extensive experience negotiating mergers and acquisitions, development and licensing transactions and corporate financings.

**Table of Contents**

<b>MARK F. STRAUSS (Independent Director)</b>	
<b>Age:</b> 64	Mr. Strauss has served as Director of Fulton Bank of New Jersey since 2011, and as a Director of Skylands Community Bank prior to its merger with Fulton Bank of New Jersey. He has served as Senior Vice President of Corporate Strategy and Business Development at American Water Works Company, Inc. (NYSE: AWK), the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. Mr. Strauss is responsible for working with the senior management team to link overall strategy and major growth efforts for American Water's regulated and competitive operations.
<b>Fulton Director since:</b> 2016	
<b>Committees:</b>	
Human Resources - Member	From December 2006 to September 2010, Mr. Strauss served as President of American Water Enterprises, which owns and operates several of American Water's market-based businesses. In this role, Mr. Strauss oversaw American Water's non-regulated business units that offer operations and maintenance contract services across the United States and Canada, including water and wastewater management for military bases, service-line protection programs, design, construction and operation of community onsite water and wastewater systems, and other innovative solutions that address a variety of challenges facing the industry.
Nominating and Corporate Governance - Member	
Special Joint Board Compliance - Member	Mr. Strauss has legal and executive skills and is admitted and licensed to practice law in New Jersey.

<b>ERNEST J. WATERS (Independent Director)</b>	
<b>Age:</b> 66	In addition to serving as a Director of Fulton, Mr. Waters has also been a Director of Fulton Bank, N.A. since 2011. Mr. Waters retired from Metropolitan Edison, a FirstEnergy company, in 2009, where he served as the Area Vice President and Area Manager. Mr. Waters joined the FirstEnergy companies (an investor-owned utility) in 1976 and held various positions in Auditing and Marketing during his tenure. He also served as an expert accounting witness in setting rates before the Pennsylvania Public Utility Commission. Prior to joining the FirstEnergy companies, Mr. Waters was a public accountant and business consultant in Philadelphia. He is a former certified public accountant and holds an MBA from the University of Pittsburgh. Since 2007, Mr. Waters has served on the Board of Directors of the York Water Company (NASDAQ: YORW) where he chairs their Compensation Committee and is a member of the Audit Committee. He has served as a director on the board of Pace Resources, Inc. since 2015. In addition, Mr. Waters has served at leadership and committee levels with numerous community and nonprofit organizations. He is the past Chairman of the Board of York Hospital and is currently a member of the Board, and chairs the Audit Committee for Wellspan Health, York Hospital's parent company.
<b>Fulton Director since:</b> 2012	
<b>Committees:</b>	
Audit - Member and financial expert	Mr. Waters has business, regulatory, leadership, board service and accounting expertise that brings valuable perspectives to Fulton's Board of Directors and has completed the requirements for the NACD Board Leadership Fellow Program for 2014 and 2015.
Executive - Member	
Risk - Member	
Special Joint Board Compliance - Chair	

**Table of Contents**

**E. PHILIP WENGER (Chairman of the Board)**

**Age:** 58

**Fulton Director since:** 2009

**Committees:**

Executive - Member  
Special Joint Board Compliance  
Member

Mr. Wenger became Chairman of the Board, Chief Executive Officer and President of Fulton effective on January 1, 2013. He previously served as President and Chief Operating Officer of Fulton from 2008 to 2012, a Director of Fulton Bank from 2003 to 2009, Chairman of Fulton Bank from 2006 to 2009 and has been employed by Fulton in a number of positions since 1979. In addition, Mr. Wenger serves or has served on the Board of Directors for the Pennsylvania Chamber of Commerce, the Economic Development Company of Lancaster County, and the Lancaster County YMCA Foundation. He is a past chair of the Lancaster Chamber of Commerce.

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.

**Table of Contents****Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners**

The following table sets forth the number of shares of common stock beneficially owned<sup>1</sup> as of the Record Date by each director nominee, and the named executive officers, Messrs. Wenger, Rohrbaugh, Barrett, Roda and Myers, (collectively the Named Executive Officers or the Executives; and individually, an Executive ) and those persons known to be the beneficial owner of more than 5% of Fulton's common stock. 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 5% of the outstanding common stock of Fulton. Unless otherwise indicated in a footnote, shares shown as beneficially owned by each director nominee and each Executive are held individually by the person. The director nominees and the Executives of Fulton, as a group, owned of record and beneficially 1,300,064 shares of Fulton common stock, representing 0.75% 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 <sup>2 3 4</sup>	Percent of Class
Patrick S. Barrett	Senior Executive Vice President and Chief Financial Officer	32,039 <sup>5</sup>	*
Lisa Crutchfield	Director Nominee	4,171	*
Denise L. Devine	Director Nominee	10,106 <sup>6</sup>	*
Patrick J. Freer	Director Nominee	107,206 <sup>7</sup>	*
George W. Hodges	Director Nominee	43,181 <sup>8</sup>	*
Albert Morrison III	Director Nominee	28,690	*
James R. Moxley III	Director Nominee	107,997 <sup>9</sup>	*
Curtis J. Myers	Senior Executive Vice President	152,775 <sup>10</sup>	
Craig A. Roda	Senior Executive Vice President	149,245 <sup>11</sup>	*
Philmer H. Rohrbaugh	Senior Executive Vice President and Chief Risk Officer	36,176 <sup>12</sup>	*
R. Scott Smith, Jr.	Director Nominee	312,620 <sup>13</sup>	*
Ronald H. Spair	Director Nominee	1,305	*
Mark F. Strauss	Director Nominee	15,514 <sup>14</sup>	
Ernest J. Waters	Director Nominee	15,095 <sup>15</sup>	*
E. Philip Wenger	Director Nominee, Chairman of the Board, President and Chief Executive Officer	283,943 <sup>16</sup>	*
<b>Total Ownership</b>	Director Nominees and Executives as a Group (15 Persons)	1,300,064	0.75%

**Beneficial Owners  
Holding More than 5%**

BlackRock, Inc. <sup>17</sup> 55 East 52nd Street New York, NY 10055	N/A	15,527,152	8.9%
The Vanguard Group <sup>18</sup> 100 Vanguard Blvd. Malvern, PA 19355	N/A	12,231,997	7.02%
Dimensional Fund Advisors LP <sup>19</sup> Building One 6300 Bee Cave Road Austin, TX 78746	N/A	12,197,980	7.01%



**Table of Contents**

---

<sup>1</sup> Beneficial ownership is determined in accordance with SEC Rule 13d-3, which provides that a person is deemed to own any stock for which that person has or shares: (i) voting power, which includes the power to vote or to direct the voting of the stock; or (ii) investment power, which includes the power to dispose or direct the disposition of the stock; or (iii) the right to acquire beneficial ownership within 60 days after the Record Date.

<sup>2</sup> Includes 194,502 shares issuable upon the exercise of vested stock options and 96,188 shares of unvested restricted stock, which have been treated as outstanding shares for purposes of calculating the percentage of outstanding shares owned by director and the Executives as a group.

<sup>3</sup> As of the Record Date, none of the listed individuals had pledged Fulton stock.

<sup>4</sup> Fulton has established stock ownership guidelines for Fulton directors and certain officers. See a description of the ownership requirements on page 39.

<sup>5</sup> Mr. Barrett's ownership includes 32,039 shares of unvested restricted stock.

<sup>6</sup> Ms. Devine's ownership includes 1,000 shares held jointly with her spouse.

<sup>7</sup> Mr. Freer's ownership includes 95,236 shares held jointly with his spouse and 338 shares held solely by his spouse.

<sup>8</sup> Mr. Hodges' ownership includes 21,430 shares held in a 401(k) plan.

<sup>9</sup> Mr. Moxley's ownership includes 39,115 shares held by the Moxley Family Trust, 1,021 shares held solely by his spouse, 15,305 shares held by Mr. Moxley as custodian for his children and 10,104 shares held in a 401(k) plan.

<sup>10</sup> Mr. Myers' ownership includes 6,376 shares of unvested restricted stock, 43,011 shares held in Fulton's 401(k) Plan, 72,676 shares which may be acquired pursuant to the exercise of vested stock options and 24,861 shares held jointly with spouse.

<sup>11</sup> Mr. Roda's ownership includes 23,809 shares of unvested restricted stock, 57,680 shares which may be acquired pursuant to the exercise of vested stock options, 18,461 shares in Fulton's ESPP and 28,214 shares held jointly with his spouse.

<sup>12</sup> Mr. Rohrbaugh's ownership includes 13,000 shares held in an IRA and 23,176 shares held jointly with spouse.

<sup>13</sup> Mr. Smith's ownership includes 288,344 shares held jointly with spouse and 15,539 shares held in an IRA.

<sup>14</sup> Mr. Strauss' ownership includes 928 shares held jointly with spouse and 6,427 shares held in an IRA.

<sup>15</sup> Mr. Waters' ownership includes 5,911 shares held in an IRA.

<sup>16</sup> Mr. Wenger's ownership includes 37,625 shares held jointly with his spouse, 33,964 shares of unvested restricted stock, 73,156 shares held in Fulton's 401(k) Plan and 58,296 shares which may be acquired pursuant to the exercise of vested stock options. Also includes 2,908 shares held in Fulton's 401(k) Plan by his spouse and 534 shares held by Mr. Wenger as custodian for his children.

<sup>17</sup> This information is based solely on a Schedule 13G filed with the SEC on January 26, 2016 by BlackRock, Inc., which reported sole voting power as to 15,130,505 shares and sole dispositive power as to 15,527,152 shares, as of December 31, 2015.

<sup>18</sup> This information is based solely on a Schedule 13G filed with the SEC on February 10, 2016 by The Vanguard Group, which reported sole voting power as to 222,383 shares and sole dispositive power as to 12,012,214 shares, shared voting power as to 8,000 shares and shared dispositive power as to 219,783 shares, as of December 31, 2015.

Edgar Filing: FULTON FINANCIAL CORP - Form DEF 14A

<sup>19</sup> This information is based solely on a Schedule 13G filed with the SEC on February 9, 2016 by Dimensional Fund Advisors LP, which reported sole voting power as to 11,972,002 shares and sole dispositive power as to 12,197,980 shares, as of December 31, 2015.

**Table of Contents****INFORMATION CONCERNING THE BOARD OF DIRECTORS****Meetings and Committees of the Board of Directors**

There were ten (10) regular and special meetings of the Board of Directors of Fulton and fifty-two (52) meetings of the committees of the Board of Directors of Fulton during 2015. No director attended fewer than 75% of (i) all meetings of the Board of Directors, (ii) all of the meetings of the committees of the Board of Directors on which a director served, or (iii) the aggregate number of meetings of the Board of Directors and of the committees of the Board of Directors on which he or she served in 2015.

The Board of Directors of Fulton has the following five regular standing committees: Audit, Executive, Human Resources, Nominating and Corporate Governance and Risk. Fulton also established the Special Joint Board Compliance Committee (the Compliance Committee) as further described below. The following table represents the membership on each Fulton committee as of the date of this Proxy Statement:

	<b>Audit</b>	<b>Executive</b>	<b>Human Resources</b>	<b>Nominating and Corporate Governance</b>	<b>Risk</b>	<b>Compliance</b>
<b>Lisa Crutchfield</b>		Member		Vice Chair	Chair	
<b>Denise L. Devine</b>	Member	Member	Chair			
<b>Patrick J. Freer</b>		Member	Vice Chair	Chair		
<b>George W. Hodges</b>	Vice Chair	Chair	Member			
<b>Albert Morrison III</b>	Chair	Vice Chair			Member	Member
<b>James R. Moxley III</b>				Member	Vice Chair	Vice Chair
<b>R. Scott Smith, Jr.</b>					Member	
<b>Ronald H. Spair</b>	Member		Member			
<b>Mark F. Strauss</b>			Member	Member		Member
<b>Ernest J. Waters</b>	Member	Member			Member	Chair
<b>E. Philip Wenger</b>		Member			Member *	Member

\* Ex-officio member per bylaws

**Human Resources Committee Interlocks and Insider Participation**

**HR Committee.** Fulton maintains a Human Resources Committee (defined above as the HR Committee), and all members of the HR Committee meet the independence requirements of the NASDAQ listing standards for membership on compensation committees. John M. Bond, Jr., Craig A. Dally, Denise L. Devine, Patrick J. Freer, George W. Hodges, Ronald H. Spair, and Gary A. Stewart served as members of the HR Committee during 2015. Mr. Bond retired from the Board of Directors in August 2015, Mr. Dally completed his term on the Board of Directors in May 2015, and Mr. Stewart retired from the Board of Directors in January 2016. More information regarding the HR Committee can be found in the Compensation Discussion and Analysis section of this Proxy Statement beginning on page 26. There are no interlocking relationships, as defined in applicable SEC regulations, involving members of the HR Committee. Certain directors may have indirect relationships described in Related Person Transactions beginning on page 22. The HR Committee is responsible for approving or recommending to the Board of Directors the compensation for the Executives, administration of Fulton's equity-based compensation plans, ESPP and the 401(k) Plan, approving employment agreements for the Executives and other officers of Fulton and fulfilling other broad-based human resources duties. The HR Committee met a total of nine (9) times in 2015. The HR Committee is governed by a formal charter, which was last amended in July 2015, and which is available on Fulton's website at [www.fult.com](http://www.fult.com).

**Other Board Committees**

**Audit Committee.** All members of the Audit Committee meet the independence requirements of the NASDAQ listing standards, and the rules and regulations of the SEC for membership on audit committees. Each of the members of the Audit Committee have been determined to qualify, been designated by the Board of Directors, and agreed to serve, as an Audit Committee financial expert as defined by SEC regulations. The Audit Committee met twelve (12) times during 2015.





## **Table of Contents**

The Audit Committee is governed by a formal charter, which was last amended in July 2015, and which is available on Fulton's website at [www.fult.com](http://www.fult.com). The Audit Committee's pre-approval policy and procedure for audit and non-audit services is set forth in its charter. The functions of the Audit Committee include: sole authority to appoint, evaluate, retain, or terminate the independent auditor; direct responsibility for the compensation and oversight of the work of the independent auditor; oversight of the overall relationship with the independent auditor; meeting with the independent auditor to review the scope of audit services; reviewing and discussing with management and the independent auditor annual and quarterly financial statements and related disclosures; overseeing the internal audit function, including hiring and replacing the chief audit executive; reviewing related person transactions; establishing procedures and handling complaints concerning accounting, internal accounting controls, or auditing matters; and those risk management matters outlined in the Audit Committee Charter. In addition, with respect to any bank subsidiary of Fulton that has not established its own independent audit committee, it is intended that Fulton's Audit Committee, in carrying out its responsibilities, will also satisfy the obligations imposed on such bank subsidiary of Fulton relating to the establishment and duties of an independent audit committee as set forth in Section 36 of the Federal Deposit Insurance Act and its implementing regulations.

**Nominating and Corporate Governance Committee.** All members of the Nominating and Corporate Governance Committee meet the independence requirements of the NASDAQ listing standards. The Nominating and Corporate Governance Committee met nine (9) times during 2015.

The Nominating and Corporate Governance Committee is responsible for, among other things, recommending to the Board of Directors nominees for election to the Board of Directors and assisting the Board of Directors with corporate governance matters, including the review and approval of all changes to the Code of Conduct, Governance Guidelines and the responsibility for guidelines and procedures to be used by directors in completing Board of Directors evaluations used in monitoring and evaluating the performance of the Board of Directors and committees. The Nominating and Corporate Governance Committee also has the primary responsibility for determining annually the compliance of Fulton's directors and Executives with Fulton's stock ownership guidelines. The Nominating and Corporate Governance Committee is governed by a formal charter, which was last amended in July 2015, and is available on Fulton's website at [www.fult.com](http://www.fult.com).

**Executive Committee.** The Executive Committee did not meet during 2015. Except for the powers expressly excluded in Section 5 of Article III of the Bylaws, the Executive Committee exercises the powers of the Board of Directors between board meetings.

**Risk Committee.** Fulton's Risk Committee met ten (10) times during 2015. The Risk Committee is responsible for providing oversight of the risk management function of Fulton, including assisting the Board of Directors with its oversight of Fulton's policies, procedures and practices relating to assessment and management of Fulton's enterprise-wide risks, including those risks identified in Fulton's Enterprise Risk Management Policy, currently, credit risk, market risk, liquidity risk, operational risk, legal risk, compliance and regulatory risk, reputation risk and strategic risk. Fulton's Board of Directors considered the qualifications and experience of each Risk Committee member under Regulation YY (12 C.F.R. Part 252)( Regulation YY ) promulgated by the Board of Governors of the Federal Reserve System and applicable to board risk committees of publicly traded bank holding companies with assets of \$10 billion or more and less than \$50 billion. Each of the members of the Risk Committee was found by Fulton's Board of Directors to possess the requisite experience identifying, assessing and managing risk exposures at large, complex firms. The Risk Committee is governed by a formal charter, which was last amended in July 2015, and is available on Fulton's website at [www.fult.com](http://www.fult.com).

**Compliance Committee.** The Special Joint Board Compliance Committee (defined above as the Compliance Committee ) was established to assist the Board of Directors and the Boards of Fulton's subsidiary banks, in fulfilling their respective oversight responsibilities regarding (i) the development and maintenance of an enhanced compliance risk management function at Fulton to serve Fulton and its subsidiary banks, and (ii) ensuring the satisfactory delivery of compliance-related services to Fulton and its subsidiary banks. The formal charter governing the Compliance Committee was amended following the issuance by federal banking regulators of the first enforcement orders relating to Bank Secrecy Act and anti-money laundering ( BSA/AML ) compliance matters at Fulton's subsidiary banks to provide that the Compliance Committee would also serve as a vehicle through which the Board of Directors and the Boards of its subsidiary banks would oversee and ensure compliance with the enforcement orders. See Item 3. Legal Proceedings in Fulton's Annual Report on Form 10-K, for the year ended

## **Table of Contents**

December 31, 2015, for additional information regarding the enforcement orders issued to Fulton and its subsidiary banks. The Compliance Committee is comprised of four Fulton directors and directors from each of Fulton's subsidiary banks, and it met twelve (12) times during 2015.

### **Board's Role in Risk Oversight**

Fulton's Risk Committee is primarily responsible for overseeing the management of Fulton's enterprise-wide risks and the Board of Directors continues to regularly review information regarding Fulton's exposure to credit risk, market risk, liquidity risk, operational risk, compliance and regulatory risk, legal risk, reputation risk, and strategic risk, as well as Fulton's strategies to monitor, control and mitigate its exposure to these risks. In addition, the HR Committee is responsible for overseeing the management of risks relating to all of Fulton's compensation plans. The Audit Committee shares with the Risk Committee a general oversight role in Fulton's risk management process in the context of the Audit Committee's responsibility for financial reporting and its evaluation and assessment of the adequacy of Fulton's internal control structure. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board of Directors, potential conflicts of interest and governance matters. The Compliance Committee is responsible for overseeing management of certain risks related to compliance and regulatory matters. While each of Fulton's committees are responsible for overseeing the management of certain risks, Fulton's Risk Committee is primarily responsible for overseeing the management of such risks for Fulton, and the entire Board of Directors is regularly informed through committee reports and review of committee meeting minutes about such risks.

The Board of Directors also utilizes Fulton's Chief Risk Officer and other members of Fulton's Enterprise Risk Management Committee, which is Fulton's officer-level risk management committee, to oversee and manage existing and emerging risks and serve as a review forum prior to escalation to the Risk Committee and the Board of Directors. This officer-level risk management committee provides additional oversight for Fulton's risk management and compliance programs. In addition, annually, Fulton's Board of Directors adopts a formal Risk Appetite Statement which sets forth both the qualitative and quantitative parameters within which Fulton executes its business strategies. This document also outlines the general framework within which Fulton manages risk in the context of Fulton's core values and its management philosophy, which seeks to balance the risk it assumes in serving its customers and communities with the return it earns for its shareholders. Fulton's framework for risk management consists of three lines of defense: 1) business units, bank operations, shared services and corporate staff office functions (collectively known as front line units) have primary responsibility for risk management and compliance, and they each drive process deployment, risk identification and management, policies and procedures, training and communication/reporting; 2) independent risk management units (consisting of risk management, compliance, loan review, vendor risk management, fraud risk management, Bank Secrecy Act compliance and other risk management activities) have oversight responsibility and define governance requirements for risk management and compliance, and these units educate, advise and monitor front line unit risk and compliance activities; and 3) Fulton's Internal Audit function periodically independently validates the efficiency and effectiveness of internal controls and risk management activities and operational controls within front line units and independent risk management units, and periodically reports results to management and the Board of Directors.

Fulton's risk appetite is centered on Fulton's objective to consistently increase and enhance shareholder value. Fulton's Board of Directors, and the committees that monitor risk, assess and oversee the management of risk, including the establishment, tracking and reporting of key risk indicators within the primary risk categories of credit, market, liquidity, operational, legal, compliance and regulatory, reputational and strategic risk. Fulton's key risk indicator thresholds reflect Fulton's objective to consistently increase and enhance shareholder value and maintain capital at a level and quality that supports Fulton's long-term strategic objectives and complies with regulatory guidelines. Finally, Fulton engages in ongoing risk assessment, capital management and stress testing to ensure that Fulton has adequate capital to absorb potential losses under various stress scenarios.

## **Table of Contents**

### **Lead Director and Fulton's Leadership Structure**

Director Hodges currently serves as Fulton's Lead Director and is the independent Chair of the Executive Committee. He is also Vice Chair of the Audit Committee and a member of the Human Resources Committee. The Board of Directors has made a determination that a structure which includes a Lead Director and a combined Chairman/CEO is appropriate for Fulton. Pursuant to the Governance Guidelines, the Board of Directors designates for a term of at least one (1) year, and publicly discloses in Fulton's Proxy Statement, the independent non-employee director who will lead the non-employee directors' executive sessions and preside at all meetings of the Board of Directors at which the Chairman is not present. The Governance Guidelines also require that the Lead Director shall, as appropriate: serve as a liaison between the Chairman and the independent directors; approve information sent to the Board of Directors; approve meeting schedules to assure that there is sufficient time for discussion of all agenda items; and have the authority to call meetings of the independent directors.

Similar to many public companies, the leadership structure of Fulton combines the positions of Chairman and CEO. This structure permits the CEO to manage Fulton's daily operations and provides a single voice for Fulton when needed. Fulton believes that separation of these roles is not necessary because the Lead Director acts to counterbalance the combined Chairman and CEO positions. In addition, approximately 91% of Fulton's directors (10 out of 11) are independent under applicable NASDAQ standards, which provide an appropriate level of independent oversight at Board of Directors meetings and executive sessions. Finally, Fulton's HR Committee, Nominating and Corporate Governance Committee and Audit Committee are all currently, and will continue to be, comprised solely of independent directors.

### **Executive Sessions**

The independent directors of the Fulton Board of Directors met five (5) times in executive session at which only independent directors were present in 2015. The Chair of the Executive Committee, George W. Hodges, who also served as the Lead Director, conducted these executive sessions of the independent directors.

### **Annual Meeting Attendance**

Pursuant to Fulton's Governance Guidelines, Fulton expects directors to attend the Annual Meeting in person unless their absence is excused. All members of the Board of Directors attended the 2015 Annual Meeting.

### **Director Education and Board of Directors Development**

Fulton encourages its directors to attend outside seminars and educational programs as part of its corporate governance and general board education process. These educational opportunities are in addition to the education and development presentations that are provided during Fulton Board of Directors meetings and seminars. For example, third parties are periodically asked to provide the Board of Directors with presentations on governance, the economy, regulatory, compliance and a variety of other topics of interest. In addition, Directors Hodges and Waters completed the requirements for the NACD Board Leadership Fellow Program during 2014 and 2015. In order to become NACD Fellows, individuals must demonstrate their knowledge of the leading trends and practices that define exemplary corporate governance, and commit to developing professional insights through a sophisticated course of ongoing study. With the oversight of the Nominating and Corporate Governance Committee, Fulton will continue to promote board development and ensure directors are kept current in a selection of topics via onsite programs sponsored by Fulton, and external and remote learning opportunities.

### **Legal Proceedings**

There are no material legal proceedings to which any director, officer, nominee, affiliate or principal shareholder, or any associate thereof, is a party adverse to Fulton, or in which any such person has a material interest adverse to Fulton.

## **Table of Contents**

### **Related Person Transactions**

**Financial Products and Services:** Some of the current directors and executive officers of Fulton, including the Executives, their family members and the companies with which they are associated, were customers of, and/ or had banking transactions with, Fulton's subsidiaries during 2015. These transactions included deposit accounts, trust relationships, loans and other financial products and services provided in the ordinary course of business by different Fulton subsidiaries. All loans and commitments to lend made to such persons and to the companies with which they are associated were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, and did not involve more than a normal risk of collectability or present other unfavorable features. It is anticipated that similar transactions will be entered into in the future. By using Fulton's products and services, directors and executive officers have the opportunity to become familiar with the wide array of products and services offered by Fulton's subsidiaries to customers.

**Other Transactions:** Applicable SEC regulations require Fulton to disclose transactions with certain related persons where the annual amount involved exceeds \$120,000. However, a person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with Fulton is not deemed to have a material interest in a transaction where the interest arises only from such person's position as a director of the firm, corporation or other entity and/or arises only from the ownership by such person in the firm, corporation or other entity if that ownership is under 10%, excluding partnerships. Amounts paid to entities in which a related person does not have a material interest or were obtained by a low bid pursuant to a formal request for proposal to provide services are not required to be disclosed. During 2015, Fulton did not have any related person transactions in excess of \$120,000 requiring specific disclosure.

Fulton considered the related person transactions with the members of the Board of Directors and executive officers that do not require specific disclosure, when it made the determinations that ten (10) of Fulton's eleven (11) director nominees, or approximately 91% of its director nominees who are standing for election at the 2016 Annual Meeting, are independent in accordance with the NASDAQ listing standards. See Information about Nominees, Directors and Independence Standards on page 9 for more information.

**Family Relationships:** SEC regulations generally require disclosure of any employment relationship or transaction with a related person where the amount involved exceeds \$120,000. In fiscal year 2015, there were no family relationships among any of the members of the Board of Directors and executive officers of Fulton, except for Messrs. Wenger and Roda, who are related by marriage and are brothers-in-law. Further, Mr. Brad Roda, the brother-in-law of Mr. Wenger and brother of Mr. Roda, was also employed by Fulton. In 2015, Mr. Brad Roda received annual compensation consisting of base salary, equity awards and cash bonus totaling approximately \$121,300, plus other benefits on the same basis as other similarly situated employees. Mr. Brad Roda became SVP/Division Sales Manager-Merchant Card Services of Fulton Bank in 2010, and has been employed by Fulton in various positions since 1981. In addition, as of December 31, 2015, other family relationships existed among executive officers and some of the approximately 3,460 full-time equivalent employees of Fulton and its subsidiaries. These Fulton employees participate in compensation, benefit and incentive plans on the same basis as other similarly situated employees.

**Related Person Transaction Policy and Procedures:** Fulton does not have a separate policy specific to related person transactions. Under the Code of Conduct, however, employees and directors are expected to recognize and avoid those situations where personal interest or relationships might interfere, or appear to interfere, with their responsibilities to Fulton. The Code of Conduct also requires thoughtful attention to the problem of conflicts and the exercise of the highest degree of good judgment. Under the Code of Conduct, directors must provide prompt notice to Fulton of all new or changed business activities, related person relationships and board directorships as they arise.

In addition, Fulton and its subsidiary banks are subject to Regulation O, which governs loans by federally regulated banks to certain insiders, including an executive officer, director or 10% controlling shareholder of the applicable bank or bank holding company, or an entity controlled by such executive officer, director or controlling shareholder (an Insider). Each Fulton subsidiary bank is required to follow a Regulation O policy that prohibits the affiliate bank from making loans to an Insider unless the loan (i) is made on substantially the same terms, including

## **Table of Contents**

interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender; and (ii) does not involve more than the normal risk of repayment or present other unfavorable features. Fulton and its subsidiary banks are examined periodically by bank regulators and Fulton's Internal Audit Department for compliance with Regulation O to ensure that internal controls exist within Fulton and its subsidiary banks to monitor Fulton's compliance with Regulation O.

In accordance with Fulton's Audit Committee Charter and NASDAQ listing standards, the Audit Committee is charged with the responsibility to conduct, at least annually, an appropriate review and oversight of all transactions with related persons as defined in applicable SEC regulations. This responsibility includes reviewing an annual report regarding the related person transactions, if any, with each member of Fulton's Board of Directors, the Executives and Fulton's other executive officers during the prior year. At a meeting in February 2016, the Audit Committee reviewed a report of all existing related person transactions in 2015 involving Fulton's directors, the Executives and Fulton's other executive officers.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act, requires Fulton's executive officers, including the Executives, its principal accounting officer, its directors, and any persons owning 10% or more of Fulton's common stock, to file with the SEC, in their personal capacities, initial statements of beneficial ownership on Form 3, statements of changes in beneficial ownership on Form 4 and annual statements of beneficial ownership on Form 5. Persons filing such beneficial ownership statements are required by SEC regulation to furnish Fulton with copies of all such statements filed with the SEC. The rules of the SEC regarding the filing of such statements require that late filings of such statements be disclosed in Fulton's Proxy Statement. Based solely on Fulton's review of Forms 3 and 4 and amendments thereto furnished to Fulton during the 2015 fiscal year, including Forms 5 and amendments thereto furnished to Fulton, and on written representations from Fulton's directors, the Executives and Fulton's other executive officers, Fulton believes that all such statements were timely filed in 2015, except for a Form 4 filed by Craig H. Hill on April 8, 2015 reporting the sale of shares to pay taxes incident to the vesting of restricted stock that occurred on February 18, 2015, and a Form 5/A filed by Ernest J. Waters on July 29, 2015 (amending a Form 5 filed on January 23, 2015) to report the acquisition of shares pursuant to a dividend reinvestment program on October 15, 2014 and on December 15, 2014.

### **Board of Directors and Committee Evaluations**

Pursuant to its charter, the Nominating and Corporate Governance Committee reviews and recommends to the Board of Directors guidelines and procedures to be used by directors in monitoring and evaluating the performance of the Board of Directors and its committees. The Board of Directors and its committees, except the Executive Committee, conduct an annual self-evaluation of the performance of the Board of Directors and committees. Anonymous board and committee evaluation questionnaires were last completed in the fourth quarter of 2015. The results were compiled by Fulton's in-house corporate counsel and presented to the Nominating and Corporate Governance Committee in December 2015, and the members of each committee also received a summary report of the results of that committee's questionnaire. The Nominating and Corporate Governance Committee reported the results to the Board of Directors at its December 2015 regular meeting, and the Board of Directors and each of the committees discussed the summary of their respective annual evaluations.

**Table of Contents****Compensation of Directors**

Non-employee directors serving on the Board of Directors currently receive a combination of cash and equity compensation for service on the Board of Directors and its committees. Equity compensation paid to non-employee directors is granted pursuant to the 2011 Directors' Equity Participation Plan (the "2011 Director Plan"). The equity compensation paid to non-employee directors during 2015 was in the form of shares of Fulton common stock that had no restriction or vesting requirements. Salaried officers of Fulton do not receive additional compensation for service on the Board of Directors. Thus, Mr. Wenger did not receive any director fees or additional compensation in 2015 for serving as a member of the Board of Directors.

The Board of Directors reviews non-employee director compensation annually, as part of its organizational meeting activities. The Board of Directors last revised the structure and amounts of cash and equity compensation paid to non-employee members of the Board of Directors in 2013. The structure and amounts of compensation paid to non-employee directors for service on the Board of Directors and its committees during 2015 was as follows:

<b>Non-employee Director Fees</b>	<b>Amount</b>
Quarterly Retainer	\$8,750 in cash
Additional quarterly retainer paid to the Lead Director	\$7,500 in cash
Additional quarterly retainer paid to committee chairs <sup>1</sup>	\$3,125 in cash
Board meeting attendance fee	\$2,000 in cash per meeting attended
Committee meeting attendance fee <sup>2</sup>	\$1,000 in cash per meeting attended
Special Joint Board Compliance Committee meeting attendance fee	\$1,000 in cash per meeting attended
Stock award granted June 1, 2015 <sup>3</sup>	Fulton common stock equivalent to \$17,500 <sup>4</sup>
Stock award granted November 1, 2015 <sup>5</sup>	Fulton common stock equivalent to \$17,500 <sup>6</sup>
Educational and seminar attendance fee <sup>7</sup>	\$1,000 in cash per day

<sup>1</sup> An additional quarterly retainer is not paid to the chair of the Executive Committee.

<sup>2</sup> Committee meeting attendance fees are not paid to a non-employee director for attending committee meetings held in conjunction with a regularly scheduled meeting of the Board of Directors that the director attended.

<sup>3</sup> Stock award granted to non-employee directors elected at the 2015 annual meeting of shareholders.

<sup>4</sup> The number of shares granted to each director was determined based on the closing price of Fulton common stock on the date of grant, rounded up to the next whole share.

<sup>5</sup> Stock award granted to non-employee directors serving on the date of grant.

<sup>6</sup> The number of shares granted to each director was determined based on the closing price of Fulton common stock on October 30, 2015, rounded up to the next whole share.

<sup>7</sup> Paid for attendance at approved educational meetings or seminars. Since attendance at these meetings and seminars is voluntary, attendance at these meetings and seminars is not considered for purposes of calculating director attendance for Board of Directors and committee meetings.

Fulton also reimburses directors for Board of Directors service-related expenses incurred in serving as directors of Fulton and provides non-employee directors with a \$50,000 term life insurance policy while they are directors. Certain directors have elected to participate in the Fulton Deferred Compensation Plan, under which a director may elect to defer a portion of his or her cash director's fees as those fees are earned and to receive those fees, together with any returns earned on investments selected by the participating director, in a lump sum or in installments over a period of up to twenty (20) years following retirement. The only current non-employee directors of Fulton who have established accounts to defer a portion of the fees paid to them in cash are Directors Devine, Smith, Spair and Waters. Certain directors of Fulton also serve on the boards of certain Fulton subsidiary banks, and these directors are compensated with a retainer, meeting fees, or both for their service on each of those individual boards.





**Table of Contents**

The following table summarizes all of the compensation paid to each non-employee Fulton director who served during 2015:

**DIRECTOR COMPENSATION TABLE**

Name <sup>1</sup>	Fees Earned or Paid in		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation <sup>3 4</sup>	Total
	Cash	Stock Awards <sup>2</sup>					
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
John M. Bond, Jr.	52,583	17,504	0	0	0	0	70,087
Lisa Crutchfield	62,250	35,017	0	0	0	0	97,267
Craig A. Dally	23,833	0	0	0	0	0	23,833
Denise L. Devine	64,250	35,017	0	0	0	0	99,267
Patrick J. Freer	61,250	35,017	0	0	0	0	96,267
George W. Hodges	89,000	35,017	0	0	0	0	124,017
Albert Morison III	83,500	35,017	0	0	0	0	118,517
James R. Moxley III	45,333	35,017	0	0	0	0	80,350
R. Scott Smith, Jr.	56,000	35,017	0	0	0	14,267 <sup>5</sup>	105,284
Ronald H. Spair	18,667	17,513	0	0	0	0	36,180
Gary A. Stewart	59,250	35,017	0	0	0	0	94,267
Ernest J. Waters	85,042	35,017	0	0	0	0	120,059

<sup>1</sup> Directors listed represent all the non-employee Directors of Fulton serving during 2015. Director Dally completed his term on the Board of Directors on May 5, 2015. Directors Bond and Stewart retired from the Board of Directors of Fulton effective August 31, 2015 and January 20, 2016, respectively.

<sup>2</sup> Fulton's non-employee Directors were granted Fulton common stock as part of their 2015 compensation pursuant to the 2011 Director Plan. The amounts in this column consist of a stock award granted on June 1, 2015 consisting of 1,387 shares having a grant date fair value of \$12.62 per share (the closing price of Fulton common stock on June 1, 2015), and a stock award granted on November 1, 2015 consisting of 1,305 shares having a grant date fair value of \$13.42 per share (the closing price of Fulton common stock on October 30, 2015). The stock awards were granted without restriction or vesting requirements, and the amount shown does not reflect the value of any dividends paid on these shares during 2015. Director Dally completed his term on the Board of Directors on May 5, 2015 and was not eligible to receive any stock awards in 2015, and Director Bond retired before the second stock award. Director Spair became a director of Fulton on September 14, 2015 and received only the second stock award.

<sup>3</sup> Unless otherwise noted, the amount excludes perquisites and other personal benefits with an aggregate value of less than \$10,000. Fulton's methodology to calculate the aggregate incremental cost of perquisites and other personal benefits was to use the amount disbursed for the item. Where a benefit involved assets owned by Fulton, an estimate of the incremental cost was used.

<sup>4</sup> Some of Fulton's Directors also serve on boards of Fulton's subsidiary banks and received director fees for bank board service, which are not included in the amounts listed in the table. During 2015, Director Bond received \$10,567 in fees from The Columbia Bank, Director Hodges received \$21,250 in fees from Fulton Bank, N.A., Director Moxley received \$17,500 in fees from The Columbia Bank, and Director Waters received \$26,000 in fees from Fulton Bank, N.A. Director Dally retired from the board of Lafayette Ambassador Bank in June 2015 and received \$9,733 in fees during 2015.

<sup>5</sup> This includes \$11,027 for club membership fees and other perquisites received by Director Smith during 2015.

**Table of Contents****INFORMATION CONCERNING COMPENSATION****Compensation Discussion and Analysis**

<u>A.</u>	<u>Executive Summary</u>	<u>26</u>
<u>B.</u>	<u>Shareholder Say-on-Pay Proposal Historical Results</u>	<u>28</u>
<u>C.</u>	<u>Pay for Performance</u>	<u>28</u>
<u>D.</u>	<u>Compensation Philosophy</u>	<u>29</u>
<u>E.</u>	<u>HR Committee Membership and Role</u>	<u>30</u>
<u>F.</u>	<u>Role of Management</u>	<u>30</u>
<u>G.</u>	<u>Compensation Plan Risk Review</u>	<u>31</u>
<u>H.</u>	<u>Use of Consultants</u>	<u>31</u>
<u>I.</u>	<u>Use of Peer Groups</u>	<u>32</u>
<u>J.</u>	<u>Elements of Executive Compensation</u>	<u>32</u>
<u>K.</u>	<u>Employment Agreements</u>	<u>38</u>
<u>L.</u>	<u>Other Compensation Elements</u>	<u>39</u>

**A. Executive Summary**

Fulton believes that the compensation of the Executives should reflect Fulton's overall performance and the contributions of the Executives to that performance. Cash awards ( Annual Cash Incentive Awards ) and long-term equity awards ( Equity Awards ) earned by the Executives under Fulton's Amended and Restated Equity and Cash Incentive Compensation Plan (the 2013 Plan ) are determined based on predetermined performance goals and the HR Committee's assessment of Fulton's and the Executives' performance in the preceding year in the exercise of its discretion.

Fulton's Annual Report on Form 10-K for the year ended December 31, 2015, which is being made available to shareholders together with this Proxy Statement, contains highlights of Fulton's 2015 performance, including:

continued progress in strengthening the banking franchise;  
loan and core deposit growth;  
consistent asset quality;  
strong fee income;  
consolidation of 11 branches;  
funding initiatives; and  
continued strong capital levels.

Following is a brief summary of some of those financial highlights.

**Net Income Per Share Growth:** Diluted net income per share increased \$0.01, or 1.2%, to \$0.85 per diluted share, compared to \$0.84 in 2014.

**Net Interest Income and Net Interest Margin:** The \$14.9 million decrease in net interest income resulted from the impact of a lower net interest margin, partially offset by the impact of growth in interest-earning assets. For the year ended December 31, 2015, the net interest margin decreased 18 basis points, or 5.3%, in comparison to 2014, driven by an 18 basis point decrease in yields on interest-earning assets and a 2 basis point increase in the cost of interest-bearing liabilities.

**Loan Growth:** Average loans increased \$445.8 million, or 3.5%, in comparison to 2014, with notable increases in commercial - industrial, financial and agricultural, commercial mortgages and construction loans.

**Asset Quality:** Overall asset quality continued to improve in 2015, with decreases in net charge-offs and overall delinquency levels driving a \$10.3 million decrease in the provision for credit losses to \$2.3 million.

Edgar Filing: FULTON FINANCIAL CORP - Form DEF 14A

Deposit Growth: Average deposits increased \$879.5 million, or 6.8%, in comparison to 2014, with the increase coming almost entirely in demand and savings accounts.

Non-Interest Income: Non-interest income increased \$14.5 million, or 8.6%, in comparison to 2014.

**Table of Contents**

The HR Committee took a number of actions relating to compensation for the Executives for 2015, as summarized in the table below:

Element	HR Committee Actions									
<b>Salaries</b>	<p>The HR Committee approved a base salary increase of 2.75% for each of the Executives, effective April 1, 2015.</p> <p>The HR Committee established a threshold return on equity ( ROE ) for Fulton for 2015 of 6.24% that would have to be achieved, as well as Fulton having positive net income for 2015, for the Executives to be eligible to receive Annual Cash Incentive Awards. Fulton s ROE for 2015 was 7.38%, and Fulton s net income was \$149.5 million, satisfying both requirements for payment of the Annual Cash Incentive Awards</p>									
<b>Annual Cash Incentive Awards</b>	<p>The HR Committee established target Annual Cash Incentive Award amounts for each of the Executives and a series of performance criteria that would be used to determine the amount of the Annual Cash Incentive Awards, if any, that would be paid to each of the Executives based on Fulton s and each Executive s performance during 2015. The HR Committee evaluated Fulton s and each Executive s performance relative to the performance criteria and determined that the Executives should receive Annual Cash Incentive Awards for 2015 performance as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9e1f2;">Executive</th> <th style="background-color: #d9e1f2;">Target Annual Cash Incentive Awards (% of salary)</th> <th style="background-color: #d9e1f2;">Actual Annual Cash Incentive Awards (% of salary)</th> </tr> </thead> <tbody> <tr> <td>Mr. Wenger</td> <td>85%</td> <td>37.4%</td> </tr> <tr> <td>Other Executives</td> <td>50%</td> <td>Ranged from 23.25% to 39.5%</td> </tr> </tbody> </table>	Executive	Target Annual Cash Incentive Awards (% of salary)	Actual Annual Cash Incentive Awards (% of salary)	Mr. Wenger	85%	37.4%	Other Executives	50%	Ranged from 23.25% to 39.5%
Executive	Target Annual Cash Incentive Awards (% of salary)	Actual Annual Cash Incentive Awards (% of salary)								
Mr. Wenger	85%	37.4%								
Other Executives	50%	Ranged from 23.25% to 39.5%								
<b>Equity Awards</b>	<p>The HR Committee approved grants of Equity Awards, in the form of performance-based restricted stock units ( Performance Shares ), to the Executives. The Performance Shares were granted to the Executives on April 1, 2015. The number of Performance Shares granted to each of the Executives represents a target number of Performance Shares equal to 125% of base salary, as of January 1, 2015, for the CEO and 75% of base salary, as of January 1, 2015, for the other Executives, and assuming a value for each Performance Share equal to the closing price of Fulton s common stock on the grant date. The actual number of shares of Fulton common stock, if any, that the Executives may receive upon vesting of the Performance Shares on the third anniversary of the date of grant may be higher or lower than the target number of Performance Shares granted to the Executives. The aggregate number of Performance Shares granted to each of the Executives is allocated by the HR Committee among three components, each having different vesting terms, as summarized below:</p> <p><b>Component A</b>, representing 37.5% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will be determined based on Fulton s return on average assets ( ROA ) during calendar year 2015 relative to that of a defined group of peer bank holding companies, with the receipt of any shares of Fulton common stock being further subject to Fulton having net income during calendar year 2017 at least equal to the dividends declared on Fulton common stock during the four calendar quarters immediately preceding the grant date of the Performance Shares (the Profit Trigger ). Based on Fulton s ROA for 2015 relative to that of the defined group of peer bank holding companies, the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares allocated to Component A was reduced to 22.62% of the original target number of Performance Shares.</p> <p><b>Component B</b>, representing 37.5% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will be determined based on Fulton s total shareholder return ( TSR ) during the period from April 1, 2015 through March 31, 2018 relative to that of a defined group of peer bank holding companies.</p> <p><b>Component C</b>, representing 25% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will not vary, but for which the receipt of any shares of Fulton common stock is subject to achievement of the Profit Trigger.</p>									

**Table of Contents****B. Shareholder Say-on-Pay Proposal Historical Results**

As required by SEC rules, Fulton has periodically submitted a non-binding Say-on-Pay Proposal to its shareholders beginning in 2011 and this year's non-binding 2016 Say-on-Pay Proposal is set forth on page 54.

Fulton views the results of past Say-on-Pay Proposals as support for its previous compensation policies and decisions, and the Board of Directors and its HR Committee will consider the vote on the 2016 non-binding proposal as a barometer of shareholder support for the current compensation programs for the Executives. Since first implemented and presented to shareholders in 2011, Fulton's shareholders have consistently approved its Say-on-Pay Proposals and the following are the results for the past five years:

**% of Shares Voted FOR (excluding abstentions) of total vote FOR and AGAINST**

	<b>Fulton's Say-on-Pay Proposal</b>				
<b>Year</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>% Voted FOR</b>	96.15%	96.49%	93.87%	92.63%	90.98%

**C. Pay for Performance**

Fulton operates in a highly complex business environment and competes with many well-established financial services businesses. The Annual Cash Incentive Award component of Fulton's Executive compensation program involves awards that are payable only if pre-established corporate and individual performance objectives are achieved. With respect to the Performance Shares component of the compensation paid to the Executives, the actual number of shares of Fulton common stock that the Executives would receive, if any, upon vesting of the Performance Shares is dependent upon Fulton achieving specified levels of financial performance, and the value of any such shares of Fulton common stock is directly linked to the market value of Fulton common stock at the time of vesting. The HR Committee believes that the Annual Cash Incentive Awards and Performance Shares awarded under the 2013 Plan further Fulton's business plan and further the HR Committee's objective to ensure that the interests of the Executives, both short-term and long-term, are aligned with the interests of Fulton's shareholders. The performance-based compensation that Fulton awards helps to align these interests by offering each Executive the opportunity to earn an Annual Cash Incentive Award upon achieving both an established annual corporate performance goal and certain specific individual performance goals, and the Performance Shares under the 2013 Plan aligns these interests by offering the Executive the opportunity to earn longer-term compensation linked to both Fulton's financial performance over the three-year term of the Performance Shares and the future value of Fulton's common stock.

The core of Fulton's compensation philosophy is to link pay to performance on both a short-term and long-term basis. Annual Cash Incentive Awards are at-risk performance-based awards because if the ROE threshold is not met or scorecard performance factors are not achieved, then the amount of the Annual Cash Incentive Award may be reduced or the Executive may not receive the award. The 2015 Performance Shares are at-risk because, in addition to the amount of annual awards being linked to Fulton's performance, these awards are subject to vesting and possible forfeiture, maintaining alignment with shareholders regardless of stock price movement, and Performance Shares only increase in value if Fulton's share price increases over the term of the award. The following chart shows the compensation mix for Mr. Wenger and the other Executives with the 2015 Annual Cash Incentive Awards at target, the 2015 Performance Shares at target, plus base salary and all other compensation the Executives received in 2015. For 2015, Mr. Wenger's performance pay was 65% of total compensation and the average performance pay for the other Executives was 52% of total compensation.

**Table of Contents**

**2015 Compensation Mix Chart**

Mr. Wenger

Average for other Executives

**D. Compensation Philosophy**

*Objectives:* Fulton's executive compensation philosophy and programs are intended to achieve three objectives:

Align interests of the Executives with shareholder interests Fulton believes that the interests of the Executives should be closely aligned with those of its shareholders. Fulton attempts to align these interests by evaluating the Executives' performance in relation to key financial measures, which it believes correlate with consistent long-term shareholder value and increasing profitability, without compromising Fulton's culture and overall risk profile.

Link pay to performance Fulton believes in a close link between pay to the Executives and the overall performance of Fulton on both a short-term and long-term basis. It seeks to reward the Executives for their contributions to Fulton's financial and non-financial achievements and to differentiate rewards to the Executives based on their individual contributions.

Attract, motivate and retain talent Fulton believes its long-term success is closely tied to the attraction, motivation and retention of highly talented employees and a strong management team. While a competitive compensation package is essential in competing for and retaining talented employees in a competitive market, Fulton also believes that non-monetary factors, such as a desirable work environment and successful working relationships between employees and managers, are critical to providing a rewarding employee experience.

To achieve these three objectives, Fulton provides the following elements of Executive compensation:

Base Salary Fulton generally sets Executive base salaries near the market median at comparable peer companies and to reflect individual job responsibilities, experience and tenure.

Annual Cash Incentive Awards Annual Cash Incentive Awards are designed to focus the attention of the Executives on the achievement of annual business goals. Under Fulton's 2013 Plan, awards at the target level of performance are designed to position total cash compensation near the market median. The 2013 Plan provides the Executives with the opportunity to earn cash compensation above the median for superior performance.

Equity Awards Fulton believes in providing long-term incentive awards in the form of equity in order to focus the Executives on delivering long-term performance and shareholder value. The equity award program is also designed to provide the Executives with a long-term wealth-building opportunity that acts as a balance to short-term incentives, ensures a focus on the long-term stability of the organization and incorporates vesting terms that encourage executive retention. Fulton believes in equity award levels that are fair and market competitive, both in isolation and in the context of total compensation.

## **Table of Contents**

**Benefits** Fulton believes in providing benefits that are competitive in the marketplace and that encourage the Executives to remain with Fulton. Retirement benefits are designed to provide reasonable long-term financial security.

**Perquisites** Fulton believes in providing the Executives and other officers with basic perquisites that are necessary for conducting Fulton's business.

## **E. HR Committee Membership and Role**

The HR Committee is currently comprised of five (5) independent directors, all of whom are appointed to serve annually by the Board of Directors. Each member of the HR Committee qualifies as an independent director under the NASDAQ listing standards and meets the additional NASDAQ independence requirements specific to compensation committee members, and no member of the HR Committee is a party to a related person transaction as more fully described in Related Person Transactions on page 22. There are no interlocking relationships, as defined in the regulations of the SEC, involving members of the HR Committee. For a further discussion on director independence, see the Information about Nominees, Directors and Independence Standards section on page 9 of this Proxy Statement.

Pursuant to its charter, which is available on Fulton's website at [www.fult.com](http://www.fult.com), and consistent with NASDAQ rules, the role of the HR Committee is, among other things, to review and approve, or make recommendations to the Board of Directors with respect to, the base salaries and other compensation paid or granted to the Executives, to administer Fulton's equity and other compensation plans and to take such other actions, within the scope of its charter, as the HR Committee deems necessary or appropriate. The HR Committee relies upon such performance data, statistical information and other data regarding executive compensation programs, including information provided by Fulton's Human Resources Department, Fulton's officers and outside advisors, as it deems appropriate. The HR Committee has unrestricted access to individual members of management and employees and may ask them to attend any HR Committee meeting or to meet with any member of the HR Committee. The HR Committee also has the power and discretion to retain, at Fulton's expense, such independent counsel and other advisors or experts as it deems necessary or appropriate to carry out its duties.

Fulton's executive compensation process consists of establishing targeted overall compensation for each Executive and then allocating that targeted total compensation among base salary, cash incentive compensation and equity awards. Fulton does not have a policy or an exact formula with regard to the allocation of compensation between cash and non-cash elements, except that the HR Committee has established a methodology and an award matrix for cash incentive compensation payments and equity awards under the 2013 Plan, as described in more detail below. Consistent with Fulton's compensation philosophy, however, the HR Committee determines the amount of each type of compensation for the Executives by: reviewing publicly available executive compensation information of twenty-one (21) peer group companies (as defined and listed below); consulting with outside advisors and experts; considering the complexity, scope and responsibilities of the individual's position; consulting with the CEO with respect to the other Executives; assessing possible demand for the Executives by competitors and other companies; and evaluating the compensation appropriate to attract executives to Fulton's headquarters in Lancaster, Pennsylvania.

## **F. Role of Management**

Management assists the HR Committee in recommending agenda items for its meetings and by gathering and producing information for these meetings. As requested by the HR Committee, the CEO, other Executives and other officers, including members of Fulton's in-house corporate counsel, participate in HR Committee meetings to provide background information, compensation recommendations for other officers, performance evaluations and other items requested by the HR Committee. As part of the performance evaluation process, all the Executives are asked to complete an annual self-assessment of their overall performance. The HR Committee, without management present, reviews the CEO's self-assessment. The CEO reviews the self-assessment forms prepared by the other Executives and shares his comments and recommendations with respect to the performance of the other Executives with the HR Committee. The Executives are not present for the HR Committee's discussions, deliberations and decisions with respect to their individual compensation. The HR Committee Charter, last amended in 2015, provides that the CEO may not be present during HR Committee voting or HR Committee deliberations regarding the CEO's compensation. The Board of Directors, in executive session, with only the independent directors present, has historically made all final determinations regarding the compensation of the Executives, after considering recommendations made by the HR Committee.

## **Table of Contents**

### **G. Compensation Plan Risk Review**

At its February 22, 2016 meeting, the HR Committee conducted its annual risk review of all compensation plans in effect as of December 31, 2015. At this meeting, Fulton's Chief Risk Officer ( CRO ) discussed his review of Fulton's compensation plans in which the Executives and other employees of Fulton participate. The CRO informed the HR Committee that based on his review, the design of Fulton's compensation plans do not promote undue risk-taking. The HR Committee has reviewed and considered all of such plans and practices and does not believe that Fulton's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on Fulton.

The HR Committee considered various factors that have the effect of mitigating risk and, with the assistance of Fulton's CRO and Legal and Human Resources staff members, reviewed Fulton's compensation policies and practices for all employees, including the elements of Fulton's executive compensation programs, to determine whether any portion of such compensation encourages excessive risk-taking. To assist in the annual review, Fulton retained Pearl Meyer & Partners ( PM&P ) to conduct an independent third-party risk assessment of the design, operation and oversight of Fulton's primary incentive plans, including all plans in which the Executives and other employees identified by Fulton as potential material risk takers within the organization participated. PM&P updated its risk assessment conducted during 2014 and reiterated its conclusion that all plan designs and established policies and procedures are aligned with the interagency Guidance on Sound Incentive Compensation Policies, promulgated by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, and observed that the overall risk profile of Fulton's incentive compensation arrangements had improved since the firm's prior assessment, specifically in the area of internal controls, including governance, procedures and processes to minimize the risk in the area of incentive compensation.

### **H. Use of Consultants**

The HR Committee retained McLagan, an Aon Hewitt Company, as its sole independent compensation consultant for 2015. McLagan has served as the sole independent compensation consultant for the HR Committee since June 2010. McLagan was originally retained by Fulton in 2009 for a compensation plan risk review project. McLagan performed a variety of assignments during 2015 at the direction of the HR Committee, including conducting a compensation market analysis related to Fulton's Executives, a scorecard review, an overall compensation policy review, work related to the design of Fulton's incentive compensation plans, and providing general compensation advice regarding Fulton's Executives.

During 2015, McLagan was instructed by the HR Committee to compare Fulton's current compensation practices and executive compensation programs with those of Fulton's peers, evolving industry best practices and regulatory guidance. Based on that comparison, McLagan was asked to recommend changes in Fulton's executive compensation practices that were consistent with Fulton's executive compensation philosophy and objectives as described above.

The specific instructions given to the consultant and fees to be paid were generally outlined in engagement letters that described the scope and performance of duties under each project. Fulton does not have a policy that limits the other services that an executive compensation consultant may perform. McLagan and its affiliates did not provide additional services to Fulton or its affiliates in 2015 with associated fees in excess of the \$120,000 threshold established under SEC rules and regulations requiring disclosure in this Proxy Statement.

At its February 22, 2016 meeting, the HR Committee considered the independence of McLagan in light of the SEC rules and NASDAQ listing standards related to compensation committee consultants. The HR Committee requested and received a report from McLagan addressing its independence as a compensation consultant to the HR Committee, including the following factors: (1) other services provided to Fulton by McLagan; (2) fees paid by Fulton as a percentage of McLagan's total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants performing work for the HR Committee and a member of the HR Committee; (5) any company stock owned by the individual consultants performing work for the HR Committee; and (6) any business or personal relationships between Fulton's executive officers and the individual consultants performing work for the HR Committee. The HR Committee discussed these considerations and concluded that the work performed by McLagan and its consultants involved in the engagements did not raise any conflict of interest, and further concluded that McLagan continues to satisfy the applicable rules and standards related to the independence of compensation committee consultants.





**Table of Contents****I. Use of Peer Groups**

In evaluating the market competitiveness of the compensation paid to the Executives, the HR Committee, with the assistance of McLagan, regularly reviews the compensation paid to the Executives in comparison with the compensation paid to executives with similar responsibilities within a defined peer group of similar financial institutions. The HR Committee, with the assistance of McLagan, regularly reviews the composition of that peer group to determine whether its constituents continue to be relevant, across a range of factors, including geographic focus, business model, asset size, loan portfolio and revenue composition, for purposes of comparing the compensation paid to the Executives with that paid in the broader market. Based on such a review of the peer group in early 2015, the HR Committee, consistent with the recommendation of McLagan, did not change the composition of the peer group from that used in 2014, and the HR Committee approved the peer group appearing in the table below as the peer group for 2015 (the 2015 Peer Group).

Aggregate statistical analysis of the executive compensation practices of the financial institutions comprising the 2015 Peer Group was used by the HR Committee in the review of overall compensation and in setting 2015 base salaries for the Executives. The 2015 Peer Group was also used by Fulton during 2015 for financial performance comparison purposes. During 2015, the 2015 Peer Group was used as the peer group for the Performance Shares, and for certain scorecard performance factors under the Annual Cash Incentive Awards, as discussed below.

The twenty-one (21) members of the 2015 Peer Group, their stock trading symbols and the location of their principal executive offices were:

2015 Peer Group	Ticker	City State
Associated Banc-Corp	ASB	Green Bay WI
BancorpSouth, Inc.	BXS	Tupelo MS
BOK Financial Corp.	BOKF	Tulsa OK
Commerce Bancshares, Inc.	CBSH	Kansas City MO
Cullen/Frost Bankers, Inc.	CFR	San Antonio TX
F.N.B. Corporation	FNB	Pittsburgh PA
FirstMerit Corporation	FMER	Akron OH
Hancock Holding Company	HBHC	Gulfport MS
IBERIABANK Corporation	IBKC	Lafayette LA
International Bancshares Corp.	IBOC	Laredo TX
National Penn Bancshares, Inc.	NPBC	Allentown PA
PrivateBancorp, Inc.	PVTB	Chicago IL
Prosperity Bancshares, Inc.	PB	Houston TX
Susquehanna Bancshares, Inc. *	SUSQ	Lititz PA
TCF Financial Corporation	TCB	Wayzata MN
Trustmark Corporation	TRMK	Jackson MS
UMB Financial Corporation	UMBF	Kansas City MO
Umpqua Holdings Corporation	UMPQ	Portland OR
Valley National Bancorp	VLY	Wayne NJ
Webster Financial Corporation	WBS	Waterbury CT
Wintrust Financial Corporation	WTFC	Rosemont IL

\* This 2015 Peer Group member was acquired on August 1, 2015, and, as provided for within the incentive plans, was excluded from certain metrics and market comparisons developed by McLagan during 2015.

**J. Elements of Executive Compensation**

Fulton's executive compensation program currently provides a mix of base salary, cash incentive and equity-based components, as well as retirement benefits, health plans and other benefits as follows:

**Base Salary:** Consistent with its compensation philosophy, Fulton generally seeks to set base salary for the Executives in line with the market median. Fulton sets salaries on an individual-by-individual basis and seeks to provide base salary appropriate for the person's position,

experience, responsibilities and performance.

**Table of Contents**

In making recommendations to the Board of Directors regarding the appropriate base salaries for 2015, the HR Committee received a recommendation from McLagan, which considered base salaries paid by members of the 2015 Peer Group to peer officers who held similar roles and who were positioned similarly to the Executives in their respective organizations. At its meeting in March 2015, after a review of the Executives' competitive positioning to market using 2015 Peer Group data, the salary increases paid to other Fulton officers, a recommendation from the CEO and internal equity comparisons presented by McLagan, the HR Committee recommended, and the Board of Directors approved, base salary adjustments effective April 1, 2015, as set forth in the table below. All the Executives received a 2.75% increase in 2015. The base salaries for each of the Executives in 2014 and 2015 were:

<b>Executive</b>	<b>2014 Base Salary</b>	<b>2015 Base Salary</b>
<b>Wenger</b>	\$924,750	\$950,181
<b>Rohrbaugh</b>	\$468,733	\$481,623
<b>Barrett</b>	\$430,844	\$442,692
<b>Roda</b>	\$390,630	\$401,372
<b>Myers</b>	\$363,735	\$373,738

***Annual Cash Incentive Awards:*** Fulton's Annual Cash Incentive Awards are designed so that no annual cash incentive is paid unless Fulton achieves a predetermined return on equity ( ROE ) performance threshold. Unless this ROE threshold is achieved, the Annual Cash Incentive Awards will not be paid. The scorecards Fulton uses to evaluate the performance of the Executives rely heavily on Fulton's financial performance relative to its peer group in several categories, and an absolute predetermined ROE performance threshold provides balance in the overall approach to determining annual cash incentives. The HR Committee set the 2015 ROE threshold at 6.24%, which was equal to 80% of Fulton's budgeted ROE for 2015 of 7.80%. The HR Committee viewed this performance threshold as a reachable goal, but not a level which guarantees payment of an annual cash incentive, to ensure that the Executives are paid for performance. For the 2015 Annual Cash Incentive Awards, the HR Committee added, in addition to ROE, a positive net income trigger for the year intended to qualify the awards as performance-based compensation under Section 162(m) of the Internal Revenue Code.

The HR Committee, at its February 2016 meeting, determined that:

The 2015 ROE threshold of 6.24% had been achieved;

Actual 2015 ROE was 7.38%, which was below Fulton's budgeted ROE of 7.80%; and

The 2015 positive net income trigger was met because Fulton had positive net income of \$149.5 million 2015.

The Annual Cash Incentive Awards were designed by the HR Committee to be substantially based on formulaic scorecard results with the HR Committee exercising negative discretion in its sole judgment, as appropriate. The 2015 Annual Cash Incentive Awards were made pursuant to the terms and provisions of the 2013 Plan, and the HR Committee approved these awards as a Performance Compensation Award under Article 10 of the 2013 Plan. The Annual Cash Incentive Awards are designed such that, if performance is below the threshold level or scorecard results are less than a numeric score of 2, no Annual Cash Incentive Award is paid to the Executive.

In early 2015, the HR Committee reviewed and approved updated scorecards to be used for 2015 and determined that the Executives should all be reviewed based on a largely uniform scorecard with similar category weightings, except for Mr. Rohrbaugh who, as a result of his responsibilities as Chief Risk Officer, has a scorecard with a greater weight on risk-related categories. However, all the scorecards contained the similar risk management performance categories. Within the Business Objectives category, the Executive's scorecards contained a combination of common goals and individual business objectives identified for each of the Executives. Performance is assessed under the 2015 scorecards with possible scores ranging from 0 to 5 for each factor. Where scorecard results fall in between the scores for threshold, target and maximum award levels, the Annual Cash Incentive Award is interpolated on a straight-line basis, and approved by the HR Committee.

**Table of Contents**

The Annual Cash Incentive Awards are calculated based on the scorecard result with a payout in accordance with the following matrix.

<b>2015 Annual Cash Incentive Award Matrix</b>				
	<b>Scorecard Result</b>	<b>% of Target Award</b>	<b>CEO Payout as a % of Base Salary</b>	<b>Other Executive Payout as a % of Base Salary</b>
<b>2015 Award Level Threshold</b>	2.00	25.0%	21.3%	12.5%
<b>Target</b>	3.00	100.0%	85.0%	50.0%
<b>Maximum</b>	4.50	150.0%	127.5%	75.0%

For 2015, the three primary scorecard performance categories and the performance sub-categories for each Executive were:

<b>Primary Performance Categories</b>	<b>2015 Executive Scorecard</b>						
	<b>Performance Sub-categories</b>						
<b>Financial Results</b>  (Measured relative to 2015 Peer Group)	Earnings Per Share Growth						
	Return on Assets						
	Average Core Deposit Growth						
	Average Loan Growth						
	<b>Score Rating Percentile Rank</b>	0	1	2 (Thresh)	3 (Target)	4	5 (Max)
	0%-	10%-	20%-	40%-	60%-	80%-	
	10%	20%	40%	60%	80%	100%	
<b>Risk Management</b>	Audit Results Internal Audits						
	Audit Results Regulatory Exams						
	Issue Remediation Internal Audits						
	Issue Remediation Regulatory Exams						
	Timely Completion of Risk and Compliance Training						
	Capital Ratings Identical for all Executives						
<b>Business Objectives</b>  (Goals Specific to Each Executive)	Liquidity and Funding Identical for all Executives						
	Mr. Wenger Performance Results of the Executive Team						
	Mr. Rohrbaugh Complete build out of the Compliance Risk Management System, BSA Processes and Framework, and IT Transformation						
	Mr. Barrett Long-term Balance Sheet strategy and execution, expenditure policy management, process and organizational improvements						
	Mr. Roda Consumer segment growth and major corporate initiatives assigned by CEO						
	Mr. Myers - Commercial segment growth and major corporate initiatives assigned by CEO						

In addition to the scorecard results and information provided on individual critical performance factors for each Executive, the HR Committee also considered the overall progress Fulton and its subsidiary banks made during 2015 in continuing to improve and enhance its risk management and regulatory compliance infrastructures, and Fulton's commitment to strengthen its regulatory compliance and risk management functions to address identified deficiencies in these areas. At its March 2016 meeting the HR Committee reviewed the overall 2015 performance and scorecard results for each Executive, and determined that each of the Executives achieved a level of performance in 2015 that qualified the Executives for an Annual Cash Incentive Award between the threshold and target payout performance levels established for 2015.

**Table of Contents**

The following is a tabular summary of the scorecard performance categories with their corresponding weights for the categories, the total score for each Executive on their respective 2015 scorecard and the Annual Cash Incentive Award earned by each of the Executives.

	<b>Category Weights</b>				
	<b>Performance Scores</b>				
	<b>Annual Cash Incentive Awards Earned</b>				
<b>2015 Executive Scorecard</b>					
<b>Performance Categories</b>	<b>Wenger</b>	<b>Rohrbaugh</b>	<b>Barrett</b>	<b>Roda</b>	<b>Myers</b>
<b>Financial Results compared to peers</b>	40%	30%	40%	40%	40%
<b>Risk Management</b>	30%	40%	30%	30%	30%
<b>Business Objectives Specific to Each Executive</b>	30%	30%	30%	30%	30%
<b>Primary Performance Categories</b>	<b>Wenger</b>	<b>Other Executives</b>			
<b>Financial Results compared to peers</b>	<b>2.00</b>	<b>Average Score:</b>			<b>2.00</b>
<b>Risk Management</b>	<b>2.28</b>	<b>Average Score:</b>			<b>2.87</b>
<b>Business Objectives and Goals Specific to Each Executive</b>	<b>3.00</b>	<b>Average Score:</b>			<b>2.94</b>
		<b>Rohrbaugh:</b>		<b>2.44</b>	
		<b>Barrett:</b>		<b>2.55</b>	
		<b>Roda:</b>		<b>2.43</b>	
<b>Total Score</b>	<b>2.38</b>	<b>Myers:</b>		<b>2.78</b>	
		<b>Rohrbaugh:</b>		<b>\$112,458</b>	
		<b>Barrett:</b>		<b>\$120,962</b>	
		<b>Roda:</b>		<b>\$92,722</b>	
<b>Annual Cash Incentive Award Earned</b>	<b>\$353,094</b>	<b>Myers:</b>		<b>\$144,825</b>	

Equity Awards: Fulton's HR Committee believes that the Performance Shares and other equity-based compensation align the interests of the Executives with those of Fulton's shareholders, and encourage the Executives to think like owners. Therefore, the HR Committee believes that equity awards are an appropriate means of motivating, rewarding and compensating the Executives and other key officers based on the future performance of Fulton. Each grant of Performance Shares in 2015 was broken into three component parts with the following allocations, performance features and vesting criteria.

The number of Performance Shares granted to each of the Executives represents a target number of Performance Shares established by the HR Committee, based on the recommendations from McLagan, equal to 125% of base salary, as of January 1, 2015, for the CEO and 75% of base salary, as of January 1, 2015, for the other Executives, and assuming a value for each Performance Share equal to the closing price of Fulton's common stock on the grant date. The Performance Shares were granted to the Executives on April 1, 2015. The actual number of shares of Fulton common stock, if any, that the Executives may receive upon vesting of the Performance Shares on the third anniversary of the date of grant may be higher or lower than the target number of Performance Shares granted

**Table of Contents**

to the Executives. The aggregate number of Performance Shares granted to each of the Executives was allocated by the HR Committee among three components, each having different performance criteria and vesting terms, as summarized below:

**2015 Equity Award Structure**

	2017	2018
<p>37.5% Allocation 1 Yr Relative FFC ROA</p>	<b>Component A</b>	
	<b>Performance Period</b>	
	2 additional years of vesting based on Performance Shares earned in 2015 w/ Profit Trigger	
<p>37.5% Allocation 3 Yr Relative TSR</p>	<b>Component B</b>	
	<b>Performance Period</b>	
	Performance 3-yrs from grant determines # of Performance Shares to vest at end of year 3 (no trigger)	
<p>25% Allocation Discretion</p>	<b>Component C</b>	
	<b>Vesting</b>	
	3-year cliff vesting conditioned on Profit Trigger	

The performance goals and potential payouts for ROA and TSR Components A and B are:

Category	Component A Performance Criteria	Component A Payout Potential (% of target)	Component B Performance Criteria	Component B Payout Potential (% of target)
<b>Threshold</b>	25 <sup>th</sup> Percentile ROA	0%	25 <sup>th</sup> Percentile TSR	0%
<b>Target</b>	50 <sup>th</sup> Percentile ROA	100%	50 <sup>th</sup> Percentile TSR	100%
<b>Maximum</b>	80 <sup>th</sup> Percentile ROA	150%	80 <sup>th</sup> Percentile TSR	150%

Component A, representing 37.5% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will be determined based on Fulton’s ROA during calendar year 2015 relative to 2015 Peer Group, with the receipt of any shares of Fulton common stock being further subject to achievement of the Profit Trigger. Based on Fulton’s ROA for 2015 relative to that of the 2015 Peer Group, the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares allocated to Component A was reduced to 22.62% of the original target number of Performance Shares to reflect performance between the threshold and target levels, interpolated on a straight-line basis. The potential number of Component A Performance Shares the Executives may earn, if the Profit Trigger is achieved, will not further change during the three-year performance period, except for the accrual of dividend equivalents on the Component A Performance Shares actually earned by the Executives.

Component B, representing 37.5% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will be determined based on Fulton’s TSR during the period from April 1, 2015 through March 31, 2018 relative to that of the 2015 Peer Group.

Component C, representing 25% of the Performance Shares granted, for which the number of shares of Fulton common stock that may be received by the Executives upon vesting of the Performance Shares will not vary, but for which the receipt of any shares of Fulton common stock is subject to achievement of the Profit Trigger.

Earned Performance Shares, together with dividend equivalents accrued during the performance period on earned Performance Shares, are settled in shares of Fulton common stock on a 1-for-1 basis after the expiration of the three-year performance period and satisfaction of vesting criteria under the 2013 Plan. ROA was utilized for Component A because it was an objective performance goal that could be measured relative

to Fulton's budget. TSR was utilized for Component B so that Fulton's performance could be measured relative to peers. Further, Components A and B are adjusted after their respective one- and three-year performance periods, but are forfeited



**Table of Contents**

if the corresponding threshold performance level for TSR or ROA is not achieved. Components A and C are also forfeited if the Profit Trigger is not achieved. Finally, if the Executive does not satisfy the Continuous Service requirement in the 2013 Plan, all Performance Shares are forfeited.

Based on the level of Fulton's achievement of the specified performance criteria, the actual number of shares of Fulton common stock the Executives may earn after completion of the three-year performance period for the 2015 Performance Shares may range from 0% to 89.73% of the award target, after giving effect to Fulton's ROA of 0.86% measured relative to the 2015 Peer Group for the year ended December 31, 2015, which fell between the threshold and target levels.

The following table depicts the grant date fair value of the Performance Shares, the total number of Performance Shares, and the allocation of the Performance Shares among Components A, B and C granted to each of the Executives on April 1, 2015.

<b>Executive</b>	<b>Grant Date Fair Value of Performance Shares<sup>1</sup></b>	<b>Total Performance Shares Awarded</b>	<b>Component A (ROA Goal) Shares Awarded<sup>2</sup></b>	<b>Component B (TSR Goal) Shares Awarded</b>	<b>Component C Shares Awarded</b>
Wenger	\$952,117	93,788	35,171	35,171	23,446
Rohrbaugh	\$289,550	28,523	10,696	10,696	7,131
Barrett	\$266,130	26,217	9,832	9,832	6,553
Roda	\$241,310	23,770	8,914	8,914	5,942
Myers	\$224,687	22,133	8,300	8,300	5,533

<sup>1</sup> See note 4 to the Summary Compensation Table on page 42 for additional information regarding the grant date fair value of the Performance Shares.

<sup>2</sup> Based on Fulton's actual ROA for the year ended December 31, 2015, the number of Component A Performance Shares that may vest, subject to the achievement of the Profit Trigger, has been reduced to: 7,995 for Mr. Wenger; 2,419 for Mr. Rohrbaugh; 2,223 for Mr. Barrett; 2,016 for Mr. Roda; and 1,877 for Mr. Myers.

**Employee Stock Purchase Plan:** The Employee Stock Purchase Plan ( ESPP ) was designed to advance the interests of Fulton and its shareholders by encouraging Fulton's employees and the employees of its subsidiary banks and other subsidiaries to acquire a stake in the future of Fulton by purchasing shares of the common stock of Fulton. Currently, Fulton limits payroll deduction and annual employee participation in the ESPP to \$7,500. The Executives participating in the ESPP are eligible to purchase shares through the ESPP at a discount, currently 15%, on the same basis as other Fulton employees participating in the ESPP.

**Defined Contribution Plan 401(k) Plan:** Fulton provides a qualified defined contribution plan, in the form of a 401(k) Plan, to the Executives and other employees and provides for employer matching contributions that satisfy a non-discrimination safe-harbor available to 401(k) retirement plans. This safe-harbor employer matching contribution is equal to 100% of each dollar a participant elects to contribute to the 401(k) Plan, but the amount of contributions that are matched by Fulton is limited to 5% of eligible compensation.

**Deferred Compensation Plan:** Fulton's nonqualified deferred compensation plan permits officers, directors and advisory board members to elect to defer receipt of fees and certain management employees can elect to defer receipt of cash compensation, and enables Fulton to credit certain senior managers, including the Executives, with full employer contributions each year equal to the contributions they would have otherwise been eligible to receive under the 401(k) Plan, if not for the limits imposed by the Internal Revenue Code, as amended (the Tax Code ) on the amount of compensation that can be taken into account under a tax-qualified retirement plan. Fulton's deferred compensation contributions for the Executives in 2015 are stated in footnote 8 of the Summary Compensation Table on page 42. The deferred compensation plan accounts of each participant are held and invested under the Fulton Nonqualified Deferred Compensation Benefits Trust, with Fulton Financial Advisors, a division of Fulton Bank, N.A., serving as trustee. The participants are permitted to individually direct the investment of the deferred amounts into various investment options under the Nonqualified Deferred Compensation Benefits Trust.



**Table of Contents**

**Death Benefits:** The estates of each of the Executives are eligible for a payment equal to two (2) times base salary (plus an amount equal to applicable individual income taxes due on such amounts) from Fulton pursuant to individual Death Benefit Agreements between Fulton and each Executive, should the Executive die while actively employed by Fulton. Upon the Executive's retirement, the post retirement benefit payable upon the individual's death is reduced to \$5,000.

**Health, Dental and Vision Benefits:** Fulton offers a comprehensive benefits package for health, dental and vision insurance coverage to all full-time employees, including the Executives, and their eligible spouses and children. Fulton pays a portion of the premiums for the coverage selected, and the amount paid varies with each health, dental and vision plan. All of the Executives have elected one of the standard employee coverage plans available.

**Other Executive Benefits:** Fulton provides the Executives with a variety of perquisites and other personal benefits that the HR Committee believes are necessary to facilitate the conduct of Fulton's business by the Executives and are reasonable and consistent with the overall compensation program for the CEO and the other Executives. In addition, these benefits enable Fulton to attract and retain talented senior officers for key positions, as well as provide the Executives and other senior officers with opportunities to be involved in their communities and directly interact with current and prospective customers of Fulton. The 2015 amounts are included in the "All Other Income" column of the Summary Compensation Table on page 42 of this Proxy Statement. The Executives are provided with company-owned automobiles, club memberships and other executive benefits consistent with their positions. Fulton does not have a direct or indirect interest in any corporate aircraft. Generally, the Executives travel on commercial aircraft, by train or in vehicles provided by Fulton. In addition, if spouses accompany an Executive when traveling on business or attending a corporate event, Fulton pays the travel and other expenses associated with certain spousal travel for the Executive. Fulton also includes spousal travel and personal vehicle use as part of the Executive's reported W-2 income.

**K. Employment Agreements**

Fulton believes that a company should provide reasonable severance benefits to employees. For most employees, Fulton has a policy that, in general, provides for severance benefits to be paid upon a reduction in force or position elimination. These severance arrangements are intended to provide the employees with a sense of security in making the commitment to dedicate their professional careers to the success of Fulton. With respect to the Executives and certain other employees, the severance benefits provided reflect the fact that it may be difficult for them to find comparable employment within a reasonable period of time. The levels of these benefits for the Executives in the event of a change in control of Fulton are discussed in footnote 6 in the "Potential Payments Upon Termination and Golden Parachute Compensation Table" on page 50 under "Termination Without Cause or for Good Reason - Upon or After a Change in Control".

Fulton has entered into employment agreements with certain of its key employees, including each of the Executives. Fulton's employment agreement with Mr. Wenger was entered into on June 1, 2006, and amended on November 12, 2008. Fulton's employment agreements with Messrs. Roda, Rohrbaugh, Barrett and Myers were entered into on August 1, 2011, November 1, 2012, November 4, 2013 and July 1, 2013, respectively. The employment agreements with the Executives (individually, an "Employment Agreement," and collectively, the "Employment Agreements"), continue until terminated and each provides that the Executive is to receive a base salary, which is set annually, is entitled to participate in Fulton's incentive bonus programs as in effect from time to time, and will participate in Fulton's retirement plans, welfare benefit plans and other benefit programs.

The Employment Agreements with the Executives contain restrictions on the sharing of confidential information, as well as non-competition and non-solicitation covenants that continue for one year following termination of employment. The non-competition and non-solicitation covenants will not apply if the Executive terminates employment for good reason or if the Executive's employment is terminated without cause, as defined in the Employment Agreements. These provisions of the Employment Agreements are further outlined in the "Potential Payments Upon Termination and Golden Parachute Compensation Table" section on page 50. The Employment Agreements Fulton executed with Messrs. Rohrbaugh, Barrett, Roda and Myers are similar to the Employment Agreements Fulton executed with Mr. Wenger, except that they do not contain an excise tax gross-up for taxes applicable to termination payments as a result of the Executive's termination. The Employment Agreements with Messrs. Rohrbaugh, Barrett, Roda and Myers, provide that, in the event a payment to be made in connection with

## **Table of Contents**

their termination of employment would result in the imposition of an excise tax under Section 4999 of the Tax Code, such payment would be retroactively reduced, if necessary, to the extent required to avoid such excise tax imposition and, if any portion of the amount payable the Executive is determined to be non-deductible pursuant to the regulations promulgated under Section 280G of the Tax Code, Fulton would be required to pay to the Executive only the amount determined to be deductible under Section 280G.

### **L. Other Compensation Elements**

**162(m) and Tax Consequences:** Section 162(m) of the Tax Code disallows the deductibility by Fulton of any compensation over \$1 million per year paid to certain employees and the Executives unless certain criteria are satisfied. Although Fulton takes into account its ability to deduct compensation expense in determining its taxable income; tax deductibility is not a primary objective of its compensation programs and Fulton does not have policy requiring that all compensation be deductible.

**409A Changes:** Section 409A of the Tax Code, effective January 1, 2005, defines what constitutes a nonqualified deferred compensation plan, conditions income tax deferrals under such plans on their compliance with certain distribution, acceleration, election and funding restrictions, and also imposes excise tax and interest penalties for noncompliance. In order to preserve intended tax deferrals and to avoid the imposition of excise taxes and interest penalties, Fulton has identified all such nonqualified deferred compensation plans it maintains and to the extent necessary, timely amended each, to meet the Section 409A requirements, and to alter the administration of each, where necessary, to comply with Section 409A.

**Discussion of Equity Award Process:** Fulton does not have a formal written policy as to when equity awards are granted during the year, but in March 2015, Fulton awarded Performance Shares and restricted stock to eligible participants under the 2013 Plan with a grant date of April 1, 2015, so that the equity awards could be considered by the HR Committee at the same time as the cash incentive awards under the 2013 Plan. Fulton does not backdate options or grant options retroactively, and does not coordinate option grants with the release of positive or negative corporate news. The 2013 Plan, which amended and restated the 2004 Stock Option and Compensation Plan, does not permit the award of discounted options, the reload of stock options, or the re-pricing of stock options. Pursuant to the terms of the 2013 Plan, option prices are determined based on the closing price on the grant date. Under the 2013 Plan, an option exercise price shall not be less than 100% of the fair market value of Fulton's stock on the date of grant. The 2013 Plan defines fair market value to be the closing price on the date of grant, or if no sales of shares were reported on any stock exchange or quoted on any interdealer quotation system on that day, the price on the next preceding trading day on which such price was quoted.

**Stock Hedging Policy and Stock Trading Procedures:** Fulton has adopted an Insider Trading Policy and Compliance Procedures to facilitate securities law compliance in a number of areas. Pursuant to this policy, Fulton requires that all directors, officers, and employees of Fulton and its affiliates adhere to certain procedures when trading in Fulton common stock or any other security issued by Fulton or its subsidiaries. Among other requirements, directors, officers and employees of Fulton and its subsidiaries that know of material, non-public information about Fulton may not (i) buy or sell Fulton stock while the information remains non-public, or (ii) disclose the information to relatives, friends or any other person. In addition, the Executives and directors of Fulton and Fulton's banking subsidiaries and certain other officers are prohibited from engaging in speculative transactions involving Fulton's securities. This prohibition encompasses short sales and puts, along with other trading that anticipates a decline in price. These instruments can involve a bet against Fulton, raise issues about the insider knowledge of the person involved or create a conflict of interest and are therefore prohibited by Fulton's policy. In 2014, Fulton updated the Insider Trading Policy and Compliance Procedures to prohibit the pledging of shares, but grandfathered any pledges made prior to the amendment.

**Stock Ownership Guidelines:** Fulton believes that broad-based stock ownership by directors, officers and employees is an effective method to align the interests of its directors, officers and employees with the interests of its shareholders. In 2009, Fulton first adopted Governance Guidelines that included a formal Fulton common stock ownership guideline for directors and the Executives. The director ownership guidelines were updated in September 2013, and each director is presently required to own at least \$175,000 of Fulton common stock, which is five (5) times the annual director cash retainer, within the later of five (5) full calendar years of first becoming a director, or five (5) full calendar years after the guideline was changed.

**Table of Contents**

A similar stock ownership requirement exists for the Executives. The guideline for the Executives was last updated and approved in 2013, with the recommended ownership guideline calculated as a multiple of the Executive's base salary, depending upon the position of the Executive as follows:

Executive Position	CEO	President	CFO	Other Executives
<b>Fulton Common Stock Ownership Guideline as a Multiple of Base Salary</b>	2.0	1.5	1.5	1.0

Compliance with the stock ownership guidelines is determined annually based on stock ownership and the closing stock price as of December 31 of the prior year. Ownership excludes stock options and unvested restricted stock, but includes all other shares beneficially owned and reported on an individual's Form 3, Form 4 or Form 5 filed with the SEC, including shares held in retirement accounts, indirect ownership and jointly held shares. Once an Executive or Director has achieved the ownership guideline, he or she remains in compliance with the ownership guideline regardless of changes in base salary or the price of Fulton's common stock, as long as he or she retains the same number of shares or a higher amount. However, if an Executive is promoted to CEO, President or CFO with a base salary increase, he or she would be permitted to satisfy the new stock ownership requirement for the new position and base salary over a period of five (5) full calendar years.

Except for Messrs. Rohrbaugh and Barrett, all of the Executives have satisfied the stock ownership guidelines for 2015. Mr. Rohrbaugh has until December 31, 2017, to satisfy the stock ownership guidelines for his position. Mr. Barrett has until December 31, 2018, to satisfy the stock ownership guidelines for his position. As of December 31, 2015, all of Fulton's directors have satisfied the stock ownership guidelines, except Directors Crutchfield, Devine and Spair. Under the stock ownership guidelines, Directors Crutchfield, Devine and Spair are each required to achieve the targeted stock ownership level by December 31, 2019, December 31, 2018 and December 31, 2020, respectively.

Management Succession: The topic of management succession is discussed and reviewed at least annually at Fulton. At the December 2015 meeting of the Board of Directors, senior officers in Fulton's Human Resources Department discussed and reviewed the succession planning processes used by management to identify successors for each Executive at Fulton.

Clawback Policies: In 2015 the HR Committee adopted a Compensation Recovery Clawback Policy (Clawback Policy) to govern clawback provisions for all participants, including the Executives, in the 2013 Plan, and subject to limited exceptions, other incentive compensation plans. The Clawback Policy identifies the events, such as: a material restatement of Fulton's or any of its affiliates' financial statements that would have the effect of lowering the amount of incentive compensation paid, if the incentive compensation payments had been calculated using the restated financial statements; the use of a materially inaccurate performance metric in the determination of the amount of incentive compensation; or a violation of the Code of Conduct by one or more senior-level officers, in the absence of which, the amount of incentive compensation would have been lower, the occurrence of which event or events would trigger an evaluation to determine whether the portion of incentive compensation paid that exceeds the amount of incentive compensation that would have been paid in the absence of the triggering event or events should be recovered from the participants that received the excess incentive compensation.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act mandates that the SEC adopt rules that require publicly traded companies to adopt a formal clawback policy. Pending final clawback rules from the SEC, the HR Committee will continue to monitor and consider the use of clawbacks and update the Clawback Policy for any new or amended compensation agreements and plans with the Executives.

**Table of Contents**

**Human Resources Committee Report**

The HR Committee reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on the review and discussions, the HR Committee recommended to the Board of Directors that the Compensation Discussion and Analysis above be incorporated in Fulton's Annual Report on Form 10-K for the year ended December 31, 2015, and the 2016 annual Proxy Statement, as applicable.

As described above in the Compensation Discussion and Analysis section, in performing its compensation risk evaluation, the HR Committee met with the CRO regarding the material risks facing Fulton, and consulted with human resources personnel about Fulton's various compensation plans. Based on the foregoing review, the HR Committee concluded that Fulton's compensation policies and practices in 2015 did not create risks that are reasonably likely to have a material adverse effect on Fulton.

**Human Resources Committee**

Denise L. Devine, Chair  
Patrick J. Freer, Vice Chair  
George W. Hodges  
Ronald H. Spair  
Mark F. Strauss

**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Principal Position <sup>1</sup>	Year	Salary <sup>2</sup>	Bonus <sup>3</sup>	Stock Awards <sup>4</sup>	Option Awards <sup>5</sup>	Non-Equity Incentive Plan Compensation <sup>6</sup>	Change in Pension Value and Non-qualified Deferred Compensation Earnings <sup>7</sup>	All Other Compensation <sup>8</sup>	Total
E. Philip Wenger	2015	944,103	0	952,117	0	353,094	0	116,656	2,365,970
	2014	953,518	0	1,048,711	0	316,091	0	107,360	2,425,680
Chairman, Chief Executive Officer and President of Fulton	2013	900,000	0	360,844	0	503,370	0	129,166	1,893,380
Philmer H. Rohrbaugh	2015	478,543	0	289,550	0	112,458	0	13,314	893,865
	2014	483,315	0	318,936	0	91,830	0	13,833	907,914
Senior Executive Vice President and Chief Risk Officer of Fulton	2013	454,286	150,000	0	0	151,124	0	47,303	802,713
Patrick S. Barrett	2015	439,861	0	266,130	0	120,962	0	74,757	901,710
	2014	445,810	0	297,131	0	100,307	0	191,176	1,034,424
Senior Executive Vice President and Chief Financial Officer of Fulton	2013	57,211	200,000	393,000	0	18,822	0	0	669,033
Craig A. Roda	2015	398,805	0	241,310	0	92,722	0	41,578	774,415
	2014	402,782	0	265,793	0	68,473	0	65,554	802,602
Senior Executive Vice President of Fulton, and Chairman and Chief Executive Officer of Fulton Bank, N.A.	2013	377,044	0	252,954	0	124,048	0	76,856	830,902
Curtis J. Myers <sup>9</sup>	2015	371,347	0	224,687	0	144,825	0	51,224	792,083
	2014	-	-	-	-	-	-	-	-
Senior Executive Vice President of Fulton, and President and Chief Operating Officer of Fulton Bank, N.A.	2013	-	-	-	-	-	-	-	-

<sup>1</sup> Titles and positions listed are as of Fulton's fiscal year-end of December 31, 2015.

<sup>2</sup> This represents the 2013, 2014 and 2015 base salary amounts paid to and earned by each of the Executives named in this table. Annual base salaries are paid in biweekly installments. During 2013 and 2015 the Executives were paid in 26 biweekly installments. During 2014, there were 27 such biweekly installments which resulted in a higher 2014 base pay amount. On March 15, 2016, upon the recommendation of the HR Committee, the Board of Directors approved 2016 annual base salaries for Messrs. Wenger, Rohrbaugh, Barrett, Roda and Myers of \$973,936, \$493,664, \$453,759, \$411,406 and \$392,425, respectively. These changes to annual base salary will be effective with the biweekly pay period that includes April 1, 2016.

<sup>3</sup> The HR Committee did not award any bonus payments in 2013, 2014 or 2015 to the Executives, except for the bonuses paid to Mr. Rohrbaugh in January 2013 and Mr. Barrett in December 2013 in connection with their acceptance of employment with Fulton.





**Table of Contents**

<sup>4</sup> Amounts represent the grant date fair values of restricted stock and Performance Shares. There were no forfeitures of restricted stock or Performance Shares during 2013, 2014 and 2015 by any of the Executives. The per-share grant date fair value of restricted stock granted to Mr. Wenger and Mr. Roda during 2013 was equal to the average of the high and low trading prices of Fulton common stock on the date the shares were granted, which was \$11.58. The stock award granted to Mr. Barrett in 2013 represents 30,000 shares of restricted stock, with a fair value of \$13.10 per share, equal to the closing price of Fulton common stock on the date of grant, granted on December 2, 2013 in connection with this acceptance of employment with Fulton.

The per-share grant date fair value for Performance Shares granted in 2014 with non-market-based performance conditions was equal to the closing price of Fulton common stock on the date the shares were granted, or \$12.61. The per-share grant date fair value for Performance Shares granted in 2014 with market-based performance conditions is estimated based on the use of a Monte Carlo valuation methodology, which resulted in a per-share grant date fair value of \$10.33. The weighted-average per-share grant date fair value of all Performance Shares granted in 2014 was \$11.755. For additional information concerning the valuation of Performance Shares with market-based performance conditions granted in 2014, including the assumptions made in determining that valuation, see Fulton's Annual Report on Form 10-K for the year ended December 31, 2014, Item 8 Financial Statements and Supplementary Data, Note O Stock-Based Compensation Plans. The grant date fair value for Performance Shares granted in 2014 is based on the probable outcomes of the performance conditions as determined in accordance with FASB ASC Topic 718. The grant date fair value of the Performance Shares granted in 2014, assuming the highest level of performance conditions is met, would have been \$1,432,429 for Mr. Wenger, \$435,631 for Mr. Rohrbaugh, \$405,844 for Mr. Barrett and \$363,035 for Mr. Roda.

The per-share grant date fair value for Performance Shares granted in 2015 with non-market-based performance conditions was equal to the closing price of Fulton common stock on the date the shares were granted, or \$12.325. The per-share grant date fair value for Performance Shares granted in 2015 with market-based performance conditions is estimated based on the use of a Monte Carlo valuation methodology, which resulted in a per-share grant date fair value of \$10.66. The weighted average per-share grant date fair value of all Performance Shares granted in 2015, including the assumptions made in determining that valuation, see Fulton's Annual Report on Form 10-K for the year ended December 31, 2015, Item 8 Financial Statements and Supplementary Data, Note 15 Stock-Based Compensation Plans. The grant date fair value of the Performance Shares granted in 2015, assuming the highest level of performance conditions is met, would have been \$ 1,501,569 for Mr. Wenger, \$456,661 for Mr. Rohrbaugh, \$419,749 for Mr. Barrett, \$ 380,568 for Mr. Roda and \$354,357 for Myers.

The number of shares of restricted stock granted to Messrs. Wenger and Roda on April 1, 2013 was 31,161 and 21,844, respectively. The number of Performance Shares granted to Messrs. Wenger, Barrett, Roda and Rohrbaugh on April 1, 2014 was 89,214, 25,277, 22,611 and 27,132, respectively. The number of Performance Shares granted to Messrs. Wenger, Rohrbaugh, Barrett, Roda and Myers on April 1, 2015 was 93,788, 28,523, 26,217, 23,770 and 22,133, respectively.

<sup>5</sup> Fulton did not grant options in 2013, 2014 and 2015 to the Executives and there were no forfeitures of options during 2013, 2014 or 2015 by any of the Executives. The 2003 grant, expired in 2013, including the following number of options by Executive: Wenger 20,673 and Roda 16,538. The 2004 grant expired in 2014, including the following number of options by Executive: Wenger 45,939; and Roda 28,876. The 2005 grant expired in 2015, including the following number of options by Executive: Wenger 40,687; Myers 6,037; and Roda 21,000.

<sup>6</sup> The Annual Cash Incentive Awards reported in this column are substantially based on a scorecard results as described further on page 34. The 2013 Annual Cash Incentive Award to Mr. Barrett was adjusted to reflect his employment by Fulton for only the final two months of 2013.

<sup>7</sup> Fulton has determined that the Executives did not receive above-market earnings on their nonqualified deferred compensation plan accounts, and therefore, such earnings are not required to be reported in this column for 2013, 2014 or 2015. All participants in the nonqualified deferred compensation plan, which also includes senior managers other than the Executives, are permitted to select various investment options listed in footnote 2 of the Nonqualified Deferred Compensation Table on page 49. The rate of return for an individual participant's account is based on the performance of the various investment options selected by each participant.

**Table of Contents**

<sup>8</sup> All Other Compensation includes Fulton's payments for qualified profit sharing plan contributions, qualified employer matching contributions, nonqualified profit sharing plan contributions, nonqualified employer matching contributions, club membership fees, use of company provided automobiles, plus other personal benefits received by each of the Executives. The methodology used to calculate the aggregate incremental cost of perquisites and other personal benefits was to use the amount disbursed for the items. Where a benefit involved assets owned by Fulton, an estimate of the incremental cost was used. Amounts for vehicles include the personal use and other financial benefit the Executive received for an automobile as reported on their W-2. The Other Perquisites column in the table below includes personal travel, employee service awards paid to all employees for achieving certain years of service and other small benefits that individually are less than ten percent of all perquisites received by the Executive. It also includes certain reimbursements for Mr. Wenger and Mr. Barrett. During 2015, Mr. Wenger received \$24,158 as reimbursement for \$10,000 in tax preparation, \$8,640 for a tax penalty and a tax gross-up for tax liability incident to these reimbursements, all of which related to Fulton's administrative error related to his nonqualified deferred compensation plan account. This administrative error also resulted in the removal of company contributions improperly credited to his account under the plan, and Mr. Wenger's company contributions for 2014 and 2013 have been corrected to reflect the reduced amounts. During 2014 and 2015, Mr. Barrett received a total of \$181,172 and \$29,832, respectively, in each year for relocation benefits pursuant to his employment agreement dated November 4, 2013 which provided for the reimbursement of temporary housing, home-finding trips, payment of all moving costs, and a tax gross-up to accommodate for the taxation of any income.

Name	Year	Qualified Retirement Plan	Nonqualified Deferred Compensation Plan	Club Memberships	Automobile Perquisites	Other Perquisites	Total All Other Compensation
		Company Contribution	Company Contribution				
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
E. Philip Wenger	2015	13,250	51,277	16,287	3,543	32,299	116,656
	2014	19,500	64,636	16,970	3,527	2,727	107,360
	2013	25,500	82,532	16,978	2,921	1,235	129,166
Philmer H. Rohrbaugh	2015	0	0	13,314	0	0	13,314
	2014	0	0	13,083	0	750	13,833
	2013	0	0	45,055	0	2,248	47,303
Patrick S. Barrett	2015	12,986	13,758	13,639	3,042	31,332	74,757
	2014	0	2,486	3,544	3,074	182,072	191,176
	2013	0	0	0	0	0	0
Craig A. Roda	2015	12,977	10,114	14,382	3,147	958	41,578
	2014	19,500	20,492	14,734	3,122	7,706	65,554
	2013	25,500	34,438	12,958	3,113	847	76,856
Curtis J. Myers	2015	12,879	9,284	16,992	3,251	8,818	51,224
	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-

<sup>9</sup> Mr. Myers first became a Senior Executive Vice President of Fulton July 1, 2013, and with the retirement of James E. Shreiner effective December 31, 2014, Mr. Myers became an Executive of Fulton for the first time in 2015. Pursuant to SEC rules, Mr. Myers compensation for 2013 and 2014 is not included.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS TABLE**

Name	Grant Date	Approval Date <sup>1</sup>	Estimated Future or Possible Payouts Under Non-Equity Incentive Plan Awards <sup>2</sup>			Estimated Future or Possible Payouts Under Equity Incentive Plan Awards <sup>3</sup>			All Other Stock Awards: Number of Shares or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Base Option Awards (\$/Sh)	Closing Price on Grant Date (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>4</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)					
E. Philip Wenger	4/1/2015	3/16/2015	-	-	-	23,446	93,788	128,959	-	-	-	12.325	952,117
E. Philip Wenger	-	3/16/2015	201,093	802,488	1,203,731	-	-	-	-	-	-	-	-
Philmer H. Rohrbaugh	4/1/2015	3/16/2015	-	-	-	7,131	28,523	39,219	-	-	-	12.325	289,550
Philmer H. Rohrbaugh	-	3/16/2015	59,818	239,272	358,907	-	-	-	-	-	-	-	-
Patrick S. Barrett	4/1/2015	3/16/2015	-	-	-	6,555	26,217	36,048	-	-	-	12.325	266,130
Patrick S. Barrett	-	3/16/2015	54,983	219,931	329,896	-	-	-	-	-	-	-	-
Craig A. Roda	4/1/2015	3/16/2015	-	-	-	5,942	23,770	32,684	-	-	-	12.325	241,310
Craig A. Roda	-	3/16/2015	49,851	199,403	299,104	-	-	-	-	-	-	-	-
Curtis J. Myers	4/1/2015	3/16/2015	-	-	-	5,533	22,133	30,433	-	-	-	12.325	224,687
Curtis J. Myers	-	3/16/2015	46,418	185,674	278,510	-	-	-	-	-	-	-	-

<sup>1</sup> Fulton approved the grants of Performance Shares at the March 2015 HR Committee and Board of Directors meetings, pursuant to the 2013 Plan, with a grant date of April 1, 2015. Fulton also approved a non-equity incentive plan award under the 2013 Plan on March 16, 2015.

<sup>2</sup> The Executives were eligible to receive an Annual Cash Incentive Award for 2015 pursuant to the 2013 Plan that is discussed on page 33.

<sup>3</sup> The amounts in this column represent the Performance Shares granted to the Executives on April 1, 2015 and the number of Performance Shares was based on the April 1, 2015 closing price of \$12.325. Performance Shares may become earned and vested based on the actual performance level achieved, over a three-year performance period with respect to the following performance measures: (i) 37.5% of the Performance Shares may be earned and vested based on the actual performance level achieved with respect to ROA relative to the 2015 Peer Group for the period of January 1, 2015 through December 31, 2015 and subject to satisfaction of the Profit Trigger; (ii) 37.5% of the Performance Shares may be become earned and vested based on the actual performance level achieved with respect to the three-year relative TSR for the period of April 1, 2015 through March 31, 2018; and (iii) the balance of the Performance Shares may be earned and vested if the Profit Trigger is achieved. With respect to the first two components of the Performance Shares, the actual number of Performance Shares earned and vested will be based on the actual performance level and will be interpolated on a straight-line basis for pro-rata achievement of the performance goals, if applicable, rounded down to the nearest whole number. Performance Shares also accrue dividends equivalents, which will be added to the award upon vesting.

<sup>4</sup> See Note 4 to the Summary Compensation Table on page 42 for additional information regarding the grant date fair value of the Performance Shares.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE**

Name	Option Awards <sup>1</sup>		Equity Incentive Plan Awards:			Stock Awards		Equity Incentive Plan Awards:	Equity Incentive Plan Awards:
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) <sup>2</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>3</sup>	Number of Shares, Units or Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>6</sup>
E. Philip Wenger	24,000	0	0	15.89	6/30/2016	-	-	-	-
E. Philip Wenger	24,000	0	0	14.415	6/30/2017	-	-	-	-
E. Philip Wenger	10,296	0	0	9.965	6/30/2018	-	-	-	-
E. Philip Wenger	-	-	-	-	-	33,703	438,476	-	-
E. Philip Wenger	-	-	-	-	-	-	-	102,518 <sup>4</sup>	1,333,766
E. Philip Wenger	-	-	-	-	-	-	-	84,157 <sup>5</sup>	1,094,889
Philmer H. Rohrbaugh	-	-	-	-	-	-	-	-	-
Philmer H. Rohrbaugh	-	-	-	-	-	-	-	31,178 <sup>4</sup>	405,632
Philmer H. Rohrbaugh	-	-	-	-	-	-	-	25,594 <sup>5</sup>	332,978
Patrick S. Barrett	-	-	-	-	-	31,793	413,627	-	-
Patrick S. Barrett	-	-	-	-	-	-	-	29,046 <sup>4</sup>	377,895
Patrick S. Barrett	-	-	-	-	-	-	-	23,524 <sup>5</sup>	306,054
Craig A. Roda	16,000	0	0	15.89	6/30/2016	-	-	-	-
Craig A. Roda	18,000	0	0	14.415	6/30/2017	-	-	-	-
Craig A. Roda	7,722	0	0	9.965	6/30/2018	-	-	-	-
Craig A. Roda	15,958	0	0	10.88	6/30/2021	-	-	-	-
Craig A. Roda	-	-	-	-	-	23,626	307,374	-	-
Craig A. Roda	-	-	-	-	-	-	-	25,982 <sup>4</sup>	338,032
Craig A. Roda	-	-	-	-	-	-	-	21,329 <sup>5</sup>	277,490
Curtis J. Myers	5,500	0	0	15.890	6/30/2016	-	-	-	-
Curtis J. Myers	7,500	0	0	14.415	6/30/2017	-	-	-	-
Curtis J. Myers	3,217	0	0	9.965	6/30/2018	-	-	-	-
Curtis J. Myers	7,737	0	0	5.270	6/30/2019	-	-	-	-
Curtis J. Myers	10,772	0	0	9.475	6/30/2020	-	-	-	-
Curtis J. Myers	12,375	0	0	10.880	6/30/2021	-	-	-	-
Curtis J. Myers	13,875	0	0	10.475	3/31/2022	-	-	-	-
Curtis J. Myers	11,700	5,850	0	11.58	3/31/2023	-	-	-	-
Curtis J. Myers	-	-	-	-	-	6,327	82,314	-	-
Curtis J. Myers	-	-	-	-	-	-	-	24,193 <sup>4</sup>	314,757
Curtis J. Myers	-	-	-	-	-	-	-	19,860 <sup>5</sup>	258,379

<sup>1</sup> The number of securities underlying the options and the option exercise price has been adjusted for stock dividends and stock splits, if any, which have occurred since the option grant date.

<sup>2</sup> Restricted stock awards listed were granted April 1, 2013. Pursuant to the 2013 Plan, dividends paid by Fulton on restricted stock awards are reinvested and subject to the same restrictions as the original award. Therefore, the number of securities underlying the restricted stock awards has been adjusted as of December 31, 2015 for dividends that have accrued since the grant date. As of December 31, 2015, the dividends reflected in the restricted stock awards to Messrs. Wenger, Rohrbaugh, Barrett, Roda and Myers were: 2,542, 0, 1,793, 1,782 and 477, respectively. The restricted stock awards cliff-vest (100%) three years from the date of the original grant. Shares listed are as of December 31, 2015.

<sup>3</sup> Market value of restricted shares awarded in 2013 is based on the December 31, 2015 closing price of Fulton common stock of \$13.01.



**Table of Contents**

<sup>4</sup> Performance Shares granted on April 1, 2014. If the performance criteria are achieved and other requirements under the 2013 Plan are satisfied, these Performance Shares will vest on April 1, 2017. Performance Shares allocated to Component A are presented based on actual ROA performance during the first year of the performance period, Performance Shares allocated to Component B are presented assuming the maximum level of performance based on relative TSR performance through December 31, 2015, and Performance Shares allocated to Component C are presented using the actual number of shares granted, since the number of shares that may vest upon completion of the performance period will not change. Dividend equivalents accrued during the performance period which may be earned on the Performance Shares are not included in the number of Performance Shares.

<sup>5</sup> Performance Shares granted on April 1, 2015. If the performance criteria are achieved and other requirements under the 2013 Plan are satisfied, these Performance Shares will vest on April 1, 2018. Performance Shares allocated to Component A are presented based on actual ROA performance during the first year of the performance period, Performance Shares allocated to Component B are presented assuming the maximum level of performance based on relative TSR performance through December 31, 2015, and Performance Shares allocated to Component C are presented using the actual number of shares granted, since the number of shares that may vest upon completion of the performance period will not change. Dividend equivalents accrued during the performance period which may be earned on the Performance Shares are not included in the number of Performance Shares.

<sup>6</sup> Market value of Performance Shares shown is based on the December 31, 2015 closing price of Fulton common stock of \$13.01.

**Table of Contents****OPTION EXERCISES AND STOCK VESTED TABLE <sup>1</sup>**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting <sup>2</sup> (\$)
E. Philip Wenger	0	0	26,064	321,235
Philmer H. Rohrbaugh	0	0	21,779	292,270
Patrick S. Barrett	0	0	0	0
Craig A. Roda	0	0	18,271	225,192
Curtis J. Myers	0	0	5,036	62,091

<sup>1</sup> Except for Mr. Barrett, all of the Executives had restricted stock that vested during 2015.

<sup>2</sup> Shares that vested on April 1, 2015 for Messrs. Wenger, Roda and Myers were valued at \$12.325 per share, the closing price of Fulton common stock on April 1, 2015. Shares that vested on November 1, 2015 for Mr. Rohrbaugh were valued at \$13.42 per share, the closing price of Fulton common stock on October 30, 2015 because November 1, 2015 was not a trading day.

**PENSION BENEFITS TABLE <sup>1</sup>**

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
E. Philip Wenger	NA	-	-	-
Philmer H. Rohrbaugh	NA	-	-	-
Patrick S. Barrett	NA	-	-	-
Craig A. Roda	NA	-	-	-
Curtis J. Myers	NA	-	-	-

<sup>1</sup> In 2015, none of the Executives participated in or had an account balance in any qualified or nonqualified defined benefit plans sponsored by Fulton or any Fulton subsidiary bank.

**Table of Contents****NONQUALIFIED DEFERRED COMPENSATION TABLE**

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY <sup>1</sup> (\$)	Aggregate Earnings in Last FY <sup>2</sup> (\$)	Aggregate Withdrawals/Distributions <sup>3</sup> (\$)	Aggregate Balance at Last FYE <sup>4</sup> (\$)
E. Philip Wenger	100,139	51,277	13,845	126,011	794,089
Philmer H. Rohrbaugh	0	0	0	0	0
Patrick S. Barrett	19,812	13,758	(585)	0	50,487
Craig A. Roda	21,541	10,114	635	0	274,990
Curtis J. Myers	14,559	9,284	(1,308)	0	149,992

<sup>1</sup> Fulton's contributions toward nonqualified deferred compensation for each of the Executives are listed in this column. The Executives' contributions are matched at the same 5% rate as provided in the 401(k) Plan. However, while the Executives in 2015 may contribute up to 100% of their eligible salary and cash bonus, these matching contributions are made based on an Executive's eligible salary and bonus that exceeds the federal limit of \$265,000 in 2015. See the table contained in footnote 8 of the Summary Compensation Table on page 42. Amounts listed as registrant contributions in this Nonqualified Deferred Compensation Table are also included as part of the Executives' Total All Other Compensation in the Summary Compensation Table. 2015 contributions were credited to each of the Executive's accounts in early 2016.

<sup>2</sup> The Executives direct the investment of their nonqualified deferred compensation plan contributions into various standard investment options offered from a set menu of investment funds. In 2015, the available investment funds included Federated Total Return Bond Fund (FTRBX), Fidelity Advisor Diversified International Fund (FDVIX), Goldman Sachs Core Fixed Income Fund (GSFIX), Goldman Sachs Growth Opportunities Fund (GGOIX), Goldman Sachs Mid-Cap Value Fund (GSMCX), Goldman Sachs Financial Square Government Fund (FGTXX), Goldman Sachs Financial Square Money Market Fund (FSMXX), MFS Research International Fund (MRSIX), MFS Value Fund (MEIIX), PIMCO Real Return Fund (PRTNX), T. Rowe Price Growth Stock Fund (PRGFX), Vanguard 500 Index Fund (VFIAX), Vanguard Mid-Cap Index Fund (VIMAX), Vanguard Short-Term Bond Index Fund (VBIRX), Vanguard Small-Cap Growth Index Fund (VSGAX), Vanguard Small-Cap Index Fund (VSMAX), Vanguard Small-Cap Value Index Fund (VSIAX), Vanguard STAR Fund (VGSTX) and Vanguard Windsor II Fund (VWNAX). The Executives may change their individual elections by completing a new election form. A discussion of the Deferred Compensation Plan is included on page 37.

<sup>3</sup> Due to an administrative error, in 2015, Mr. Wenger received a \$73,284 taxable distribution related to his executive contributions into Fulton's Nonqualified Deferred Compensation Plan for prior years. Also included in the amount identified as Aggregate Withdrawals/Distributions are \$43,201 in company contributions for 2013 and 2014 credited to Mr. Wenger's account in the plan, and accumulated earnings on the company contributions for 2013 and 2014 of \$9,526, all of which was removed from Mr. Wenger's account in connection with the correction of this administrative error.

<sup>4</sup> Balances include the 2015 contributions made by Fulton and credited to the Executives' accounts in early 2016. The aggregate amounts shown in this column include the following amounts that were reported as compensation to the Executives in the Summary Compensation Tables in Fulton's previous proxy statements:

- For Mr. Wenger, a total of \$687,022 was reported (2007 to 2015);
- For Mr. Barrett, a total of \$17,161 was reported (2015); and
- For Mr. Roda, a total of \$162,792 was reported (2012 to 2015).



Table of Contents

**POTENTIAL PAYMENTS UPON TERMINATION AND GOLDEN PARACHUTE  
COMPENSATION TABLE**

**Potential Payments as of December 31, 2015 <sup>1</sup>**

Executive	Voluntary Termination <sup>2</sup> or Termination for Cause <sup>3 4</sup>	Termination Without Cause or for Good Reason Before a Change in Control <sup>5 6</sup>	Termination Without Cause or for Good Reason - Upon or After a Change in Control <sup>7 8 9 10</sup>	Termination Due to Retirement <sup>11 12</sup>	Termination Due to Disability <sup>13 14</sup>	Termination Due to Death <sup>15 16</sup>
<b>E. Philip Wenger</b>						
Cash (\$)	0	950,181	2,907,102	0	1,045,199	1,900,362
Equity (\$)	31,351	31,351	2,452,070	469,827	2,452,070	2,452,070
Pension/NQDC(\$)	0	0	145,355	0	0	0
Perquisites/Benefits(\$)	0	12,000	74,000	1,075	0	0
Tax Reimbursement(\$)	0	0	753,583	0	0	1,469,101
<b>TOTAL (\$)</b>	<b>31,351</b>	<b>993,532</b>	<b>6,332,110</b>	<b>470,902</b>	<b>3,497,269</b>	<b>5,821,533</b>
<b>Philmer H. Rohrbaugh</b>						
Cash (\$)	0	481,623	1,265,494	0	529,785	963,246
Equity (\$)	0	0	602,844	0	602,844	602,844
Pension/NQDC(\$)	0	0	63,275	0	0	0
Perquisites/Benefits(\$)	0	12,000	74,000	125	0	0
Tax Reimbursement(\$)	0	0	0	0	0	758,989
<b>TOTAL (\$)</b>	<b>0</b>	<b>493,623</b>	<b>2,005,613</b>	<b>125</b>	<b>1,132,629</b>	<b>2,325,079</b>
<b>Patrick S. Barrett</b>						
Cash (\$)	0	442,692	1,127,308	0	486,961	885,384
Equity (\$)	0	0	971,964	413,627	971,964	971,964
Pension/NQDC(\$)	0	0	56,365	0	0	0
Perquisites/Benefits(\$)	0	12,000	74,000	375	0	0
Tax Reimbursement(\$)	0	0	0	0	0	697,638
<b>TOTAL (\$)</b>	<b>0</b>	<b>454,692</b>	<b>2,229,637</b>	<b>414,002</b>	<b>1,458,925</b>	<b>2,554,986</b>
<b>Craig A. Roda</b>						
Cash (\$)	0	401,372	1,050,840	0	441,509	802,744
Equity (\$)	57,504	57,504	867,259	364,878	867,259	867,259
Pension/NQDC(\$)	0	0	52,542	0	0	0
Perquisites/Benefits(\$)	0	12,000	74,000	1,050	0	0
Tax Reimbursement(\$)	0	0	0	0	0	617,732
<b>TOTAL (\$)</b>	<b>57,504</b>	<b>470,876</b>	<b>2,044,641</b>	<b>365,928</b>	<b>1,308,768</b>	<b>2,287,735</b>
<b>Curtis J. Myers</b>						
Cash (\$)	0	373,738	846,293	0	411,112	747,476
Equity (\$)	186,022	186,022	744,489	268,336	744,489	744,489
Pension/NQDC(\$)	0	0	42,315	0	0	0
Perquisites/Benefits(\$)	0	12,000	74,000	1,075	0	0
Tax Reimbursement(\$)	0	0	0	0	0	574,775
<b>TOTAL (\$)</b>	<b>186,022</b>	<b>571,760</b>	<b>1,707,097</b>	<b>269,411</b>	<b>1,155,601</b>	<b>2,066,740</b>

**Table of Contents**

<sup>1</sup> Based on stock price of \$13.01 as of December 31, 2015 for equity-based compensation.

<sup>2</sup> **Voluntary Termination:** In the event an Executive's employment is voluntarily terminated by the Executive other than for Good Reason, which is defined in the Employment Agreement and described in footnote 4 below, Fulton's obligations are limited to the payment of the Executive's base salary through the effective date of the Executive's termination, together with any applicable expense reimbursements and all accrued and unpaid benefits and vested benefits in accordance with the applicable employee benefit plans. No other payments are required, and under the 2013 Plan, unexercised stock options, Performance Shares and unvested restricted stock grants are forfeited by the Executive as a result of voluntary termination. The amount listed under Equity is the value of the Executive's vested and in the money stock options as of December 31, 2015 based on Fulton's closing price of \$13.01.

<sup>3</sup> **Termination for Cause:** If an Executive's employment is terminated for Cause, Fulton is not obligated to make any further payments to the Executive under the Employment Agreement, other than amounts (including salary, expense reimbursement, etc.) accrued under the Employment Agreements as of the date of such termination. Under the 2013 Plan, unexercised stock options, Performance Shares and unvested restricted stock grants are forfeited by an Executive terminated for Cause, which is defined in the Employment Agreement to include an act of dishonesty constituting a felony, use of alcohol or other drugs which interferes with the performance by the Executive of the Executive's duties, intentional refusal by the Executive to perform duties, or conduct that brings public discredit on, or injures the reputation of, Fulton.

<sup>4</sup> The value listed under Equity is the value of the Executive's vested and in the money stock options as of December 31, 2015 based on Fulton's closing price of \$13.01.

<sup>5</sup> **Termination Without Cause or for Good Reason Before a Change in Control:** If an Executive terminates the Executive's employment for Good Reason or the Executive's employment is terminated by Fulton Without Cause, the Executive is entitled to receive the Executive's base salary for a period of one (1) year and in the sole discretion of Fulton, the Executive also may receive an additional cash bonus. The Executive also would continue to participate in employee health and other benefit plans for which the Executive is eligible during the one (1) year period. If the Executive is not eligible to continue to participate in any employee benefit plan, the Executive will be compensated on an annual basis, in advance, for such plan in an amount equal to the cost Fulton would have incurred, had the Executive been eligible to participate in such plan, plus any permitted gross-up for any taxes applicable thereto. Under the 2013 Plan, unexercised stock options and unvested restricted stock grants are forfeited by an Executive terminated Without Cause or for Good Reason. Good Reason is defined in the Employment Agreement to include a breach by Fulton of its material obligations without remedy, a significant change in the Executive's authority, duties, compensation or benefits, or a relocation of the Executive outside a certain distance from where the Executive previously was based. Without Cause is defined in the Employment Agreement to include any reason other than for Cause.

<sup>6</sup> Cash amount listed for each Executive includes a severance payment based on the Executive's 2015 base salary. The amounts listed under Cash assume no discretionary bonus was paid to the Executives by Fulton. Equity amounts listed are the value of vested stock options as of December 31, 2015 based on Fulton's closing price of \$13.01. Perquisites/Benefits include a monthly estimate of \$1,000 for the value of health and benefit expenses paid by Fulton for the one (1) year severance period attributed to each Executive.

<sup>7</sup> **Termination Without Cause or for Good Reason Upon or After a Change in Control:** The Executives and other employees have contributed to the building of Fulton into the successful enterprise it is today, and Fulton believes that it is important to protect them in the event of a Change in Control. Further, Fulton believes that the interests of shareholders will be best served if the interests of the Executives are aligned with them, and providing Change in Control benefits should eliminate or mitigate any reluctance of the Executives to pursue potential Change in Control transactions that may be in the best interests of shareholders. Based on a review in 2006 by the Hay Group, Fulton's Compensation Consultant at the time, of typical Change in Control provisions offered by Fulton's peers and the recommendation of the Hay Group, Fulton determined that the potential Change in Control benefits it offers the Executives are typical for the financial services industry and reasonable relative to the overall value of Fulton.

A Change in Control is defined in the Employment Agreements to include the acquisition of the beneficial ownership of more than 50% of the total fair market value or voting power of the stock of Fulton by any one person or group of persons acting in concert; a change in the composition of the Board of Directors of Fulton during any period of twelve (12) consecutive months such that a majority of the Board of Directors is replaced by Directors whose appointment or election was not endorsed



**Table of Contents**

by a majority of the Board of Directors before such appointment or election; the acquisition by any person or group of persons acting in concert during any twelve (12) month period of 30% or more of the total voting power of the stock of Fulton or of 40% or more of the total assets (on a gross fair market value basis) of Fulton. If, during the period beginning ninety (90) days before a Change in Control and ending two (2) years after such Change in Control, an Executive is terminated by Fulton Without Cause or an Executive resigns for Good Reason, Fulton is required to pay the Executive two (2) times the sum of the Executive's: (i) annual base salary immediately before the Change in Control; and (ii) the highest annual cash bonus or other incentive compensation awarded to the Executive over the prior three (3) years. The Executive also is entitled to receive: (i) an amount equal to that portion of Fulton's retirement plan, 401(k) plan or deferred compensation plan contributions for the Executive which were not vested, plus the amount of any federal, state or local income taxes due on such amount; (ii) payment of up to \$10,000 for outplacement services; and (iii) continuation of other employee benefits to the same extent provided to employees generally for a period of two (2) years. If the Executive is not eligible to continue to participate in any employee benefit plan, the Executive will be compensated on an annual basis, in advance, for such plan in an amount equal to the cost Fulton would have incurred, had the Executive been eligible to participate in such plan, plus any permitted gross-up for any taxes applicable thereto.

Only Mr. Wenger's Employment Agreement provides that, in the event any payment or distribution by Fulton to or for the benefit of Mr. Wenger would be subject to excise tax as a Golden Parachute, Mr. Wenger will be entitled to receive an additional payment equal to the total excise tax imposed. The determination that a gross-up payment is required and its amount is to be made by a tax adviser and Fulton is responsible for the adviser's fees and expenses. Fulton's Compensation Consultant advised the HR Committee in 2006 that this gross-up provision was a typical provision in such agreements. In keeping with Fulton's objective to offer a competitive contract when they were offered, this provision was included in the Employment Agreements in 2006, but more recent agreements, such as the agreements with Messrs. Rohrbaugh, Barrett, Roda and Myers, do not contain a gross-up provision.

Generally, the 2013 Plan provides for vesting of unvested stock options and restricted shares upon a Change in Control. However, with respect to Performance Shares, in the event of a Change in Control, all incomplete performance periods in respect of such Performance Shares in effect on the date the Change in Control occurs shall end on the date of such change and the HR Committee shall (i) determine the extent to which Performance Goals with respect to each such performance period have been met based upon such audited or unaudited financial information then available as it deems relevant and (ii) cause to be paid to the Executives partial or full Performance Shares with respect to performance goals for each such performance period based upon the HR Committee's determination of the degree of attainment of performance goals or, if not determinable, assuming that the applicable target levels of performance have been attained. The table assumes the target award of Performance Shares based on \$13.01 per share price and the number of Performance Shares outstanding as of December 31, 2015.

<sup>8</sup> Cash amounts listed are two (2) times 2015 base salary and highest Annual Cash Incentive Awards paid for the last three (3) years for each Executive. The Cash amount for Mr. Myers has been reduced by \$ 190,833, pursuant to the terms of his Employment Agreement to avoid a federal excise tax imposition pursuant to the regulations promulgated under Section 280G of the Tax Code. Equity amount is the value of all in the money stock options, restricted stock and unvested Performance Shares as of December 31, 2015 based on Fulton's closing price of \$13.01. Perquisites/Benefits include \$10,000 for outplacement services, \$1,000 per month during the severance period for the estimated value of health and benefit expenses paid by Fulton, \$20,000 per year for club memberships, vehicle and other expenses paid by Fulton for the severance period attributed to each Executive.

<sup>9</sup> Amount listed under Pension/NQDC represents the aggregate dollar value of Fulton's contributions to the 401(k) Plan, Nonqualified Deferred Compensation Plan and other retirement benefits as a result of this termination event.

<sup>10</sup> Only Mr. Wenger is eligible to receive tax reimbursement for any excise tax imposed for this termination event pursuant to his Employment Agreement. The amounts under Tax Reimbursements were calculated as of December 31, 2015.

<sup>11</sup> **Termination Due to Retirement:** In the event an Executive terminates his employment due to retirement upon attaining age sixty-five (65) with at least ten (10) years of service, Fulton is obligated to pay the Executive's base salary through the effective date of the Executive's retirement, together with any applicable expense reimbursements and all accrued and unpaid benefits and vested benefits in accordance with the applicable employee benefit plans. Fulton would have no further obligation under the Employment Agreement; however, assuming that each Executive attained the age of sixty-five (65) and retired as of December 31, 2015, each would have received a lump sum payment of \$25 for each year of service as of December 31, 2015, a payment made to all retiring employees. In the event an Executive terminates employment due to retirement upon attaining age sixty (60), and the Executive has ten (10) or more years of consecutive service with Fulton, unvested stock options and restricted shares awarded under Fulton's plans would automatically vest. Pursuant to the 2013 Plan, the Performance Shares do not automatically vest upon retirement, and are not included, however, subject to review by the HR Committee, performance continues to be measured and the shares may vest based on the original vesting schedule according to the performance level actually achieved. Assuming that all the Executives attained the age of sixty (60) with at least ten (10) years of service and retired as of December 31, 2015, their stock options were valued at the \$13.01 closing price of Fulton common stock on December 31, 2015. The Executives would have two (2) years from the date of

retirement to exercise their stock options in accordance with the terms of their awards.

**Table of Contents**

<sup>12</sup> Equity amount is the value of all in the money stock options and restricted stock as of December 31, 2015 based on Fulton's closing price of \$13.01.

<sup>13</sup> **Termination Due to Disability:** Following an Executive's Disability, defined in the Employment Agreements to be a medically determinable physical or medical impairment that is expected to result in death or to last for at least twelve (12) months, and that either renders the Executive unable to engage in any substantial gainful activity or qualifies the Executive for benefits under a Fulton disability plan, the employment of the Executive would terminate automatically, in which event Fulton is not thereafter obligated to make any further payments under the Employment Agreement, other than amounts (including salary, expense reimbursement, etc.) accrued as of the date of such termination, plus an amount equal to at least six months' base salary in effect immediately prior to the date of the Disability. After this six (6) month salary continuation period, for as long as the Executive continues to be disabled, the Executive will continue to receive at least 60% of the Executive's base salary until the earlier of the Executive's death or December 31 of the calendar year in which the Executive attains age sixty-five (65). To the extent it does not duplicate benefits already being provided, an Executive will also receive those benefits customarily provided by Fulton to disabled former employees, which benefits shall include, but are not limited to, life, medical, health, accident insurance and a survivor's income benefit.

<sup>14</sup> Cash amount for all the Executives is six (6) months at full salary, then 60% of salary for next twelve (12) months. Perquisites/ Benefits include a monthly estimate of \$1,000 for the value of health and benefit expenses paid by Fulton for 18 months. Equity amount is the value of all in the money options, Performance Shares and restricted stock valued at the \$13.01 closing price of Fulton common stock on as of December 31, 2015. In the event an Executive terminates employment due to disability, unvested options, Performance Shares and restricted shares awarded under the 2013 Plan would automatically vest. The Executives would have one (1) year from the date of disability to exercise their options in accordance with the terms of their awards.

<sup>15</sup> **Termination Due to Death:** In the event of a termination of employment as a result of an Executive's death, the Executive's dependents, beneficiaries or estate, as the case may be, would receive such survivor's income and other benefits as they may be entitled to under the terms of Fulton's benefit programs, which includes the Life Insurance benefit of twice base salary amount plus taxes due as a result of the payment under the Death Benefit Agreement described on page 38.

<sup>16</sup> Equity amount is the value of all in the money stock options, Performance Share and restricted stock as of December 31, 2015 based on Fulton's closing price of \$13.01. In the event an Executive terminates employment due to death, unvested options, Performance Shares and restricted shares awarded under the 2013 Plan would automatically vest. The Executive's estate would have one (1) year from the date of death to exercise the Executive's options in accordance with the terms of the 2013 Plan.

**Table of Contents**

**NON-BINDING SAY-ON-PAY RESOLUTION TO APPROVE THE COMPENSATION  
OF THE NAMED EXECUTIVE OFFICERS PROPOSAL TWO**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, Fulton is providing its shareholders with the opportunity to vote on an advisory (non-binding) resolution at the 2016 Annual Meeting to approve Fulton's executive compensation as described in the Compensation Discussion and Analysis, the tabular disclosures of the Named Executive Officers' compensation (Compensation Tables), and other related information in this Proxy Statement. This proposal, commonly known as a Say-on-Pay Proposal, gives shareholders the opportunity to endorse or not endorse Fulton's Executive pay program. At Fulton's 2015 Annual Meeting, Fulton presented a similar proposal to its shareholders, and approximately 96% of the shareholders who cast a vote for or against on this issue voted in favor of, and approved, Fulton's 2015 Say-on-Pay proposal. The HR Committee considered the number of votes cast in favor of Fulton's 2015 Say-on-Pay proposal to be a positive endorsement of Fulton's current pay programs and practices. Fulton will continue to monitor the level of support for each Say-on-Pay proposal. However, because the shareholder vote is not binding, the outcome of the 2016 vote, or any future vote, may not be construed as overruling any decision by Fulton's Board of Directors or HR Committee regarding executive compensation.

In 2011, Fulton submitted to shareholders a non-binding proposal, asking shareholders whether Fulton should submit its Say-on-Pay proposal to shareholders every one (1), two (2) or three (3) years. This type of proposal is commonly known as a Say-When-on-Pay proposal. The shareholders approved Fulton's recommendation that the Say-on-Pay proposal should be submitted to shareholders on an annual basis. Although Fulton believes that having an annual Say-on-Pay vote is appropriate for 2015, Fulton's HR Committee and Board of Directors will continue to evaluate the frequency of the non-binding Say-on-Pay proposal and might recommend that shareholders approve a different frequency in the future. Under current SEC rules, publicly traded companies are required, no less frequently than once every six (6) years, to provide for a separate shareholder Say-When-on-Pay advisory vote in proxy statements for annual meetings to determine whether the Say-on-Pay vote will occur every one (1), two (2) or three (3) years. Fulton anticipates submitting a new Say-When-on-Pay proposal to shareholders at Fulton's Annual Meeting of Shareholders in 2017.

As further described in the Compensation Discussion and Analysis section of this Proxy Statement, starting on page 26, Fulton's executive compensation philosophy and program are intended to achieve three (3) objectives: (i) align interests of the Executives with shareholder interests; (ii) link the Executives' pay to performance; and (iii) attract, motivate and retain executive talent. Fulton's Executive compensation program currently includes a mix of base salary, incentive bonus, equity-based plans, retirement plans, health plans and other benefits. Fulton believes that its compensation program, policies and procedures are reasonable and appropriate and compare favorably with the compensation programs, policies and procedures of its peers.

The Board of Directors recommends that shareholders, in a non-binding proposal, vote **FOR** the following resolution:

**RESOLVED, that the compensation paid to Fulton's Named Executive Officers, as disclosed in this Proxy Statement pursuant to Item 402 of SEC Regulation S-K, including the Compensation Discussion and Analysis, the Compensation Tables and any related material contained in this Proxy Statement, is hereby APPROVED.**

Approval of the non-binding resolution regarding the compensation of the Named Executive Officers would require that the number of votes cast in favor of the proposal exceed the number of votes cast against it. Abstentions and broker non-votes will not be counted as votes cast and, therefore, will not affect the determination as to whether the proposal is approved.

Because your vote is advisory, it will not be binding upon Fulton. However, Fulton's HR Committee and Board of Directors will take into account the outcome of the vote when considering future Executive compensation arrangements, but no determination has been made as to what action, if any, the HR Committee or Board of Directors might take if shareholders do not approve this advisory proposal.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that the shareholders vote FOR the non-binding resolution to approve the compensation of the Named Executive Officers.**

**Table of Contents****RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS**

For the years ended December 31, 2015 and December 31, 2014, Fulton engaged KPMG LLP ( KPMG ), independent registered public accountants, to audit Fulton's financial statements. The fees incurred for services rendered by KPMG for the years ended December 31, 2015 and 2014 are summarized in the following table:

	<b>2015</b>	<b>2014</b>
Audit Fees Annual Audit and Quarterly Reviews <sup>(1)</sup>	\$ 1,509,000	\$ 1,556,000
Audit Fees Issuance of Comfort Letters and Consents	195,000	338,000
Audit Fees Statutory Audit	45,000	42,000
 Audit Fees Subtotal	 1,749,000	 1,936,000
 Audit Related Fees <sup>(2)</sup>	 97,000	 95,800
Tax Fees <sup>(3)</sup>	62,000	105,600
All Other Fees <sup>(4)</sup>	908,000	1,738,000
<b>TOTAL</b>	<b>\$ 2,816,000</b>	<b>\$ 3,875,400</b>

- (1) Amounts presented for 2015 are based upon the audit engagement letter and additional fees paid. Final billings for 2015 may differ.
- (2) Fees paid for a required agreed-upon procedures report related to student lending and audits of financial statements of certain employee benefits plans.
- (3) 2015 and 2014 includes fees rendered in connection with tax services relating to Federal and state tax matters. 2014 includes fees rendered in connection with the Foreign Account Tax Compliance Act (FATCA).
- (4) 2015 and 2014 fees paid for data validation related to BSA/AML.

The appointment of KPMG for the fiscal year ended December 31, 2016 was approved by the Audit Committee of the Board of Directors of Fulton at a meeting on February 22, 2016. Representatives of KPMG are expected to be present at the 2016 Annual Meeting with the opportunity to make a statement and will be available to respond to appropriate questions.

The Audit Committee has carefully considered whether the provision of the non-audit services described above, which were performed by KPMG in 2015 and 2014, would be incompatible with maintaining the independence of KPMG in performing its audit services and has determined that, in its judgment, the independence of KPMG has not been compromised.

All fees paid to KPMG in 2015 and 2014 were pre-approved by the Audit Committee. The Audit Committee pre-approves all auditing and permitted non-auditing services, including the fees and terms thereof, to be performed by its independent auditor, subject to the de minimus exceptions for non-auditing services permitted by the Exchange Act. However, these types of services are approved prior to completion of the services. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members, when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services. Any decisions of such subcommittees to grant pre-approvals are presented to the full Audit Committee for ratification at its next scheduled meeting.

Based on its review and discussion of the audited 2015 financial statements of Fulton with management and KPMG, the Audit Committee recommended to the Board of Directors that the financial statements be included in the Annual Report on Form 10-K for filing with the SEC. A copy of the report of the Audit Committee of its findings that resulted from its financial reporting oversight responsibilities is attached as Exhibit A.



**Table of Contents**

**RATIFICATION OF INDEPENDENT AUDITOR PROPOSAL THREE**

Fulton's Audit Committee has selected the firm of KPMG to continue as Fulton's independent auditor for the fiscal year ending December 31, 2016. Although shareholder approval of the selection of KPMG is not required by law, the Board of Directors believes that it is advisable to give shareholders an opportunity to ratify this selection as is a common practice among other publicly traded companies and consistent with sound corporate governance practices. Assuming the presence of a quorum at the Annual Meeting, the affirmative vote of the majority of the votes cast is required to ratify the appointment of KPMG as Fulton's independent auditor for the fiscal year ending December 31, 2016. If Fulton's shareholders do not approve this proposal at the 2016 Annual Meeting, the Audit Committee will consider the results of the shareholder vote on this proposal when selecting an independent auditor for 2017, but no determination has been made as to what action, if any, the Audit Committee would take if shareholders do not ratify the appointment of KPMG.

KPMG has conducted the audit of the financial statements of Fulton and its subsidiaries for the years ended December 31, 2002 through December 31, 2015. Representatives of KPMG who are expected to be present at the meeting, will be given an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions from shareholders.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that shareholders vote FOR ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2016.**

**Table of Contents**

**ADDITIONAL INFORMATION**

**Annual Report on Form 10-K**

A copy of Fulton's Annual Report on Form 10-K as filed with the SEC, including financial statements, is available without charge to shareholders upon written request addressed to the Corporate Secretary, Fulton Financial Corporation, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604.

The Fulton Annual Report on Form 10-K for year-ended December 31, 2014 and this Proxy Statement are posted and available on Fulton's website at [www.fult.com](http://www.fult.com). Copies of the current governance documents and future updates, including but not limited to the Fulton Code of Conduct, Audit Committee Charter, HR Committee Charter, Nominating and Corporate Governance Committee Charter, Risk Committee Charter and Fulton's Corporate Governance Guidelines, are also posted and available on Fulton's website at [www.fult.com](http://www.fult.com). The contents of our website are not incorporated into this Proxy Statement by provision of this link, or other links in this Proxy Statement.

**Householding of Proxy Materials**

Only one Proxy Statement is being delivered to multiple security holders sharing an address unless Fulton has received contrary instructions from one or more of the security holders. Fulton will promptly deliver, upon written or oral request, a separate copy of this Proxy Statement to a security holder at a shared address to which a single copy of the document was delivered. Such a request should be made to the Corporate Secretary, Fulton Financial Corporation, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604, (717) 291-2411. Requests to receive a separate mailing for future Proxy Statements or to limit multiple copies to the same address should be made orally or in writing to the Corporate Secretary at the foregoing address or phone number.

**Sign Up for Electronic Delivery**

If you would like to save paper and reduce the costs incurred by Fulton in printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please go to [www.proxyvote.com](http://www.proxyvote.com) and have your proxy card and control number in hand when you access the website, then follow the instructions at [www.proxyvote.com](http://www.proxyvote.com) to obtain your records and to create an electronic voting instruction form. Follow the instructions for voting by Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**Table of Contents**

**OTHER MATTERS**

The Board of Directors of Fulton knows of no matters other than those discussed in this Proxy Statement, which will be presented at the 2016 Annual Meeting. However, if 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.

BY ORDER OF THE BOARD OF DIRECTORS

E. PHILIP WENGER  
Chairman of the Board,  
Chief Executive Officer  
and President

Lancaster, Pennsylvania  
April 4, 2016

**Table of Contents**

**EXHIBIT A**

**REPORT OF AUDIT COMMITTEE**

**February 22, 2016**

To the Board of Directors of Fulton Financial Corporation:

We have reviewed and discussed with management Fulton Financial Corporation's audited financial statements as of, and for the year ended, December 31, 2015.

We have discussed with representatives of KPMG LLP, Fulton Financial Corporation's independent auditor, the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees* issued by the Public Company Accounting Oversight Board (PCAOB).

We have received and reviewed the written disclosures and the letter from the independent auditor required by the PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, as amended, by the PCAOB, and have discussed with the auditor the auditor's independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in Fulton Financial Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

Albert Morrison III, Chair  
George W. Hodges, Vice Chair  
Denise L. Devine  
Ronald H. Spair  
Ernest J. Waters

---

**Table of Contents**

**ATTN: SHAREHOLDER SERVICES**

**P.O. BOX 4887**

**ONE PENN SQUARE**

**LANCASTER, PA 17604**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date for Registered Shareholders or May 11, 2016 for Plan Participants. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date for Registered Shareholders or May 11, 2016 for Plan Participants. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E01744-P73127-Z67154

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**FULTON FINANCIAL CORPORATION**

**The Board of Directors recommends you vote FOR the following proposals:**

1. Election of Directors

**Nominees:**

- |     |                     |
|-----|---------------------|
| 1a. | Lisa Crutchfield    |
| 1b. | Denise L. Devine    |
| 1c. | Patrick J. Freer    |
| 1d. | George W. Hodges    |
| 1e. | Albert Morrison III |
| 1f. | James R. Moxley III |
| 1g. | R. Scott Smith, Jr. |
| 1h. | Ronald H. Spair     |

**For      Against      Abstain**

Edgar Filing: FULTON FINANCIAL CORP - Form DEF 14A

- i. Mark F. Strauss
- lj. Ernest J. Waters
- lk. E. Philip Wenger

- |   | <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|---|------------|----------------|----------------|
| 2. NON-BINDING "SAY-ON-PAY" RESOLUTION TO APPROVE THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS.                             |            |                |                |
| 3. TO RATIFY THE APPOINTMENT OF KPMG LLP AS FULTON FINANCIAL CORPORATION'S INDEPENDENT AUDITOR FOR FISCAL YEAR ENDING 12/31/16. |            |                |                |

For address changes and/or comments, please check this box and write them on the back where indicated.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

**Table of Contents**

**Meeting Time, Date and Location**

The meeting will be held at 10:00 a.m. on Monday, May 16, 2016 at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania. Light refreshments will be available starting at 9:00 a.m., and the business meeting will start promptly at 10:00 a.m.

**RSVP**

If you will be attending the meeting, please complete the enclosed Annual Meeting Invitation and Reservation Form.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Combined Document and Meeting Invitation are available at [www.proxyvote.com](http://www.proxyvote.com).

E01745-P73127-Z67154

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF  
FULTON FINANCIAL CORPORATION**

This proxy appoints Samuel H. Jones, Jr., Kenneth E. Shenenberger, John R. Merva, or any one of them acting in the absence of the other proxies, with full power of substitution, to represent and vote, as designated on the reverse side, all of the Fulton Financial Corporation Common Stock: (i) held of record by the signer on February 29, 2016 and (ii) which the signer is otherwise entitled to vote, and, in their discretion, to vote upon such other business as may be properly brought before the Annual Meeting of Shareholders to be held on Monday, May 16, 2016, at 10:00 a.m., at the Lancaster Marriott at Penn Square, 25 South Queen St., Lancaster, PA, or any adjournment thereof.

This proxy, when properly delivered, will be voted in the manner directed by the shareholder(s). If no direction is made, this proxy will be voted FOR the Election of Directors, FOR the "Say-on-Pay" proposal, and FOR the ratification of the appointment of KPMG LLP.

If shares of Fulton Financial Corporation Common Stock are issued to or held for the account of the person(s) signing on the reverse side ("Plan Participant") under employee plans and voting rights attached to such shares (any such plans, an "Employee Plan"), the Plan Participant hereby directs the respective fiduciary ("Plan Trustee") of each applicable Employee Plan to vote all shares of Fulton Financial Corporation Common Stock in the Plan Participant's name and/or account under such Employee Plan as of February 29, 2016 in accordance with the instructions given herein, and, in its discretion, to vote upon such other business as may be properly brought before the Annual Meeting, to be held on Monday, May 16, 2016, at 10:00 a.m., at the Lancaster Marriott at Penn Square, 25 South Queen St., Lancaster, PA, or any adjournments or postponements thereof.

Employee Plan shares, when this proxy is properly delivered, will be voted by the Plan Trustee in the manner directed by the Plan Participant. Please use the Internet or touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on May 15, 2016, which is the deadline to vote the shares through the use of the Internet or telephone. Voting instructions for Employee Plan shares made through the Internet or telephone must be received by 11:59 p.m. Eastern Time on May 11, 2016.

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

