

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

December 14, 2010

NORWOOD FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

Pennsylvania

0-28364

23-2828306

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

717 Main Street, Honesdale, Pennsylvania

18431

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(570) 253-1455

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

NORWOOD FINANCIAL CORP.

INFORMATION TO BE INCLUDED IN THE REPORT

Item 8.01. Other Events

On December 14, 2010, the Registrant entered into a definitive agreement to acquire North Penn Bancorp, Inc. ("North Penn") through the merger of North Penn with and into the Registrant with the Registrant as the surviving corporation. For additional information, reference is made to the joint press release of the Registrant and North Penn which is filed as Exhibit 99.1 hereto and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

- 99.1 Joint Press Release, dated December 15, 2010
 - 99.2 Norwood Financial Corp. Investor Presentation
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORWOOD FINANCIAL CORP.

Date: December 15, 2010

By: /s/ Lewis J. Critelli
Lewis J. Critelli
President and Chief Executive Officer
(Duly Authorized Representative)

Contact: Lewis J. Critelli
President and Chief Executive Officer
Norwood Bancorp, Inc.
570-253-1455

Frederick L. Hickman
President and Chief Executive Officer
North Penn Bancorp, Inc.
570-344-6113

FOR IMMEDIATE RELEASE
December 15, 2010

Norwood Financial Corp. to Acquire North Penn Bancorp, Inc.

Honesdale and Scranton, Pennsylvania – Norwood Financial Corp. (NASDAQ:NWFL), the holding company for Wayne Bank, Honesdale, Pennsylvania and North Penn Bancorp, Inc. (OTCBB: NPBP), the holding company for North Penn Bank, Scranton, Pennsylvania jointly announced today the signing of a definitive merger agreement pursuant to which Norwood Financial Corp. will acquire North Penn Bancorp, Inc. in a stock and cash transaction. The transaction is an in-market transaction that will expand Norwood Financial Corp.'s existing footprint in Monroe County, Pennsylvania and extend its footprint into Lackawanna County, Pennsylvania. The combined company will have approximately \$700 million in assets, 16 branches and improve its market position in Monroe County.

“We are pleased to be able to partner with an organization such as North Penn Bancorp, Inc. Both companies have earned a great reputation in the market, provided exceptional historical returns to shareholders and have a common community banking culture. The combination of talent, prime locations and increased presence in the market will enable us

to better serve our customers in Lackawanna and Monroe Counties and all of northeastern Pennsylvania,” noted Lewis J. Critelli, President and Chief Executive Officer of Norwood.

”North Penn is delighted to partner with such a reputable, high performing financial institution. With this merger, our shareholders receive an attractive price and our customers will enjoy banking with a larger community bank with greater product offerings,” stated Frederick L. Hickman, President and Chief Executive Officer of North Penn.

Under the terms of the merger agreement, which has been unanimously approved by the boards of directors of both companies, Norwood Financial Corp. will acquire all of the outstanding shares of North Penn Bancorp, Inc. for a total purchase price of approximately \$27.1 million assuming a price of \$28.00 per share for Norwood common stock. In addition, North Penn Bank will merge with and into Wayne Bank, with Wayne Bank as the surviving bank. Pursuant to the terms of the merger agreement, shareholders of North Penn Bancorp, Inc. will have the opportunity to elect to receive for each share of North Penn Bancorp, Inc. common stock they own, either 0.6829 shares of Norwood Financial Corp. common stock or \$19.12 in cash. All shareholder elections will be subject to allocation and proration procedures set forth in the merger agreement which is intended to ensure that, in the aggregate, 55% of the aggregate merger consideration will consist of Norwood Financial Corp. common stock, and 45% will consist of cash. The transaction is expected to be a tax-free exchange for shareholders of North Penn Bancorp, Inc. receiving stock.

In addition, one member of the North Penn Bancorp, Inc.'s board of directors shall be appointed to the board of directors of Norwood Financial Corp. and Wayne Bank. It is expected that the merger will be consummated in the second quarter of 2011 and is subject to certain conditions, including receiving requisite regulatory and North Penn Bancorp, Inc. stockholder approvals. The transaction is expected to be accretive to Norwood Financial Corp.'s earnings in the first full year of operations.

Norwood Financial Corp. has prepared an investor presentation on the merger that can be accessed on Norwood Financial Corp.'s website at www.waynebank.com under the Investor Relations page.

Boenning & Scattergood, Inc. acted as financial advisor to Norwood Financial Corp. and The Kafafian Group, Inc. acted as financial advisor to North Penn Bancorp, Inc. Malizia Spidi & Fisch, PC served as legal counsel for Norwood Financial Corp., and Kilpatrick Stockton LLP served as legal counsel for North Penn Bancorp, Inc.

About Norwood Financial Corp.

Headquartered in Honesdale, PA, Norwood Financial Corp. operates 11 offices within Wayne, Pike and Monroe counties. As of September 30, 2010, Norwood Financial Corp. had total assets of \$534.5 million, total net loans receivable of \$352.8 million, total deposits of \$398.6 million and total stockholders' equity of \$68.4 million. Norwood Financial Corp. stock trades on the NASDAQ Global Market under the trading symbol "NWFL".

About North Penn Bancorp, Inc.

North Penn Bancorp, Inc. is the holding company for North Penn Bank, a Pennsylvania savings bank that conducts its business from its main office in Scranton, Pennsylvania and four branch offices, in the northeastern Pennsylvania counties of Lackawana and Monroe. As of September 30, 2010, North Penn Bancorp, Inc. had total assets of \$164.5 million, total net loans of \$119.7 million, total deposits of \$136.5 million and total stockholders' equity of \$19.9 million. North Penn Bancorp, Inc.'s common stock is traded on the Over-the-Counter Bulletin Board under the symbol "NPBP."

Norwood Financial Corp. will file a Registration Statement on Form S-4 with the Securities and Exchange Commission (SEC), which will contain the proxy materials of North Penn Bancorp, Inc. and certain other information regarding Norwood Financial Corp. These proxy materials will set forth complete details of the merger. Investors are urged to carefully read the proxy materials when filed with the SEC, as they will contain important information. Investors will be able to obtain a copy of the proxy materials free of charge at the SEC's website at www.sec.gov. The materials may also be obtained for free by directing a written request to Norwood Financial Corp., 717 Main Street, Honesdale, PA 18431, Attention: Corporate Secretary, or to North Penn Bancorp, 216 Adams Avenue, Scranton, PA 18503, Attention: Corporate Secretary. Investors should read the proxy materials before making a decision regarding the merger.

Norwood Financial Corp. and North Penn Bancorp, Inc. and their directors and executive officers may be deemed to be "participants" in North Penn Bancorp, Inc.'s solicitation of proxies

in connection with the proposed merger. Information regarding directors and executive officers of Norwood Financial Corp. may be found in Norwood Financial Corp.'s proxy statement for its 2010 annual meeting of shareholders dated March 22, 2010, as filed with the SEC. Information regarding directors and executive officers of North Penn Bancorp, Inc. may be found in North Penn Bancorp, Inc.'s proxy statement for its 2010 annual meeting of shareholders dated April 20, 2010, as filed with the SEC. A copy of the proxy statement is available free of charge at the SEC's website (www.sec.gov). Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

Statements contained in this news release that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, possible delays in completing the merger, difficulties in achieving cost savings from the merger or in achieving such cost savings within the expected time frame, and difficulties in integrating North Penn Bank into Wayne Bank, as well as factors discussed in documents filed by Norwood Financial Corp. or North Penn Bancorp, Inc. with the SEC from time to time. Neither Norwood Financial Corp. nor North Penn Bancorp, Inc. undertakes and both specifically disclaim any obligation to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of Norwood Financial Corp. or North Penn Bancorp, Inc.

Norwood Financial Corp.

Merger With

North Penn Bancorp, Inc.

December 15, 2010

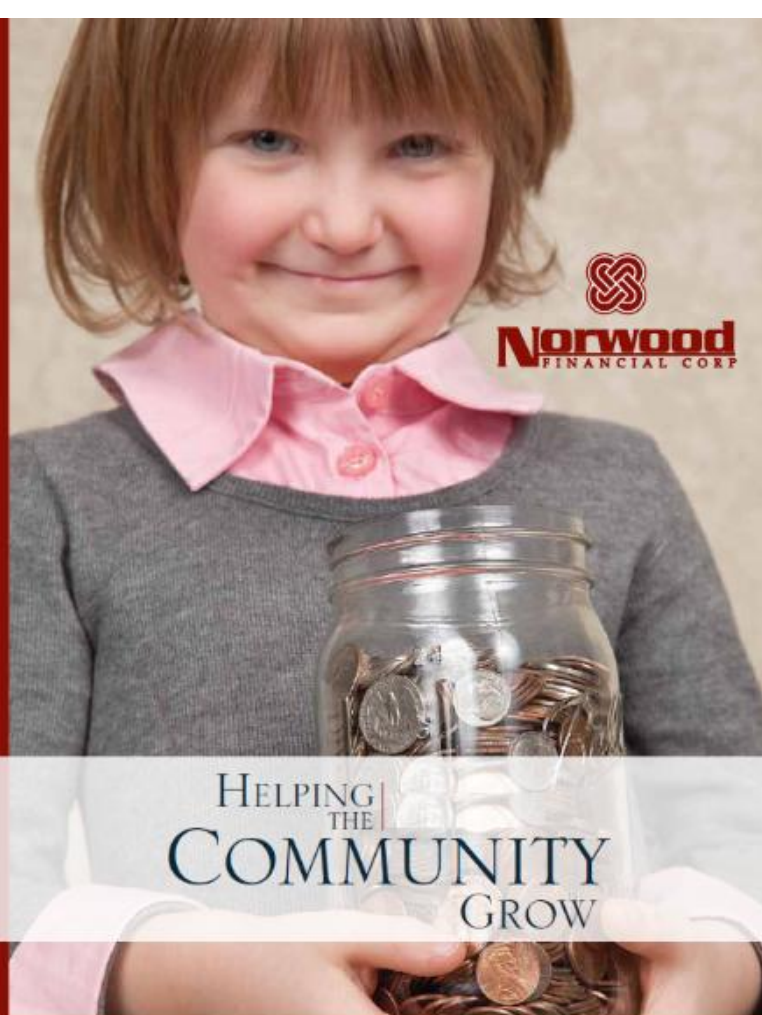


Norwood
FINANCIAL CORP

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HELPING
THE
COMMUNITY
GROW



Statements contained in this presentation that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, possible delays in completing the merger, difficulties in achieving cost savings from the merger or in achieving such cost savings within the expected time frame, and difficulties in integrating North Penn Bank into Wayne Bank, as well as factors discussed in documents filed by Norwood Financial Corp. or North Penn Bancorp, Inc. with the Securities and Exchange Commission (SEC) from time to time. Neither Norwood Financial Corp. nor North Penn Bancorp, Inc. undertakes and both specifically disclaim any obligation to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of Norwood Financial Corp. or North Penn Bancorp, Inc.

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- § **Creates the Third Largest Independent Banking Franchise in Northeastern Pennsylvania by Assets**
 - Ø \$692.9 million in consolidated assets
 - Ø 16 branches
- § **Highly Complementary to Existing Norwood Market**
 - Ø Provides access to affluent, higher populated markets west of Norwood's existing franchise
 - Ø Fills in and expands market in higher growth southern markets
- § **Attractive Valuation**
 - Ø 128.3% premium to North Penn's Tangible Book Value per Share
 - Ø 4.7% core deposit premium
- § **Manageable Size**
 - Ø \$164.5 million in assets and five branch locations with no complex business or product sets to integrate
- § **Scarcity Value**
 - Ø North Penn represents one of the few "acquirable" institutions in existing and complementary markets for Norwood

§ **Attractive Deposit Base with Emphasis on Commercial Banking**

- Ø North Penn's core non-maturity deposits account for approximately 60% of total deposits
- Ø Strong focus on commercial based, relationship banking

§ **Strong Growth Characteristics**

- Ø Loan growth December 2007 to September 2010 was 23%.
- Ø Deposit growth December 2007 to September 2010 was 63%.

§ **Favorable Financial Transaction Metrics**

- Ø Accretive to Norwood earnings per share starting in the first full year of consolidated operations
- Ø Minimally dilutive to Norwood's pro forma tangible book per share
- Ø Norwood retains strong pro forma capital levels

§ **Capacity For Cross Selling**

- Ø Ability to introduce trust and related services to North Penn's customer base

Transaction:	Norwood Financial Corp. ("NWFL") will acquire 100% of the stock of North Penn Bancorp, Inc. ("NPBP")
Consideration:	Shareholders of NPBP will be eligible to receive cash, NWFL common stock ⁽¹⁾ , or a mix of both valued at \$19.12 per share. The stock portion ⁽¹⁾ of the total consideration equates to 55%.
Transaction Value:	\$27.1 million ⁽²⁾
Key Provisions:	NPBP will be merged into Wayne Bank and its offices will be rebranded as Wayne Bank
Board Representation:	One board seat will be provided to a current NPBP director
Due Diligence:	Completed comprehensive due diligence, including detailed review of loan utilizing NWFL senior personnel
Termination Fee:	\$1.125 million
Conditions to Closing:	Customary regulatory and NPBP shareholder approval
Expected Closing:	Second Quarter of 2011

⁽¹⁾ Based on a fixed exchange ratio of 0.6829 and a market price of \$28.00 for NWFL common stock.

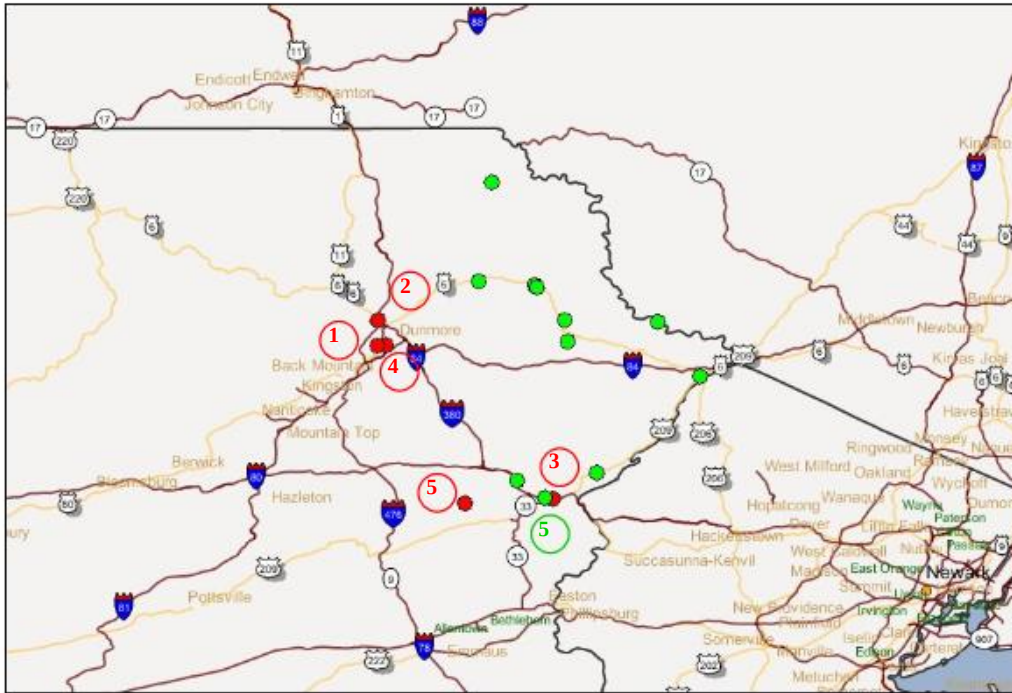
⁽²⁾ Includes values associated with NPBP outstanding stock options and restricted stock awards.

(\$ in 000's, except per share data)

Financial Highlights:	2006Y	2007Y	2008Y	2009Y	9/30/2010 YTD
Assets	\$122,456	\$122,532	\$138,990	\$156,327	\$164,505
Cash & Securities	19,579	17,604	23,657	32,453	35,409
Net Loans	95,154	97,247	106,790	114,546	119,696
Deposits	86,746	83,683	99,153	124,055	136,548
Total Debt	21,741	17,879	19,648	12,000	7,000
Equity	13,126	20,184	19,298	19,270	19,908
Tangible Equity	13,126	20,184	19,298	19,270	19,908
Net Interest Income	3,500	3,592	4,380	4,549	4,100
Loan Loss Provision	120	86	31	475	334
Non-interest Income	308	415	336	436	417
Non-interest Expense	3,310	3,580	3,704	4,009	3,107
Net Income	315	301	354	787	825

Profitability Ratios:	2006Y	2007Y	2008Y	2009Y	9/30/2010 YTD
ROAA	0.28%	0.25%	0.28%	0.53%	0.69%
ROAE	2.88%	2.49%	2.34%	4.04%	5.64%
Net Interest Margin	3.41%	3.34%	3.63%	3.33%	3.61%
Efficiency Ratio	84.10%	85.92%	76.14%	78.20%	68.78%

Source: SNL Financial



- Norwood Financial Corp.
- North Penn Bancorp Inc.

Source: SNL Financial; Deposits as of June 30, 2010.



		2010 Deposits (\$000s)
Location		
1	Honesdale	121,614
2	Milford	79,337
3	Hawley	51,189
4	Waymart	36,243
5	Stroudsburg	32,644
6	Lakewood	21,046
7	East Stroudsburg	18,736
8	Shohola	16,151
9	Honesdale	11,065
10	Tannersville	10,180
11	Lords Valley	9,686



		2010 Deposits (\$000s)
Location		
1	Scranton	57,643
2	Clarks Summit	23,717
3	Stroudsburg	21,037
4	Scranton	15,245
5	Effort	11,961

§ **Natural Market Extension Further Into Northeastern Pennsylvania**

- Ø Entry into Scranton Market Area
- Ø Enhances market share into growth market of Monroe county

Monroe County			
2010 Rank	Institution	Total Deposits (\$M)	Total Market Share (%)
1	ESSA Bancorp Inc. (PA)	513,565	23.3%
2	PNC Financial Services Group (PA)	461,187	20.9%
3	Palm Bancorp (PA)	251,736	11.4%
4	Royal Bank of Scotland Group	187,596	8.5%
5	Wells Fargo & Co. (CA)	186,434	8.5%
6	First Keystone Corp. (PA)	118,761	5.4%
7	Pro Forma NWFL & NPBP*	94,558	4.3%
7	NBT Bancorp Inc. (NY)	88,990	4.0%
8	National Penn Bancshares Inc. (PA)	80,996	3.7%
9	Norwood Financial Corp. (PA)	61,560	2.8%
10	First Niagara Finl Group (NY)	56,252	2.6%
13	North Penn Bancorp Inc. (PA)	32,998	1.5%
	Other Institutions (54)	161,435	7.3%
	Total For Institutions In Market	2,201,510	100.0%

Note: Non-retail branches not included

Total Population	171,191
Projected Population	
Change 2010-2015	3.89%
Median HH Income	\$46,282
Projected HH Income	
Change 2010-2015	9.43%

Lackawanna County			
2010 Rank	Institution	Total Deposits (\$M)	Total Market Share (%)
1	PNC Financial Services Group (PA)	1,197,591	24.7%
2	First National Community Bncp (PA)	618,810	12.8%
3	Penseco Financial Services (PA)	574,865	11.9%
4	Wells Fargo & Co. (CA)	499,876	10.3%
5	Fidelity D & D Bancorp Inc. (PA)	422,374	8.7%
6	Community Bank System Inc. (NY)	403,855	8.3%
7	NBT Bancorp Inc. (NY)	374,380	7.7%
8	F.N.B. Corp. (PA)	274,984	5.7%
9	Citizens Savings Bank (PA)	229,272	4.7%
10	North Penn Bancorp Inc. (PA)	96,605	2.0%
	Other Institutions (83)	155,959	3.2%
	Total For Institutions In Market	4,848,571	100.0%

Note: Non-retail branches not included

Total Population	208,866
Projected Population	
Change 2010-2015	(1.17%)
Median HH Income	\$45,802
Projected HH Income	
Change 2010-2015	15.67%

* Reflects combined deposit levels of both institutions.

Source: SNL Financial as of June 30, 2010.

§ Multiples being paid are comparable to the medians seen in acquisitions of other Northeast Pennsylvania thrifts

Purchase Price Overview	
<i>(\$000s in thousands)</i>	
Purchase Price:	
Common Stock ⁽¹⁾	\$24,572
Stock Options ⁽²⁾	\$1,551
Restricted Stock Awards ⁽³⁾	\$975
Total Purchase Price	\$27,098
Purchase Price to NBPB's:⁽⁴⁾	
Tangible Book Value	128.3%
LTM Net Income	20.5x
Core Deposit Premium	4.7%

⁽¹⁾ Based on 1,285,148 common shares outstanding.

⁽²⁾ Based on 157, 632 granted stock options with an average weighted price of \$9.28 per share.

⁽³⁾ Based on 50,981 unvested restricted stock awards.

⁽⁴⁾ Based on GAAP common share results and a market price of \$28.00 for NWFL common stock.

§ Earnings impact:

- Ø Slightly dilutive to 2011 EPS recognizing a less than full year of consolidated results
- Ø Accretive to estimated 2012 EPS with full year consolidated results

§ Capital position:

	As of 9/30/2010	Pro Forma 9/30/2010	“Well Capitalized”
BV per Share	\$24.79	\$24.65	--
TBV per Share	\$24.79	\$22.90	--
TCE/TA	12.8%	11.0%	--
Leverage Ratio	12.2%	10.4%	5.00%
Tier 1 Capital	18.1%	14.8%	6.00%
Total Capital	19.4%	15.8%	10.00%

§ Pro forma capital ratios well in excess of regulatory guidelines

§ Pro forma Shareholder base

- Ø 532,286 shares issued to fund acquisition
- Ø NWFL pro forma ownership of 83.8% and NPBP pro forma ownership of 16.2%

Stockholders or others seeking information regarding the Company may call or write:

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Investor Relations
717 Main Street
Honesdale, Pennsylvania 18431
www.waynebank.com
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Lewis J. Critelli
President &
Chief Executive Officer
(570) 253-8512

William S. Lance
Senior Vice President &
Chief Financial Officer
(570) 253-8505

