

NORWOOD FINANCIAL CORP
Form S-4
April 21, 2016

As filed with the Securities and Exchange Commission on April 21, 2016

Registration No. 333 - _____

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

FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

NORWOOD FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	6022 (Primary Standard Industrial Classification Code Number)	23-2828306 (I.R.S. Employer Identification Number)
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717 Main Street
Honesdale, Pennsylvania 18431
(570) 253-1455
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)

Lewis J. Critelli, President
717 Main Street
Honesdale, Pennsylvania 18431
(570) 253-1455
(Name, address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Jones Walker, LLP
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Washington, D.C. 20037
(202) 434-4671

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49 Wethersfield Avenue
Hartford, CT 06114
(860) 522-9100

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding

company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Accelerated filer
 Non-accelerated filer
 Smaller reporting company
 (Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Stock, \$.10 par value	431,815	Not Applicable	\$11,318,853	\$1,139.81

(1) Represents the estimated maximum number of shares of Norwood Financial Corp. common stock estimated to be issuable upon the consummation of the merger of Delaware Bancshares, Inc. with and into Norwood and is computed based upon the estimated number of shares of Delaware Bancshares, Inc. common stock outstanding as of April 18, 2016 (925,499) of which 694,124 shares will be exchanged for shares of Norwood common stock and (y) the exchange ratio of 0.6221. Pursuant to Rule 416, this Registration Statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends or similar transactions.

(2) Pursuant to Rule 457(f) under the Securities Act of 1933, as amended, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based on the average of the last sale price of

Delaware Bancshares, Inc. common stock as of April 18, 2016 (\$16.40) and the estimated maximum number of shares of Delaware Bancshares, Inc. common stock to be received by Norwood Financial Corp. in the merger (925,499) less the cash to be paid in exchange for such shares of \$3,859,331.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to the shares of Norwood Financial Corp. common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY PROXY STATEMENT/PROSPECTUS
DATED APRIL 21, 2016, SUBJECT TO COMPLETION

DELAWARE BANCSHARES, INC.
131-133 Delaware Street
Walton, New York 13856

Merger Proposed — Your Vote Is Very Important

To the Shareholders of Delaware Bancshares, Inc.:

You are cordially invited to attend a special meeting of the shareholders of Delaware Bancshares, Inc. (“Delaware”) to be held on _____, _____, 2016 at __:__ .m., local time, at _____, _____, Walton, New York.

At the special meeting, you will be asked to consider the merger of Delaware and Norwood Financial Corp. (“Norwood”) and to adopt the Agreement and Plan of Merger (the “merger agreement”) dated March 10, 2016, that Delaware and The National Bank of Delaware County (“NBDC Bank”) entered into with Norwood and Wayne Bank, a wholly owned subsidiary of Norwood. You will also be asked to approve the adjournment, postponement, or continuation of the special meeting, if necessary, to solicit additional proxies in favor of adoption of the merger agreement.

If the merger is completed, each outstanding share of Delaware common stock will be converted into the right to receive either: (1) \$16.68 in cash, without interest; or (2) 0.6221 of a share of Norwood common stock. You will be able to elect to receive cash for all of your shares of Delaware common stock, shares of Norwood common stock for all of your shares of Delaware common stock or cash for some of your shares of Delaware common stock and Norwood common stock for the remainder. Regardless of your choice, however, elections will be limited by the requirement that the total number of shares electing cash (which includes, for this purpose, dissenting shares) must not exceed 25% of the total shares of Delaware common stock outstanding. Therefore, all allocations of cash and Norwood common stock that you may receive will depend on the elections of other Delaware shareholders. The federal income tax consequences of the merger to you will depend on whether you receive cash, stock or a combination of cash and stock in exchange for your shares of Delaware common stock.

Under the terms of the merger agreement, the cash consideration and the exchange ratio will remain fixed, while the value of the stock consideration will fluctuate with the market price of Norwood common stock. Based on the closing price of Norwood common stock on the NASDAQ Global Market on March 10, 2016, the last trading day before public announcement of the merger agreement, the value of the stock consideration represented approximately \$16.49

in value for each share of Delaware common stock. You should obtain current stock price quotations for Norwood and Delaware common stock. Norwood common stock trades on the NASDAQ Global Market under the symbol "NWFL" and Delaware common stock trades on the OTC Pink Marketplace under the symbol "DBAI." Delaware may terminate the merger agreement if (i) the average closing price of Norwood's common stock for a specified period is less than \$21.08, (ii) Norwood's common stock underperforms the NASDAQ Bank Index by more than 20% and (iii) Norwood does not elect to increase the stock election consideration by a formula-based amount outlined in the merger agreement, as is discussed in further detail on page __ of this proxy statement/prospectus.

Your board of directors has unanimously determined that the merger and the merger agreement are fair and in the best interests of Delaware and its shareholders and unanimously recommends that you vote "FOR" approval of the merger agreement and the merger. The merger cannot be completed unless two-thirds of the outstanding shares vote to approve the merger agreement. Whether or not you plan to attend the special meeting of shareholders, please take the time to vote by

completing the enclosed proxy card and mailing it in the enclosed envelope. Shareholders may also vote by telephone or on the internet by following the instructions on the proxy card. Failure to vote has the same effect as a vote "AGAINST" the merger agreement. If you sign, date and mail your proxy card or vote by telephone or on the internet without indicating how you want to vote, your proxy will be counted as a vote "FOR" adoption of the merger agreement and "FOR" the proposal to adjourn the special meeting, if necessary, to solicit additional votes in favor of adoption of the merger agreement.

This proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains information about Norwood and Delaware and related matters. You are encouraged to read this document carefully. In particular, you should read the "Risk Factors" section beginning on page __ for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.

On behalf of the board of directors, I thank you for your prompt attention to this important matter.

Sincerely yours,

Douglas W. Sluiter
Presiding Director

James S. Stracuzzi
President and Chief Executive
Officer

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved of the merger, the issuance of the Norwood common stock in connection with the merger or the other transactions described in this proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated _____, 2016, and is first being mailed to shareholders of Delaware on or about _____, 2016.

DELAWARE BANCSHARES, INC.
131-133 Delaware Street
Walton, New York 13856
(607) 865-4126

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held On _____, 2016

NOTICE IS HEREBY GIVEN, that a special meeting of shareholders of Delaware Bancshares, Inc. will be held at _____, located at _____, Walton, New York, on _____, _____, 2016 at ___:___ .m., local time, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated March 10, 2016, by and among Norwood Financial Corp., Wayne Bank, Delaware Bancshares, Inc. and The National Bank of Delaware County, under which Delaware Bancshares, Inc. will merge with and into Norwood Financial Corp.;
2. To consider and vote upon a proposal to adjourn, postpone or continue the special meeting, if necessary, to permit further solicitation of proxies in favor of adopting the merger agreement; and
3. To transact such other business as may properly come before the special meeting or any adjournment, postponement or continuance thereof.

Shareholders of record at the close of business on _____, 2016 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. The enclosed proxy statement/prospectus describes the merger agreement in detail, and a copy of the merger agreement is annexed as Annex A to the proxy statement/prospectus and incorporated by reference therein.

The board of directors of Delaware Bancshares, Inc. unanimously recommends that Delaware's shareholders vote "FOR" the proposal to approve the merger agreement and "FOR" the adjournment proposal described above.

Your vote is very important. Your proxy is being solicited by the board of directors of Delaware. The proposal to approve the merger agreement must be approved by the affirmative vote of two-thirds of the outstanding shares at the special meeting; provided, that a majority of the outstanding shares of Delaware common stock entitled to vote at the special meeting is present, in person or by proxy. Whether or not you expect to attend the special meeting, please complete, sign and date the accompanying proxy card and return it in the enclosed postage prepaid envelope or vote by telephone or on the internet. You may revoke your proxy by written notice to Delaware, by submitting a proxy card dated as of a later date, by subsequently voting by telephone or on the internet or by voting in person at the special meeting.

Under New York law, if the merger is completed, Delaware shareholders of record who do not vote to approve the merger agreement and otherwise comply with the applicable provisions of New York law pertaining to dissenters' rights will be entitled to exercise dissenters' rights and obtain payment in cash of the fair value of their shares of Delaware common stock by following the procedures set forth in detail in the enclosed proxy statement/prospectus. A copy of the section of the New York Business Corporation Law pertaining to dissenters' rights is included as Annex C to the accompanying proxy statement/prospectus.

By Order of the Board of Directors

Judith A. Riscoe
Secretary

If you have any questions or need assistance voting your shares, please contact our proxy solicitor, Morrow & Co., LLC, toll-free at (855) 201-1081.

WHERE YOU CAN FIND MORE INFORMATION

This document, which is sometimes referred to as this “proxy statement/prospectus” constitutes a proxy statement of Delaware with respect to the solicitation of proxies for the Delaware special meeting and a prospectus of Norwood for the shares of common stock that Norwood will issue to Delaware’s shareholders in the merger.

Norwood has filed a registration statement on Form S-4 to register with the Securities and Exchange Commission (the “SEC”) the shares that Norwood will issue to Delaware’s shareholders in the merger. This proxy statement/prospectus constitutes a part of that registration statement on Form S-4. For further information about Norwood, you should review the registration statement filed with the SEC.

Norwood files annual, quarterly and current reports, proxy statements and other information with the SEC required to be filed by reporting companies under Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You may read and copy any materials that Norwood files with the SEC at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549 on official business days during the hours of 10:00 a.m. to 3:00 p.m. You should call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at www.sec.gov that contains the reports, proxy and information statements, and other information that Norwood and Delaware file with the SEC. You may also obtain free copies of the documents that Norwood files with the SEC by going to the Stockholder Services section of Norwood’s website, www.waynebank.com/stockholder-services or by contacting William S. Lance, Executive Vice President and Chief Financial Officer, Norwood Financial Corp., 717 Main Street, Honesdale, Pennsylvania 18431, Telephone: (570) 253-1455. Information contained on Norwood’s website is not incorporated into this proxy statement/prospectus and you should not consider information contained on either website to be part of this proxy statement/prospectus or any supplement thereto.

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ANNEXES

- A. Agreement and Plan of Merger, dated as of March 10, 2016, by and among Norwood Financial Corp., Wayne Bank, Delaware Bancshares, Inc. and The National Bank of Delaware County
 - B. Opinion of Sandler O'Neill & Partners, L.P.
 - C. New York Business Corporation Law §623.
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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are answers to certain questions that you may have regarding the merger and the special meeting. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to this proxy statement/prospectus.

Q: Why am I receiving this document?

A: Norwood and Delaware have agreed to combine under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. In order to complete the merger, Delaware shareholders must vote to approve the merger agreement and the merger. Delaware is holding a special meeting of shareholders to obtain this approval. This proxy statement/prospectus contains important information about the merger, the merger agreement, the special meeting, and other related matters, and you should read it carefully.

Q: What will happen to Delaware as a result of the merger?

A: If the merger is completed, Delaware will merge with and into Norwood and its separate corporate existence will end. In addition, immediately following the merger, The National Bank of Delaware County, or NBDC Bank, will merge with and into Wayne Bank with Wayne Bank being the surviving bank.

Q: What will Delaware shareholders receive in the merger?

A: If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Delaware common stock (other than any dissenting shares) will be converted into the right to receive either:

\$16.68 in cash, without interest, which we refer to as the “cash consideration;” or

0.6221 of a share of Norwood common stock, which we refer to as the “stock consideration.”

in each case, subject to adjustment, election and allocation procedures specified in the merger agreement.

Shareholders may elect to receive all cash, all stock, or cash for some shares and stock for the remainder of the shares they own, subject to adjustment, election and allocation procedures specified in the merger agreement. The ability to receive all stock, all cash or a mix of both may depend on the elections of other Delaware shareholders. The allocation of the mix of consideration payable to Delaware shareholders in the merger will not be known until Norwood tallies the results of the cash/stock elections made by all Delaware shareholders. No guarantee can be made that you will receive the amounts of cash or stock that you elect. See “The Merger and the Merger Agreement — Consideration to be Received in the Merger” beginning on page ___ and “— Allocation Procedures” beginning on page ___.

Q: Will Delaware shareholders receive the form of consideration they elect?

A: Each Delaware shareholder may not receive the form of consideration that it elects in the merger. The allocation procedures in the merger agreement provide that the aggregate number of shares of Delaware common stock to be converted into the right to receive cash consideration, including

dissenting shares, will equal 25% of the outstanding shares of Delaware common stock and the number of shares to be converted into Norwood common stock will equal 75% of the outstanding Delaware common stock. Pursuant to this limitation, if the aggregate number of shares with respect to which a valid cash consideration election is made, together with any dissenting shares, is greater than 25% of the outstanding shares of Delaware common stock, a pro rata portion of those shares will be converted into the right to receive Norwood common stock such that the number of shares of Delaware common stock converted into the cash consideration equals 25% of the total. Similarly, if the number of shares pursuant to which a valid cash consideration election is made, together with any dissenting shares, is less than 25% of the outstanding shares of Delaware common stock; such a number of shares for which no election has been made first and then if necessary, such number of shares for which a stock consideration election has been made will be converted, as necessary, such that the number of shares of Delaware common stock to be converted into cash in the transaction does not exceed 25%.

Q: How do Delaware shareholders register their election for cash, Norwood common stock or a combination thereof?

A: Each Delaware shareholder should complete and return an election form, along with the Delaware stock certificate(s), according to the instructions included with the form. The election form will be provided to Delaware shareholders under separate cover. The election deadline will be 5:00 p.m., Eastern Time, on the date specified in the election form. If you own shares of Delaware common stock in "street name" through a bank, broker or other financial institution and you wish to make an election, you should seek instructions from the financial institution holding your shares concerning how to make an election. If you do not send in the election form with your stock certificate(s) by the election deadline, you will be treated as though you had not made an election.

Q: What happens if a Delaware shareholder does not make a valid election as to whether to receive cash or stock?

A: If a Delaware shareholder does not return a properly completed election form by the election deadline specified in the election form, such shareholder's shares of Delaware common stock will be considered "non-election shares" and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the merger agreement.

Q: When will the merger be completed?

A: We expect the merger will be completed when all of the conditions to completion contained in the merger agreement are satisfied or waived, including the receipt of required regulatory approvals and the approval of the merger agreement by Delaware shareholders at the special meeting. We currently expect to complete the merger during the third calendar quarter of 2016. However, because fulfillment of some of the conditions to completion of the merger, such as the receipt of required regulatory approvals, is not entirely within our control, we cannot predict the actual timing.

Q: What happens if the merger is not completed?

A: If the merger is not completed, Delaware shareholders will not receive any consideration for their shares of common stock in connection with the merger. Instead, Delaware will remain an independent company and its common stock will continue to be quoted on the OTC Pink Marketplace. Under specified circumstances, Delaware may be required to pay to Norwood a fee with respect to the termination of the merger agreement, as described under "The Merger and the Merger Agreement — Termination Fee" beginning on page __.

Q: Who is being asked to approve matters in connection with the merger?

A: Delaware shareholders are being asked to vote to approve the merger agreement and the merger and to approve a proposal to adjourn the special meeting, if necessary, to solicit additional proxies. No approval of Norwood shareholders is required. Under New York law, the merger cannot be completed unless two-thirds of the outstanding shares of Delaware common stock are voted to adopt the merger agreement and the merger. By this proxy statement/prospectus, Delaware's board of directors is soliciting proxies of Delaware shareholders to obtain this approval at the special meeting of Delaware shareholders.

Q: Should Delaware shareholders send in their stock certificates with their proxy card?

A: No. An election form and transmittal materials, with instructions for their completion, will be provided to Delaware shareholders under separate cover and the stock certificates should be sent at that time.

Q: What are the material United States federal income tax consequences of the merger to Delaware shareholders?

A: Norwood and Delaware will not be required to complete the merger unless they receive legal opinions from their respective counsel to the effect that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. Provided that the merger qualifies as a reorganization for United States federal income tax purposes, the specific tax consequences of the merger to a Delaware shareholder will depend upon the form of consideration such shareholder will receive in the merger (i.e., cash, stock or a combination thereof).

The consequences of the merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see "The Merger and the Merger Agreement — Material United States Federal Income Tax Consequences of the Merger" beginning on page ___.

Q: Are Delaware shareholders entitled to dissenters' appraisal rights?

A: Yes. Under New York law, record holders of Delaware common stock who submit a written objection, including notice of an intent to dissent, and do not vote in favor of the proposal to adopt the merger agreement will be entitled to seek dissenters' appraisal rights in connection with the merger, and if the merger is completed, obtain payment in cash equal to the fair value of their shares of Delaware common stock instead of the merger consideration. To exercise their appraisal rights, Delaware shareholders must strictly follow the procedures prescribed by New York law. These procedures are summarized in this proxy statement/prospectus. In addition, the text of the applicable provisions of New York law is included as Annex C to this document. Failure to strictly comply with these provisions will result in the loss of appraisal rights. For a more complete description of appraisal rights, please refer to the section entitled "The Merger and the Merger Agreement — Dissenters' Rights of Appraisal" beginning on page ___.

Q: Are there any risks that I should consider in deciding whether to vote for approval of the merger-related proposals?

A: Yes. You should read and carefully consider the risk factors set forth in the section of this proxy statement/prospectus entitled "Risk Factors" beginning on page ___.

Q: When and where will Delaware shareholders meet?

A: Delaware will hold a special meeting of its shareholders on _____, 2016, at __:__ .m., Eastern Time, at _____ located at _____, Walton, New York.

Q: What matters are Delaware shareholders being asked to approve at the special meeting pursuant to the proxy statement/prospectus?

A: Delaware shareholders are being asked to adopt the merger agreement and approve the transactions contemplated by the merger agreement, including the merger. Delaware shareholders also are being asked to approve a proposal to adjourn, postpone or continue the special meeting, if necessary, to solicit additional proxies in favor of adoption of the merger agreement.

Q: What does Delaware's Board of Directors recommend with respect to the proposals?

A: Delaware's board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are fair to and in the best interests of Delaware and its shareholders and unanimously recommends that Delaware shareholders vote "FOR" the merger agreement and "FOR" the adjournment proposal.

Q: Did the Board of Directors of Delaware receive an opinion from a financial advisor with respect to the merger?

A: Yes. On March 10, 2016, Sandler O'Neill & Partners, L.P., which we refer to in this proxy statement/prospectus as "Sandler," rendered its written opinion to the board of directors of Delaware that, as of such date and based upon and subject to the factors and assumptions described to the Delaware board of directors during its presentation and set forth in the opinion, the consideration in the proposed merger was fair, from a financial point of view, to holders of Delaware common stock. You should read and carefully consider the description of Sandler's opinion and analysis set forth in the section of this proxy statement/prospectus entitled "The Merger and the Merger Agreement — Opinion of Delaware's Financial Advisor" beginning on page __. The full text of Sandler's written opinion is attached as Annex B to this proxy statement/prospectus. Delaware shareholders are urged to read the opinion in its entirety.

Q: Who can vote at the special meeting?

A: Holders of record of Delaware common stock at the close of business on _____, 2016, which is the record date for the special meeting, are entitled to vote at the special meeting.

Q: How many votes must be represented in person or by proxy at the special meeting to have a quorum?

A: The holders of a majority of the shares of Delaware common stock outstanding and entitled to vote at the special meeting, present in person or represented by proxy, will constitute a quorum at the special meeting.

Q: What vote by shareholders is required to approve each of the proposals?

A: Approval of the merger agreement will require the affirmative vote of the holders of two-thirds of the outstanding shares. Approval of the adjournment proposal will require the affirmative vote of a majority of the votes cast at the special meeting assuming a quorum is present. Abstentions and broker non-votes will have the same effect as voting against the merger agreement proposal but will have no effect on the adjournment proposal.

As of the record date for the special meeting, directors and executive officers of Delaware, together with their affiliates, had sole or shared voting power over approximately 3.3% of the Delaware common stock outstanding and entitled to vote at the special meeting. Directors and executive officers of Norwood, together with their affiliates, do not have sole or shared voting power over any shares of Delaware common stock entitled to vote at the special meeting.

Q: How may the Delaware shareholders vote their shares for the proposals being presented at the special meeting?

A: Delaware shareholders may vote by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible. This will enable their shares to be represented and voted at the special meeting. Delaware shareholders may also vote by telephone or on the internet by following the instructions on the proxy card.

Q: Will a broker or bank holding shares in "street name" for a Delaware shareholder automatically vote those shares for a shareholder at the special meeting?

A: No. A broker or bank WILL NOT be able to vote your shares with respect to the merger agreement proposal without first receiving instructions from you on how to vote. If your shares are held in "street name," you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instruction to your broker or bank to ensure that all shares of Delaware common stock that you own are voted at the special meeting.

Q: Will Delaware shareholders be able to vote their shares in person at the Special Meeting?

A: Yes. Submitting a proxy will not affect the right of any Delaware shareholder to vote in person at the special meeting. However, if a Delaware shareholder holds shares in "street name," the shareholder must first ask its broker or bank how to vote those shares in person at the special meeting and obtain a "legal proxy."

Q: What do Delaware shareholders need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please vote your shares promptly. If you hold your shares of Delaware common stock as a shareholder of record, you should complete, sign, date and promptly return the enclosed proxy

card or vote by telephone or on the internet. The proxy card will instruct the persons named on the proxy card to vote your Delaware shares at the special meeting as you direct. If you sign and send in a proxy card or vote by telephone or on the internet and do not indicate how you wish to vote, the proxy will be voted "FOR" the special meeting proposals. If you hold your stock in "street name" through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card, voting by telephone or on the internet or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

Q: What should a Delaware shareholder do if he or she receives more than one set of voting materials?

A: As a Delaware shareholder, you may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple Delaware proxy cards or voting instruction cards. For example, if you hold your Delaware shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold Delaware shares. If you are a holder of record and your Delaware shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this proxy statement/prospectus in the section entitled "The Special Meeting of Shareholders" beginning on page ____.

Q: May a Delaware shareholder change or revoke the shareholder's vote after submitting a proxy?

A: Yes. If you are a record holder of Delaware common stock, you can change your vote by:

- providing written notice of revocation to the Secretary of Delaware or Morrow & Co., LLC prior to the time the special meeting begins;
- submitting a later dated, signed and dated proxy card prior to the time the special meeting begins (any earlier proxies will be revoked automatically);
- voting again by telephone or on the internet prior to the time the special meeting begins (any earlier proxies will be revoked automatically); or
- attending the special meeting and voting in person. Any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.
- If you have instructed a bank or broker to vote your shares, you must follow your bank's or broker's directions to change your vote.

You should send any notice of revocation or your completed new proxy card, as the case may be, to Morrow & Co., LLC, Delaware's proxy solicitor, as follows:

Morrow & Co., LLC
Attn: Tom Skulski
470 West Avenue, 3rd Floor
Stamford, CT 06902

On the internet at www.proxyvoting.com/dbai

By telephone at 1-888-887-2965 (toll free)

Q: What happens if I sell my shares of Delaware common stock before the special meeting?

A: The record date for Delaware shareholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the completion of the merger. If you transfer your Delaware shares of common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q: Who can help answer my questions?

A: If you have any questions about the merger or the special meeting, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact Delaware's proxy solicitor, Morrow & Co., LLC, at 1-855-201-1081 (toll free).

SUMMARY

This summary, together with the section of this proxy statement/prospectus entitled “Questions and Answers About the Merger and the Special Meeting” highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully, and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement/prospectus, the annexes attached to this proxy statement/prospectus and the documents which are referred to in this proxy statement/prospectus. The Agreement and Plan of Merger, dated as of March 10, 2016, is attached as Annex A to this proxy statement/prospectus. We have included page references in parentheses to direct you to the appropriate place in this proxy statement/prospectus for a more complete description of the topics presented in this summary. The terms “we,” “us” and “our” refer to both Norwood and Delaware. This summary and the rest of this document contain forward-looking statements about events that are not certain to occur, and you should not place undue reliance on those statements. Please carefully read “Cautionary Statement Regarding Forward-Looking Statements” on page __ of this document.

The Parties

Norwood Financial Corp.
717 Main Street
Honesdale, Pennsylvania 18431
(570) 253-1455

Norwood Financial Corp., a Pennsylvania corporation, is the holding company for Wayne Bank. Wayne Bank is a Pennsylvania chartered commercial bank headquartered in Honesdale, Pennsylvania. Wayne Bank was originally chartered on February 17, 1870 as Wayne County Savings Bank. Wayne County Savings Bank changed its name to Wayne County Bank and Trust in December 1943. In September 1993, Wayne Bank adopted the name Wayne Bank. On March 29, 1996, Wayne Bank completed a holding company reorganization and became a wholly owned subsidiary of Norwood. In 2011, Norwood acquired North Penn Bancshares, Inc. and its wholly owned subsidiary, North Penn Bank, which expanded Wayne Bank’s northeastern Pennsylvania footprint with five additional offices. Wayne Bank is an independent community bank with fifteen offices in the northeastern Pennsylvania counties of Wayne, Pike, Monroe and Lackawanna. It offers a wide variety of personal and business credit services and trust and investment products and real estate settlement services to the consumers, businesses, nonprofit organizations, and municipalities in each of the communities that it serves. In addition, Wayne Bank operates 15 ATMs, one in each of its branch locations. Norwood’s common stock is traded on the NASDAQ Global Market under the symbol “NWFL.”

At December 31, 2015, Norwood had total assets of \$750.5 million, total loans receivable of \$559.9 million, deposits of \$550.9 million, and stockholders’ equity of \$101.0 million.

Delaware Bancshares, Inc.
131-133 Delaware Street
Walton, New York 13856
(607) 865-4126

Delaware Bancshares, Inc., a New York corporation, is the holding company for NBDC Bank, a national bank headquartered in Walton, New York. NBDC Bank operates twelve full-service locations in Delaware and Sullivan Counties, New York. NBDC Bank provides a full range of banking services to individuals and small businesses in its market area. Delaware’s common stock is quoted on the OTC Pink Marketplace under the symbol “DBAI.”

At December 31, 2015, Delaware had total assets of \$371.7 million, total loans receivable of \$115.7 million, total deposits of \$317.0 million and total shareholders' equity of \$21.1 million.

The Merger and the Merger Agreement (page __)

The terms and conditions of the merger are contained in the merger agreement, which is attached to this proxy statement/prospectus as Annex A. We encourage you to read this agreement carefully, as it is the legal document that governs the merger.

Under the terms of the merger agreement, Delaware will merge with and into Norwood with Norwood as the surviving entity of the merger. Immediately thereafter, NBDC Bank will merge with and into Norwood's wholly owned banking subsidiary, Wayne Bank, with Wayne Bank as the surviving entity of the bank merger.

Consideration to be Received in the Merger (page __)

Under the terms of the merger agreement, Delaware shareholders (other than dissenting shareholders) have the opportunity to elect, for each outstanding share of Delaware common stock they own, to receive:

\$16.68 in cash, without interest, which we refer to as the "cash consideration;" or

0.6221 of a share of Norwood common stock, which we refer to as the "stock consideration."

Delaware shareholders may also elect to receive the cash consideration for some of their shares of Delaware common stock and the stock consideration for the remainder, or make no election at all. Elections will be subject to the adjustment, election and allocation procedures specified in the merger agreement.

The allocation procedures are intended to provide that the number of shares of Delaware common stock that are converted into the cash consideration together with any dissenting shares equals 25% of the total merger consideration. In the event the cash consideration pool is oversubscribed, Delaware shareholders who make a cash election will receive a mix of cash and stock consideration in the merger. In the event the cash consideration pool is undersubscribed, shares for which no election has been made first and then, if necessary, shares for which a stock consideration election has been made will be converted into a cash election such that the amount of cash paid out in the transaction equals 25% of the total merger consideration. The allocation of the mix of consideration payable to individual Delaware shareholders in the merger will not be known until Norwood tallies the results of the cash/stock elections made by Delaware shareholders.

Election Procedures; Surrender of Stock Certificates (page __)

An election form and transmittal materials, with instructions for their completion, will be provided to Delaware shareholders of record as of _____, 2016 under separate cover. The election form entitles such shareholders to elect to receive cash, Norwood common stock, or to elect cash for some of their shares and stock for the remainder, or make no election with respect to the merger consideration. To make an effective election, a Delaware shareholder of record must submit a properly completed election form along with the stock certificate(s) to the exchange agent by the election deadline, which shall be as specified in the election form. Once a shareholder submits a properly completed election form along with the stock certificate(s) to the exchange agent, the shareholder will no longer be able to transfer the shares of Delaware common stock. Delaware shareholders are urged to carefully

read and follow the instructions for completion of the election form and to submit the form, together with their stock certificates, in advance of the election deadline.

Effective Time of the Merger (page __)

The merger will occur after the satisfaction of all the closing conditions, including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods. As of the date of this proxy statement/prospectus, the parties expect that the merger will be effective during the third calendar quarter of 2016. However, there can be no assurance as to when or if the merger will occur.

Delaware Special Meeting of Shareholders (page __)

A special meeting of the shareholders of Delaware will be held at _____, located at _____, Walton, New York, at __: __ .m., Eastern Time, on _____, 2016, for the following purposes:

- to approve the proposal to adopt the merger agreement and approve the transactions contemplated by the merger agreement, including the merger;
- to approve a proposal to adjourn, postpone or continue the special meeting, if necessary, to permit further solicitation of proxies in favor of adopting the merger agreement; and
- to transact any other business which may properly come before the special meeting or any adjournment, postponement or continuance of the special meeting.

You can vote at the special meeting of Delaware shareholders if you owned Delaware common stock at the close of business on _____, 2016, the record date. On that date, there were 925,499 shares of Delaware common stock outstanding and entitled to vote, approximately 3.3% of which were owned and entitled to be voted by Delaware directors and executive officers and their affiliates. These individuals have entered into agreements with Norwood requiring them to vote all of these shares in favor of adoption of the merger agreement. You can cast one vote for each share of Delaware common stock you owned on the record date.

In order to approve the proposal to adopt the merger agreement, the holders of at least two-thirds of the outstanding shares must vote in favor of the proposal. In order to approve the adjournment proposal, if necessary, the holders of a majority of the votes cast in person or represented by proxy at the special meeting and entitled to vote must vote in favor of the proposal, assuming a quorum is present.

Delaware's Reasons for the Merger and Recommendation of the Delaware Board of Directors (page __)

The Delaware board of directors has unanimously determined that the merger agreement and the merger are fair to and in the best interests of Delaware and its shareholders and accordingly unanimously approved the merger agreement and recommends that Delaware shareholders vote "FOR" the adoption of the merger agreement.

In determining whether to approve the merger agreement and recommend adoption of the merger agreement to the Delaware shareholders, Delaware's board considered the factors described under "The Merger and the Merger Agreement — Delaware's Reasons for the Merger and Recommendation of the Delaware Board of Directors."

Opinion of Delaware's Financial Advisor (page __ and Annex B)

On March 10, 2016, Sandler rendered its written opinion to the board of directors of Delaware, that, as of such date and based upon and subject to the factors and assumptions described to the Delaware board of directors during its presentation and set forth in its written opinion, the consideration in the proposed merger was fair, from a financial point of view, to holders of Delaware common stock. The full text of Sandler's written opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference herein. Delaware shareholders are urged to read the opinion in its entirety. Sandler's written opinion is addressed to the board of directors of Delaware, is directed only to the fairness, from a financial point of view, of the consideration in the merger to the holders of Delaware common stock and does not constitute a recommendation as to how any holder of Delaware common stock should vote with respect to the merger or any other matter.

Interests of Delaware Directors and Executive Officers in the Merger (page __)

In considering the recommendation of the board of directors of Delaware to adopt the merger agreement, you should be aware that officers and directors of Delaware have employment and other compensation agreements or plans that give them interests in the merger that may be different from, or in addition to, their interests as Delaware shareholders. These interests and agreements include:

- employment and severance agreements that provide for severance payments and other benefits following a change in control and a termination of employment by the employer for reasons other than cause, disability, retirement or death;
- supplemental executive retirement agreements that provide for lump-sum payouts of amounts accrued for benefits in connection with a change in control;
- retention bonus plans through which certain executive officers will receive bonuses if they remain with Norwood for at least 12 months following the merger;
- the fact that one current director of Delaware will be appointed as a director of Norwood within 18 months after the merger is completed;
- the fact that the current Delaware directors will be entitled to be appointed to a Community Advisory Board and receive a retainer in the amount of \$1,000 per month for an 18-month period in exchange for their efforts in promoting the combined entity after the effective time of the merger; and
- rights of Delaware officers and directors to indemnification and directors' and officers' liability insurance for a period of up to six years following the merger.

These additional interests of Delaware's executive officers and directors may create potential conflicts of interest and cause these persons to view the proposed transaction differently than you may view it as a shareholder.

Delaware's board of directors was aware of these interests and took them into account, among other matters, in its decision to approve the merger agreement and the transactions contemplated thereby, including the merger. For information concerning these interests, please see the discussion under the caption "The Merger and the Merger Agreement — Interests of Certain Persons in the Merger," beginning on page __.

Regulatory Approvals Required for the Merger (page __)

Completion of the merger is subject to various regulatory approvals or waivers, including, in connection with the planned merger of our subsidiary banks following completion of the merger, the Federal Deposit Insurance Corporation (the "FDIC") and the Pennsylvania Department of Banking and Securities (the "Department"). We have also requested a waiver from the Federal Reserve Board (the "FRB") of its application requirement. We have completed, or will complete, filing all the required applications and notices with regulatory authorities. We also have made or will make filings with various other federal and state regulatory agencies and self-regulatory organizations, notifying, or requesting approval from, those agencies and organizations for or in connection with the merger and the bank merger. Although we currently believe we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on Norwood after the completion of the merger.

Conditions to Completing the Merger (page __)

Completion of the merger depends on a number of conditions being satisfied or waived, including the following:

- approval of the merger agreement by the requisite vote of Delaware's shareholders;
- receipt of all required regulatory approvals, the expiration of all statutory waiting periods and the satisfaction of all conditions to the consummation of the merger set forth in the regulatory approvals;
- there shall be no pending causes of action, investigations or proceedings (1) challenging the validity or legality of the merger agreement or the consummation of the merger, or (2) seeking damages in connection with the merger, or (3) seeking to restrain or invalidate the merger; unless actual or threatened causes of action, investigations or proceedings would not have a material adverse effect with respect to the interests of Norwood or Delaware, as the case may be;
- no judgment, order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraints or prohibition preventing the completion of the merger shall be in effect;
- no statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by a regulatory authority that prohibits, restraints, or makes illegal the consummation of the merger;
- Norwood's registration statement of which this proxy statement/prospectus is a part shall have been declared effective by the SEC;
- the shares of Norwood common stock shall have been approved for listing on the NASDAQ, subject to official notice of issuance;
- Norwood and Delaware shall have received opinions from their respective legal counsel to the effect that the merger qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

- the other party having performed in all material respects its obligations under the merger agreement, the other party's representations and warranties being true and correct as of the effective date of the merger and receipt of a certificate signed by the other party's chief executive officer to that effect.

Norwood's obligations to consummate the merger are also conditioned on the following:

- there shall have been no determination by Norwood that any fact, event, or condition exists or has occurred that would have a material adverse effect on Delaware or the consummation of the transactions contemplated by the merger agreement;
- Delaware shall have received all consents and approvals from third parties (other than those required from regulatory authorities) required to complete the merger, unless, in the opinion of Norwood, failure to obtain those consents or approvals would not have a material adverse effect on the merger or Norwood after completion of the merger;
- there shall be no action taken by an regulatory authority, or any statute, rule, regulation or order shall have been enacted, which, in connection with approval of the merger, imposes, in the judgment of Norwood, any material adverse requirement upon Norwood or any Norwood subsidiary, including, without limitation, any requirement that Norwood sell or dispose of any significant amount of assets of Delaware, or any other Norwood subsidiary;
- Delaware shall have delivered a certificate to Norwood that, other than as set forth in the certificate, Delaware is not aware of any pending or threatened claim under the directors and officers insurance policy or the fidelity bond coverage of Delaware; and
- the holders of no more than 12% of the issued and outstanding shares of Delaware common stock shall have exercised dissenters' rights.

Delaware's obligations to consummate the merger are also conditioned upon the delivery by Norwood to the exchange agent of the exchange fund.

Although we anticipate that the closing will occur during the third calendar quarter of 2016, because the satisfaction of certain of these conditions is beyond our control, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

No Solicitation; Board Recommendation (page ___)

Delaware has agreed not to initiate, solicit, encourage or facilitate, directly or indirectly, any inquiries or proposals from any third party relating to an acquisition of Delaware, or engage in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have any discussions with, any person relating to, any acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances prior to shareholder approval of the merger agreement, in response to an unsolicited bona fide acquisition proposal from a third party if, in the good faith judgment of the Delaware board of directors (after consultation with and considering the advice of its legal counsel and financial advisor) (i) it is legally necessary for the proper discharge of its fiduciary duties to respond to such proposal and (ii) such proposal constitutes a "superior proposal" as compared to the terms of the merger with Norwood, Delaware may furnish information regarding Delaware and participate in discussions and negotiations with such third party. Delaware has agreed to submit the merger agreement for adoption by its shareholders. The Delaware board of directors has

recommended that its shareholders vote in favor of adopting the merger agreement and has agreed that it will not withdraw, qualify or adversely modify its recommendation to its shareholders to vote in favor of adoption of the merger agreement, except as permitted under the merger agreement in connection with an unsolicited superior acquisition proposal after giving effect to any adjustments that may be offered by Norwood.

Termination; Termination Fee (pages __ and __)

Norwood and Delaware may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Delaware shareholders have adopted the merger agreement in connection with the merger. The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time of the merger, as follows:

- by either party, if the shareholders of Delaware fail to approve the merger agreement;
- by either party, if a required regulatory approval, consent or waiver is denied;
- by either party, if the merger is not consummated by December 31, 2016 or other mutually agreed upon later date, unless failure to complete the merger by that time is due to a breach of a representation, warranty or covenant by the party seeking to terminate the merger agreement;
- by either party, if it is determined that any condition precedent to the obligation of such party to consummate the merger (other than the receipt of regulatory and shareholder approvals) cannot be satisfied by December 31, 2016 provided that the party seeking to terminate is not in breach of any representation or warranty contained in the merger agreement;
- by either party, if the other party materially breaches any representation, warranty, covenant or agreement contained in the merger agreement, or in the event of an inaccuracy of any representation or warranty by the other party, in either case that has not been cured within 30 days following written notice to such party;
- by Norwood, if Delaware fails to hold its shareholder meeting to vote on the merger within the time frame set in the merger agreement;
- by Norwood, if the board of directors of Delaware does not recommend approval of the merger to the Delaware shareholders or withdraws or revises its recommendation in a manner adverse to Norwood;
- by Delaware, if prior the approval of the merger agreement by the shareholders of Delaware, it receives a superior proposal from a third party that, in the good faith determination of Delaware's board of directors based upon the advice of legal counsel, the board is required to accept in order to comply with its fiduciary duties and Norwood does not make an offer at least as favorable to Delaware within 5 days after notice; or
- by Delaware, at any time during a 5-day period beginning on the date that all required regulatory approvals have been received (the "Determination Date") if both of the following conditions are satisfied:

- o The average of the daily closing sales prices for the Norwood common stock for the 20 consecutive trading days immediately preceding the Determination Date (the “Norwood Market Value”) is less than \$21.08;
- o The number obtained by dividing the Norwood Market Value by \$26.35 is less than the number obtained by dividing the average closing prices of the NASDAQ Bank Index for the 20 consecutive trading days immediately preceding the Determination Date divided by the NASDAQ Index Price on March 7, 2016 minus 0.20;

unless within five business days of notice of such termination, Norwood notifies Delaware that it will increase the exchange ratio for the stock consideration so that the Norwood Market Value is equal to a dollar amount that is the lesser of \$21.08 or the amount obtained by reducing the Initial Norwood Market Value (\$26.35) by the percentage change in the NASDAQ Bank Index less 20 percentage points.

Delaware may be required to pay to Norwood a termination fee of \$615,000 in certain circumstances described under “The Merger and the Merger Agreement — Termination Fee” beginning on page ___.

Material United States Federal Income Tax Consequences of the Merger (page ____)

Norwood and Delaware will not be required to complete the merger unless they each receive legal opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Provided that the merger qualifies as a reorganization for United States federal income tax purposes, the specific tax consequences of the merger to a Delaware shareholder will depend upon the form of consideration such Delaware shareholder receives in the merger.

If you receive solely shares of Norwood common stock and cash instead of a fractional share of Norwood common stock in exchange for your Delaware common stock, then you generally will not recognize any gain or loss, except with respect to the cash received instead of a fractional share of Norwood common stock.

If you receive solely cash, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and your cost basis in your Delaware common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Delaware common stock.

If you receive a combination of Norwood common stock and cash, other than cash instead of a fractional share of Norwood common stock, in exchange for your Delaware common stock, then you may recognize gain, but you will not recognize loss, upon the exchange of your shares of Delaware common stock for shares of Norwood common stock and cash. If the sum of the fair market value of the Norwood common stock and the amount of cash you receive in exchange for your shares of Delaware common stock exceeds the cost basis of your shares of Delaware common stock, you will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Delaware common stock. Depending on certain facts specific to you, any gain could instead be characterized as dividend income.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see “The Merger and the Merger Agreement — Material United States Federal Income Tax Consequences of the Merger” beginning on page [___].

The consequences of the merger to any particular shareholder will depend on that shareholder’s particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

Stock Market Listing (page ___)

Application will be made by Norwood to have the shares of Norwood common stock to be issued in the merger approved for listing on the NASDAQ Global Market, which is the principal trading market for existing shares of Norwood common stock. It is a condition to both parties’ obligation to complete the merger that such approval be obtained, subject to official notice of issuance.

Comparison of Shareholder Rights (page ___)

The rights of Delaware shareholders who continue as Norwood shareholders after the merger will be governed by the Pennsylvania Business Corporation Law and the articles of incorporation and bylaws of Norwood rather than by the New York Business Corporation Law and the certificate of incorporation and bylaws of Delaware.

Dissenters’ Appraisal Rights (page ___ and Annex C)

Delaware is organized under New York law. Under applicable New York law, Delaware shareholders are entitled to dissent from the merger and obtain payment of the judicially determined “fair value” of their shares of Delaware common stock. The judicially determined “fair value” could be more or less than the merger consideration. If you wish to dissent from the merger:

- you must submit a written objection to Delaware before the vote upon the merger agreement at the special meeting; and
- you may not vote in favor of the merger agreement.

In submitting your written demand, you must follow the procedures set forth in Section 623 of the New York Business Corporation Law, a copy of which is attached as Annex C to this proxy statement/prospectus.

Comparative Market Prices and Share Information (page __)

Norwood common stock is traded on the NASDAQ Global Market under the symbol “NWFL.” Delaware common stock is traded in the over-the-counter market and quoted on the OTC Pink Marketplace under the symbol “DBAI.” The following table shows the last closing sale prices of Norwood common stock as reported on the NASDAQ Global Market and the last closing sales prices of the Delaware common stock as reported on the OTC Pink Marketplace, respectively, as of March 10, 2016, the last trading day before we announced the merger, and on _____, 2016, the latest practicable date prior to mailing this proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Delaware common stock on March 10, 2016 and _____, 2016. The equivalent value per share of Delaware common stock on such dates is calculated by multiplying the closing price of Norwood common stock on those dates by 0.6221, which represents the number of shares of Norwood common stock that Delaware shareholders electing to receive Norwood common stock would receive in the merger for each share of Delaware common stock.

	Norwood Common Stock	Delaware Common Stock	Delaware Equivalent Per Share Value
At March 10, 2016	\$ 26.50	\$ 13.11	\$ 16.49
At _____, 2016	\$	\$	\$

The market price of Norwood common stock and Delaware common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

SELECTED HISTORICAL FINANCIAL DATA FOR NORWOOD

The following selected financial information for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011 is derived from audited consolidated financial statements of Norwood Financial Corp. You should read this information in conjunction with Norwood's consolidated financial statements and related notes at December 31, 2015 and 2014 and for the three years ended December 31, 2015 incorporated by reference into this proxy statement/prospectus.

	At or for the years ended December 31,				
	2015	2014	2013	2012	2011
	(dollars in thousands, except per share data)				
Net interest income	\$ 24,521	\$ 24,560	\$ 24,661	\$ 24,764	\$ 22,588
Provision for loan losses	4,580	1,680	2,400	2,450	1,575
Other income	3,969	3,940	4,734	3,787	3,762
Net realized gains on sales of securities	730	1,170	881	1,419	973
Other expenses	17,100	17,727	16,705	16,081	15,813
Income before income taxes	7,540	10,263	11,171	11,439	9,935
Income tax expense	1,632	2,606	2,706	3,036	2,579
Net Income	\$ 5,908	\$ 7,657	\$ 8,465	\$ 8,403	\$ 7,356
Net income per share-Basic	\$ 1.60	\$ 2.10	\$ 2.33	\$ 2.33	\$ 2.17
Diluted	1.60	2.10	2.33	2.33	2.17
Cash dividends declared	1.24	1.20	1.16	1.10	1.06
Dividend pay-out ratio	77.50%	57.14%	49.79%	47.23%	48.95%
Return on average assets	0.80%	1.08%	1.23%	1.23%	1.18%
Return on average equity	5.83%	7.92%	9.13%	9.22%	9.26%
Balances at Period-End					
Total assets	\$ 750,505	\$ 711,635	\$ 711,234	\$ 672,299	\$ 668,814
Loans receivable	559,925	501,135	503,097	476,710	457,907
Allowance for loan losses	7,298	5,875	5,708	5,502	5,458
Total deposits	550,909	559,944	541,182	524,425	525,767
Shareholders' equity	100,998	99,041	91,864	92,421	88,061
Trust assets under management	131,690	134,888	126,673	112,081	107,696
Book value per share	\$ 27.39	\$ 26.30	\$ 25.43	\$ 25.49	\$ 24.37
Average equity to average assets	13.76%	13.62%	13.42%	13.36%	12.76%
Tier 1 Capital to risk-adjusted assets	15.86	17.33	16.53	16.37	15.90
Total Capital to risk-adjusted assets	17.09	18.49	17.66	17.51	17.08
Allowance for loan losses to total loans	1.30	1.17	1.13	1.15	1.19
Non-performing assets to total assets	1.33	1.31	1.48	2.09	1.60

SELECTED HISTORICAL FINANCIAL DATA FOR DELAWARE

The following selected financial information for the fiscal years ended December 31, 2015 and 2014 is derived from audited consolidated financial statements of Delaware Bancshares, Inc. You should read this information in conjunction with Delaware's consolidated financial statements and related notes for the year ended December 31, 2015 beginning on page F-1 of this proxy statement/prospectus.

(dollars in thousands, except per share data)	Year Ended December 31,			
	2015	2014		
Financial Condition Data:				
Total assets	\$371,689	\$380,663		
Investment securities	213,626	233,171		
Loans receivable, net	114,027	101,247		
Deposits	316,969	304,776		
FHLB overnight advances	4,500	24,750		
Long-term debt	11,781	12,000		
Junior subordinated debentures	8,248	8,248		
Total shareholders' equity	21,060	21,346		
Operating Data:				
Interest income	\$10,803	\$9,253		
Interest expense	2,313	1,861		
Net interest income	8,490	7,392		
Provision for loan losses	150	16		
Net interest income after provision for loan losses	8,340	7,376		
Other income	3,240	3,253		
Other expenses	11,554	9,846		
Income before taxes	26	783		
Income tax expense	(565)	(184)		
Net income	\$591	\$967		
Per Share Data:				
Earnings per share	\$0.64	\$1.04		
Dividends per share	0.40	0.65		
Performance Ratios:				
Return on average assets	0.16	%	0.30	%
Return on average equity	2.79		4.91	
Dividend payout ratio	62.61		62.25	
Average equity to average assets	5.85		6.75	
Asset Quality Ratios:				
Loan loss reserve	\$1,677		\$1,561	

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Net charge-offs	(34)	(135)
Allowance for loan losses as a percent of total loans	1.45	%	1.52	%
Net loan losses to average total loans	(0.03)	(0.13)

RISK FACTORS

In addition to the other information contained in this proxy statement/prospectus or in any of the documents incorporated by reference herein, including the matters addressed under the caption “Cautionary Statement Regarding Forward-Looking Statements,” Delaware shareholders should carefully consider the following risk factors in deciding whether to vote for adoption of the merger agreement. You should also consider the other information in this proxy statement/prospectus. See “Where You Can Find More Information” in the forepart of this proxy statement/prospectus and “Incorporation of Certain Documents by Reference”

Risks Related to the Merger

Delaware Shareholders May Not Receive the Form of Merger Consideration They Elect.

The merger agreement contains provisions relating to adjustment, election and allocation of the merger consideration under certain circumstances. The allocation procedures are intended to provide that the aggregate number of shares of Delaware common stock converted into the right to receive cash consideration, including dissenting shares, will equal 25% of the shares of Delaware common stock outstanding.

Norwood common stock may be issued to Delaware shareholders who make cash elections if the cash consideration pool is oversubscribed, so that aggregate cash consideration payable to Delaware shareholders in the merger will not exceed the aggregate cash limit. Similarly, cash may be paid to Delaware shareholders who make stock elections if the cash consideration pool is undersubscribed so that the aggregate stock consideration paid in the merger will not exceed the aggregate stock consideration limit. In addition, the aggregate cash consideration pool may be decreased, and the aggregate stock consideration pool may be increased, in order for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Since the cash consideration will be paid for only approximately 25% of the Delaware shares outstanding at the effective time of the merger, it is possible that the cash consideration pool will be oversubscribed and Delaware shareholders who elect to receive the cash consideration will receive a mix of cash and stock consideration in the merger. It is also possible that the cash consideration pool could be undersubscribed and that Delaware shareholders who elect to receive the stock consideration will receive a mix of cash and stock in exchange for their shares. The allocation of the mix of consideration payable to Delaware shareholders in the merger will not be known until Norwood tallies the results of the cash/stock elections made by Delaware shareholders. Delaware shareholders may not receive the amounts of cash or stock they elected. Accordingly, if there is an oversubscription of cash or an oversubscription of stock, it is likely that Delaware shareholders will not receive a portion of the merger consideration in the form that they elect, which could result in, among other things, tax consequences that differ from those that would have resulted had such shareholders received the form of consideration they elected.

Because the Market Price of Norwood Common Stock May Fluctuate, Delaware Shareholders Cannot be Sure of the Value of the Stock Consideration They May Receive.

Delaware shareholders may elect to receive cash, stock or cash for some shares and Norwood common stock for others in the merger. The exchange ratio of 0.6221 of a share of Norwood common stock per share of Delaware common stock at which Norwood is issuing its shares as part of the merger consideration is fixed (subject to customary anti-dilution adjustments and potential adjustment in certain circumstances involving a decline in Norwood’s stock price that exceeds a specified index).

Consequently, changes in the price of Norwood common stock prior to completion of the merger will affect the value of any shares of Norwood common stock that Delaware shareholders may receive upon completion of the merger. The value of the Norwood stock consideration will vary from the date of the announcement of the merger agreement, the date that this proxy statement/prospectus was mailed, the date of the special meeting and the date the merger is completed and thereafter. At the time that the merger is completed, the value of the stock consideration could be more or less than the value of the cash consideration. Accordingly, at the time of the special meeting, you will not know or be able to determine the value of the Norwood common stock you may receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects, and regulatory considerations of Norwood and Delaware. Many of these factors are beyond Norwood's and Delaware's control.

Delaware Shareholders Who Make Elections May Be Unable to Sell Their Shares in the Market Pending the Merger.

Delaware shareholders may elect to receive cash, stock or cash for some shares and Norwood common stock for others in the merger by completing an election form that will be sent under separate cover. Elections will require that shareholders making the election turn in their Delaware stock certificates. This means that during the time between when the election is made and the date the merger is completed, Delaware shareholders will be unable to sell their Delaware common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. Delaware shareholders can shorten the period during which they cannot sell their shares by delivering their election shortly before the election deadline. However, elections received after the election deadline will not be accepted or honored.

Delaware Shareholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management.

Delaware shareholders currently have the right to vote in the election of the board of directors of Delaware and on other matters affecting Delaware. Upon the completion of the merger, each Delaware shareholder who receives shares of Norwood common stock will become a shareholder of Norwood with a percentage ownership of Norwood that is smaller than the shareholder's percentage ownership of Delaware. It is currently expected that the former shareholders of Delaware as a group will receive shares in the merger constituting approximately 10.45% of the outstanding shares of Norwood common stock immediately after the merger. Because of this, Delaware shareholders may have less influence on the management and policies of Norwood than they now have on the management and policies of Delaware.

Norwood May Fail to Realize the Anticipated Benefits of the Merger.

The success of the merger will depend on, among other things, Norwood's ability to realize anticipated cost savings and to combine the businesses of Wayne Bank and NBDC Bank in a manner that permits growth opportunities and does not materially disrupt the existing customer relationships of NBDC Bank or result in decreased revenues due to any loss of customers. If Norwood is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Norwood and Delaware have operated and, until the completion of the merger, will continue to operate, independently. Certain employees of Delaware may not be employed after the merger. In addition, employees of Delaware that Norwood wishes to retain may elect to terminate their employment as a result of the merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of Norwood's or Delaware's ongoing businesses or

cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of Norwood or Delaware to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Regulatory Approvals May Not Be Received, May Take Longer than Expected or May Impose Conditions that Are Not Presently Anticipated or Cannot Be Met.

Before the transactions contemplated in the merger agreement, including the merger, may be completed, various approvals must be obtained from the bank regulatory and other governmental authorities. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger agreement. Although the parties do not currently expect that any such conditions or changes would be imposed, such conditions or changes may be imposed, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on or limiting Norwood's revenues, any of which might have a material adverse effect on Norwood following the merger. In addition, the regulatory approvals may not be received at any time, may not be received in a timely fashion, and may contain conditions on the completion of the merger.

The Merger Agreement May Be Terminated in Accordance with Its Terms and the Merger May Not Be Completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: approval of the merger agreement by Delaware shareholders, regulatory approvals, absence of orders prohibiting the completion of the merger, effectiveness of the registration statement of which this proxy statement/prospectus is a part, approval of the shares of Norwood common stock to be issued to Delaware shareholders for listing on the NASDAQ Global Market, the continued accuracy of the representations and warranties by both parties and the performance by both parties of their covenants and agreements, and the receipt by both parties of legal opinions from their respective tax counsels.

In addition, certain circumstances exist whereby Delaware may choose to terminate the merger agreement, including if Norwood's share price declines to below \$21.08 (subject to customary anti-dilution adjustments) as of the first date when all regulatory approvals for the merger have been received, combined with such decline being at least 20% greater than a corresponding decline in the value of the NASDAQ Bank Index, and no adjustment pursuant to a specified formula is made to the exchange ratio by Norwood. See "The Merger and the Merger Agreement — Terminating the Merger Agreement" beginning on page __ for a more complete discussion of the circumstances under which the merger agreement could be terminated. Therefore, the conditions to closing of the merger may not be fulfilled and the merger may not be completed.

Termination of the Merger Agreement Could Negatively Impact Delaware.

If the merger agreement is terminated, there may be various consequences, including:

- Delaware's businesses may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger; and
- the market price of Delaware common stock might decline to the extent that the current market price reflects a market assumption that the merger will be completed.

If the merger agreement is terminated and Delaware's board of directors seeks another merger or business combination, Delaware shareholders cannot be certain that Delaware will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Norwood has agreed to provide in the merger.

If the merger agreement is terminated under certain circumstances, Delaware may be required to pay a termination fee of \$615,000 to Norwood. See "The Merger and the Merger Agreement — Termination Fee" beginning on page __.

Delaware Will Be Subject to Business Uncertainties and Contractual Restrictions While the Merger is Pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Delaware and consequently on Norwood. These uncertainties may impair Delaware's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Delaware to seek to change existing business relationships with Delaware. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, Norwood's business following the merger could be negatively impacted. In addition, the merger agreement restricts Delaware from making certain acquisitions and taking other specified actions until the merger occurs without the consent of Norwood. These restrictions may prevent Delaware from pursuing attractive business opportunities that may arise prior to the completion of the merger. See "The Merger and the Merger Agreement — Conduct of Business Before the Merger" beginning on page __ for a description of the restrictive covenants to which Delaware is subject.

The Merger Agreement Limits Delaware's Ability to Pursue Alternatives to the Merger.

The merger agreement contains "no-shop" provisions that, subject to limited exceptions, limit Delaware's ability to initiate, solicit, encourage or facilitate any inquiries or competing third-party proposals, or engage in any negotiations, or provide any confidential information, or have any discussions with any person relating to a proposal to acquire all or a significant part of Delaware. In addition, Delaware has agreed to pay Norwood a termination fee in the amount of \$615,000 in the event that Norwood or Delaware terminates the merger agreement for certain reasons. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Delaware from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Delaware than it might otherwise have proposed to pay. Until the merger agreement is approved by Delaware shareholders, Delaware can consider and participate in discussions and negotiations with respect to an alternative unsolicited bona fide acquisition proposal (subject to its obligation to pay a termination fee under certain circumstances) so long as the Delaware board of directors determines in good faith (after consultation with and considering the advice of legal counsel and its financial advisor) that it is legally necessary to do so to comply with its fiduciary duties to Delaware shareholders under New York law and that such alternative acquisition proposal constitutes a superior proposal. Delaware has agreed to keep Norwood apprised of developments, discussions and negotiations relating to any such acquisition proposal.

Delaware Directors and Officers May Have Interests in the Merger Different from the Interests of Delaware Shareholders.

The interests of some of the directors and executive officers of Delaware may be different from those of Delaware shareholders, and directors and officers of Delaware may be participants in arrangements that are different from, or are in addition to, those of Delaware shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled “The Merger and the Merger Agreement — Interests of Certain Persons in the Merger” beginning on page ___.

The Shares of Norwood Common Stock to Be Received by Delaware Shareholders as a Result of the Merger Will Have Rights Different from the Shares of Delaware Common Stock.

Upon completion of the merger, the rights of former Delaware shareholders who become Norwood shareholders will be governed by the Pennsylvania Business Corporation Law and the articles of incorporation and bylaws of Norwood. The rights associated with Delaware common stock are different from the rights associated with Norwood common stock. See “Comparison of Shareholder Rights” beginning on page __ for a discussion of the different rights associated with Norwood common stock.

The Unaudited Pro Forma Combined Financial Information Included in this Proxy Statement/Prospectus Is Preliminary and the Actual Financial Condition and Results of Operations After the Merger May Differ Materially.

The unaudited pro forma combined financial information in this proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what Norwood’s actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The pro forma combined financial information reflects adjustments, which are based upon preliminary estimates, to record the Delaware identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Delaware as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. For more information, see “Pro Forma Data” beginning on page ___.

The fairness opinion obtained by Delaware from its financial advisor will not reflect changes in circumstances subsequent to the date of the fairness opinion.

Sandler, Delaware’s financial advisor in connection with the merger, has delivered to the board of directors of Delaware its opinion dated as of March 10, 2016. The opinion of Sandler stated that as of such date, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Delaware common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Norwood or Delaware, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors on which the opinion is based, may materially alter or affect the relative values of Norwood and Delaware.

CAUTIONARY STATEMENT REGARDING
FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 contains safe harbor provisions regarding forward-looking statements. These forward-looking statements include, but are not limited to, (i) the financial condition, results of operations and business of Norwood and Delaware; (ii) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (iii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (iv) other statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” or words of similar meaning. When used in this document, the words “believes,” “anticipates,” “contemplates,” “expects,” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

In addition to the factors discussed under “Risk Factors,” the following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- Norwood’s and Delaware’s businesses may not be combined successfully, or such combination may take longer to accomplish than expected;
- the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer losses and business disruption following the merger, including adverse effects of relationships with employees, may be greater than expected; and
- governmental approvals of the merger may not be obtained, or adverse regulatory conditions may be imposed in connection with governmental approvals of the merger.

Neither Norwood nor Delaware undertakes any obligation to publicly release the results of any revisions to those forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

MARKET VALUE OF SECURITIES

Norwood. Norwood's common stock is traded on the NASDAQ Global Market under the symbol "NWFL". As of _____, 2016, there were approximately 2,200 shareholders based on transfer agent mailings. The following table sets forth the price range and cash dividends declared per share regarding common stock for the periods indicated:

	Closing Price Range		Cash dividends declared per share
	High	Low	
Year 2016			
First Quarter	\$28.75	\$26.25	\$0.31
Second Quarter (through _____, 2016)			
Year 2015			
First Quarter	\$30.00	\$27.69	\$0.31
Second Quarter	30.90	27.88	0.31
Third Quarter	30.64	28.01	0.31
Fourth Quarter	29.30	27.69	0.31
Year 2014			
First Quarter	\$29.88	\$27.25	\$0.30
Second Quarter	29.69	27.55	0.30
Third Quarter	29.46	27.55	0.30
Fourth Quarter	29.45	27.70	0.30

Delaware. Delaware's common stock is quoted on the OTC Pink Marketplace under the symbol "DBAI". An active trading market does not currently exist for Delaware common stock. As of _____, 2016, there were approximately 466 holders of record of Delaware common stock. The following table shows the high and low closing sales prices of the Delaware common stock as reported on the OTC Pink Marketplace for the periods shown and the quarterly cash dividends declared per share for the periods indicated. Market quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission, and may not necessarily reflect actual transactions.

	Closing Price Range		Cash dividends declared per share
	High	Low	
Year 2016			
First Quarter	\$16.20	\$13.00	\$—
Second Quarter (through _____, 2016)			
Year 2015			
First Quarter	\$15.74	\$12.50	\$—
Second Quarter	15.50	11.85	0.20
Third Quarter	15.50	13.20	—
Fourth Quarter	13.50	12.75	0.20
Year 2014			

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First Quarter	\$17.00	\$15.80	\$—
Second Quarter	16.50	15.70	0.45
Third Quarter	16.45	14.50	—
Fourth Quarter	17.00	15.74	0.20

COMPARATIVE PER SHARE DATA

The following table sets forth historical per share information for Norwood and Delaware and additional information as if the companies had been combined for the periods shown, which we refer to as “pro forma” information. The pro forma information is based upon the assumption that the total number of shares of Delaware common stock outstanding immediately prior to the completion of the merger will be 925,499, the number of shares outstanding at December 31, 2015.

Pursuant to the terms of the merger agreement, shareholders of Delaware will have the opportunity to elect to receive for each share of Delaware stock they own, either 0.6221 shares of Norwood common stock or \$16.68 in cash. The merger agreement also sets forth election procedures that are subject to allocation and proration procedures are intended to ensure that, in the aggregate, 75% of outstanding shares of Delaware common stock will be converted into Norwood common stock, and 25% will be converted into cash. Based on the merger allocation requirements, the following assumes 694,124 of the 925,499 shares of Delaware common stock would be exchanged for Norwood common stock, with the balance of the Delaware shares being exchanged for cash.

The Delaware pro forma equivalent per share amounts are calculated by multiplying the Norwood pro forma combined book value per share, cash dividends per share and basic and diluted net income per share by the exchange ratio of 0.6221 so that the per share amounts equate to the respective values for one share of Delaware common stock. The unaudited pro forma Norwood per share equivalents are calculated by combining the Norwood historical share amounts with pro forma amounts from Delaware, assuming the exchange ratio of 0.6221.

We present below for Norwood and Delaware historical, unaudited pro forma combined and pro forma equivalent per share financial data for the year ended December 31, 2015. This data should be read together with the selected historical financial data of Norwood and Delaware and the unaudited pro forma combined condensed financial statements included in this document. This data should also be read together with Norwood’s consolidated financial statements and related notes which are incorporated herein by reference and Delaware’s consolidated financial statements and related notes beginning on page F-1 of this proxy statement/prospectus. The per share data is not necessarily indicative of the operating results that Norwood would have achieved had it completed the merger as of the beginning of the periods presented and should not be considered as representative of future operations.

The unaudited pro forma data are qualified by the statements set forth under this caption and should not be considered indicative of the market value of Norwood common stock or the actual or future results of operations of Norwood for any period. Actual results may be materially different than the pro forma information presented.

Unaudited Pro Forma Per Share Data

For the Year Ended December 31, 2015
(\$ in Thousands, Except Per Share Data)

	Norwood Financial Corp.	Delaware Bancshares, Inc.	Pro Forma Combined (1)(2)(3)	Equivalent Pro Forma Delaware(1)
Earnings per share:				
For the year ended December 31, 2015				
Net income per share (Basic)	\$ 1.60	\$ 0.64	\$ 1.69	\$ 1.05
Net income per share (Diluted)	1.60	0.64	1.68	1.05
Dividends declared:				
For the year ended December 31, 2015				
	\$ 1.24	\$ 0.40	\$ 1.24	\$ 0.77
Book Value:				
As of December 31, 2015				
	\$ 27.39	\$ 22.76	\$ 26.89	\$ 16.73
Tangible Book Value:				
As of December 31, 2015				
	\$ 24.67	\$ 14.34	\$ 23.52	\$ 14.63

- (1) The pro forma combined basic earnings and diluted earnings per share of Norwood common stock is based on the pro forma combined net income for Norwood and Delaware divided by the pro forma common shares or diluted common shares of the combined entities. The pro forma information includes adjustments related to the fair value of assets and liabilities of Delaware and is subject to adjustment as additional information becomes available and as additional analyses are performed.
- (2) The pro forma earnings per share information do not include anticipated cost savings or revenue enhancements, nor does it include one-time merger and integration expenses which will be expensed against income.
- (3) The pro forma combined balance sheet and book value per share data include the impact of merger expenses on the balance sheet with Delaware's after tax charges currently estimated at \$1.4 million, illustrated as a pro forma fair value liability accrual, and Norwood's after-taxes estimated charges of \$2.3 million, illustrated as a pro forma adjustment to retained earnings. The costs reflect estimates for professional fees, changes of control payments, system conversions, and employee severance costs. The pro forma combined book value and tangible book value per share of Norwood common stock is based on the pro forma combined common stockholders' equity of Norwood and Delaware divided by total pro forma common shares of the combined entities.
- (4) Pro forma equivalent Delaware per share amount is calculated by multiplying the pro forma combined per share amount by the exchange ratio of 0.6221 in accordance with the merger agreement.

THE SPECIAL MEETING OF SHAREHOLDERS

Delaware is mailing this proxy statement/prospectus to you as a Delaware shareholder on or about _____, 2016. With this proxy statement/prospectus, Delaware is sending you a notice of the Delaware special meeting of shareholders and a form of proxy that is solicited by the Delaware board of directors. The special meeting will be held on _____, 2016 at __: __ .m., Eastern Time, at _____, located at _____, Walton, New York.

Matters to be Considered

The purpose of the special meeting of shareholders is to vote on the adoption of the merger agreement, pursuant to which Delaware will be merged with and into Norwood.

You are also being asked to vote upon a proposal to adjourn, postpone or continue the special meeting of shareholders, if necessary, to permit further solicitation of proxies in favor of adopting the merger agreement. Delaware could use any adjournment or postponement for the purpose, among others, of allowing additional time to solicit proxies.

Who Can Vote at the Meeting

You are entitled to vote the shares of Delaware common stock that you owned as of the close of business on _____, 2016. As of the close of business on _____, 2016, a total of 925,499 shares of Delaware common stock were outstanding. Each share of common stock has one vote.

Ownership of Shares; Attending the Meeting

You may own shares of Delaware in one of the following ways:

- directly in your name as the shareholder of record; or
- indirectly through a broker, bank or other holder of record in “street name”.

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us or to vote in person at the meeting. If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Please see the instruction form provided by your broker, bank or other holder of record that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Delaware common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

Quorum and Vote Required

Quorum. We will have a quorum and will be able to conduct the business of the special meeting if the holders of a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy.

Votes Required for Proposals. Under New York law, the affirmative vote of at least two-thirds of the outstanding shares is required to approve the merger agreement. As of the record date, directors and executive officers of Delaware and their affiliates, had the right to vote approximately 30,555 shares of Delaware common stock, or 3.3% of the outstanding shares of Delaware common stock at that date. Each of the directors and executive officers of Delaware has entered into a support agreement with Norwood to vote all of his or her shares of Delaware common stock in favor of the merger.

Approval of the proposal to adjourn, postpone or continue the special meeting, if necessary, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the votes cast in person or represented by proxy at the special meeting, whether or not a quorum is present.

How We Count Votes. If you return valid proxy instructions or attend the meeting in person, we will count your shares for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. Broker non-votes and abstentions will have the effect of a vote against the proposal to approve the merger agreement and will have no effect on the proposal to adjourn, postpone, or continue the meeting.

Voting by Proxy

The board of directors of Delaware is sending you this proxy statement/prospectus for the purpose of requesting that you allow your shares of Delaware common stock to be represented at the special meeting by the persons named in the board of directors' form of proxy. Delaware shareholders of record may vote by proxy in any of three different ways:

Voting by Telephone. Call 1-888-887-2965 (toll free) and follow the instructions in the recorded message. You will need to have your proxy card with you when you call.

Voting on the Internet. Go to www.proxyvoting.com/dbai and follow the instructions. You will need to have your proxy card with you when you link to the internet voting site.

Voting by Mail. Complete, sign, date and return the enclosed proxy card in the envelope provided.

All shares of Delaware common stock represented at the special meeting by properly executed and dated proxies will be voted according to the instructions indicated in the proxy. If you return a proxy without giving voting instructions, your shares will be voted as recommended by Delaware's board of directors. The Delaware board of directors recommends a vote "FOR" each of the proposals.

If any matters not described in this proxy statement/prospectus are properly presented at the special meeting, the persons named in the proxy card will use their own best judgment to determine how to vote your shares. If the special meeting is postponed or adjourned, your Delaware common stock may be voted by the persons named in the proxy card on the new special meeting date as well, unless you have revoked your proxy. We do not know of any other matters to be presented at the special meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must advise the Secretary of Delaware in writing before your shares of Delaware common stock have been voted at the special meeting, deliver a later dated proxy, vote again by telephone or on the internet or vote your shares in person at the special meeting. Attendance at the special meeting will not in itself constitute revocation of your proxy.

Solicitation of Proxies

The costs and expenses of printing this proxy statement/prospectus will be borne by Norwood, and Delaware will bear all other costs incurred by it in the solicitation of proxies from its shareholders on behalf of its board of directors. In addition to solicitation of proxies by mail, Delaware will request that banks, brokers and other record holders send proxies and proxy materials to the beneficial owners of Delaware common stock and secure their voting instructions. Delaware will reimburse the record holders for their reasonable expenses in taking those actions. Delaware has also made arrangements with Morrow & Co., LLC, a proxy solicitation firm, to assist it in soliciting proxies and has agreed to pay them approximately \$9,000 plus reasonable expenses for these services including a per call fee for shareholder contacts. Delaware directors, officers and employees, who will not be specially compensated, may solicit proxies from Delaware shareholders, either personally or by telephone, facsimile, letter or other electronic means.

THE MERGER AND THE MERGER AGREEMENT

The following summary of the merger and merger agreement is qualified by reference to the complete text of the merger agreement. A copy of the merger agreement is annexed hereto as Annex A and is incorporated by reference into this proxy statement/prospectus. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger. Factual disclosures about Norwood and Delaware contained in this proxy statement/prospectus or in Norwood's public reports filed with the SEC may supplement, update or modify the factual disclosures about the companies contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by Delaware and Norwood were qualified and subject to important limitations agreed to by the parties in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the merger agreement may have the right not to close the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made by each party to the other, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement.

General

The merger agreement provides for the merger of Delaware with and into Norwood, with Norwood as the surviving entity. Immediately following the merger, NBDC Bank will merge with and into Wayne Bank, with Wayne Bank as the surviving entity.

Background of the Merger

For more than 125 years since its organization in 1890, NBDC Bank has operated as an independent community bank serving the people and businesses of Walton, New York and nearby communities. Over time, the Bank's footprint has expanded as a result of both organic growth and acquisitions, to include six (6) offices in Delaware County and six (6) offices in Sullivan County.

Throughout its history, NBDC Bank has focused on serving its local markets and finding ways to respond to the challenges faced by many community banks. In recent years, the challenges of operating as a small community bank have multiplied and the banking industry has undergone significant consolidation. Since 1985, the number of FDIC insured banks has declined from over 18,000 to less than 7,000 at the present time. Most of this reduction in the total number of banks has come from the ranks of small community banks.

Typically, small community banks do not have significant sources of non-interest income and to earn income must rely upon the spread between what they earn on loans and investments and what they pay for deposits and borrowed funds. Small banks are also disproportionately hurt by the increasing costs of compliance with an expanded regulatory burden. In addition, small banks generally do not have abundant resources to fund the technology costs that all banks face in making their products both safe and convenient. In addition, small banks do not have as large a volume of customers over which to spread such costs. Nonetheless, the customers of small community banks expect their bank to provide a broad

array of products, services, and conveniences including technological conveniences and mobile banking services while safeguarding their privacy. In this economic environment of prolonged compressed net interest margins and escalating compliance and technology costs, many small banks have concluded that while they are not “too big to fail” their size may render them “too small to succeed”.

In response to such challenges, the Delaware board of directors has made hard choices, which have included funding appropriate investments in technology and resources while divesting unprofitable business lines, such as its trust business. The Delaware board of directors has also evaluated potential opportunities for expanding non-interest income, but, like other small community banks, NBDC Bank is largely dependent upon net interest margin for most of its income.

As part of the Delaware board of directors’ efforts to satisfy its duties to shareholders and provide for the prudent and profitable operation of NBDC Bank, the Delaware board of directors has consulted with outside professionals to explore and evaluate potential strategies to increase both net and non-interest income, diversify to reduce its reliance on net interest income, improve the market performance and liquidity of its stock, and to develop strategies to enhance efficiency and facilitate the growth of the Bank’s base of earnings assets.

Over the years, the Delaware board of directors has explored the risks and benefits of growing the Bank organically and through acquisition. In 2007, NBDC Bank acquired National Bank of Stamford and expanded its franchise to provide a network of six branches serving Delaware County. While the acquisition of the National Bank of Stamford added some size and scale, NBDC Bank’s small size has remained a hindrance to profitability. In addition, NBDC Bank’s ability to grow loans within Delaware County was constrained by the economic climate within Delaware County, which became especially slow during the economic recession which began in 2008. Recognizing that growth would be essential if NBDC Bank were to remain independent, the board and management investigated opportunities to purchase loans but was not able to do so on terms it considered to be acceptable. Throughout recent years, NBDC Bank battled a weak economy, low interest rates, compressed net interest margins and increased costs relating to compliance and technology.

In its strategic planning initiatives in 2013, the Delaware board of directors discussed the fact that growth was essential in order to enhance profitability and additional capital would be necessary to fund growth and to achieve economies of scale. In addition, the Delaware board of directors endeavored to find strategies to limit or control operating expenses and gain efficiencies. In addition to engaging in its own strategic planning, the Delaware board of directors met with outside advisors with respect to a variety of strategic issues such as opportunities to acquire assets, branches or other small institutions.

During 2013, NBDC Bank learned of the potential opportunity to acquire six branches in Sullivan County from Bank of America. Such strategy offered diversification of risk beyond Delaware County and was considered to represent the best available opportunity for significant growth. During 2014, NBDC Bank, in consultation with outside financial and legal advisers, entered into an agreement for the acquisition of the six branch offices, obtained the necessary regulatory approvals and funded the transaction with the proceeds of a \$12 million secured loan from another bank. In September 2014, NBDC Bank consummated the transaction. However, the transaction has been slow to yield the desired benefits, as initial deposit runoff rates were high and loan originations have been slow. In addition, the increased technology and other costs associated with operating the expanded branch network are significant and NBDC Bank has yet to fully grow, and may not be able to fully grow, sufficiently to cover the costs associated with such expanded infrastructure.

Since the fourth quarter of 2014 and throughout 2015, the board of directors and management of NBDC Bank became increasingly concerned with respect to the ability of NBDC Bank to originate

sufficient loans and create sufficient efficiencies to support long-term sustainable profitability. In 2015, the Delaware board of directors, in recognition of the need to retain additional capital to facilitate essential growth and meet debt service requirements, reduced the cash dividends paid by Delaware on its common stock. The shareholder base, some of whom rely to a significant extent upon dividend income, expressed concerns and the board further evaluated potential strategies to raise equity in order to reduce the debt service costs associated with the \$12 million borrowing incurred by Delaware to fund the acquisition of the six branches.

In addition, during the current prolonged economic recession, the market price of Delaware's thinly traded stock has declined. The stock is not actively traded or listed on any exchange and, like the stock of many similarly situated small bank holding companies, trades at lower multiples to book value and earnings than many larger, publicly-traded institutions. The limited interest in Delaware's stock, which is generally owned by a local, older shareholder base reliant upon dividend income, presented a challenge to expanding the shareholder base and funding future growth. In its evaluation, the Delaware board of directors recognized that there was limited interest within the current shareholder base for additional investment in Delaware and that investment outside the current shareholder base would likely involve significant dilution to existing shareholders.

During September and early October of 2015, members of the Delaware board of directors and management interviewed multiple financial advisers to potentially work with the board to develop strategies to address NBDC Bank's challenges and provide optimal solutions in the best interests of Delaware shareholders. Initially, these efforts focused on potential strategies to raise equity capital, but eventually a broader range of alternatives, including the possible sale or merger of Delaware, were discussed.

Following initial interviews and meetings with various financial advisers, two highly regarded financial adviser firms were invited to meet with the full Delaware board of directors. Following presentations from both firms, on October 5, 2015, the Delaware board of directors, with the concurrence of the executive management team, unanimously voted to engage Sandler as its financial adviser. Following presentations by Sandler and discussions of potential alternatives, the Delaware board of directors reached the consensus that the most prudent strategy for protecting the best interests of shareholders and other constituencies would be to explore the potential for affiliating with another financial institution with greater capital and other resources. At meetings in November of 2015, the Delaware board of directors, with input from Sandler, compiled a list of institutions that were considered to be likely to have potential interest in the geographic market served by NBDC Bank and that were considered to have the resources and ability to consummate a transaction on terms which could be favorable to the shareholders and other constituencies of Delaware and NBDC Bank.

In November of 2015, eighteen institutions were contacted by Sandler and those which expressed interest in a potential affiliation transaction were provided with a non-disclosure agreement. Eight of such institutions executed non-disclosure agreements and were provided access to a confidential investment memorandum. In December, another institution was contacted and executed the non-disclosure agreement and was then provided a confidential information memorandum. The Delaware board of directors was updated by Sandler on the progress of this initiative on a regulator basis throughout November and December, 2015. At a Delaware board meeting on December 22, 2015, Sandler provided the board with a detailed presentation and an update with regard to responses of all nineteen institutions with regard to a potential affiliation. At that meeting, Sandler reported that four institutions had expressed interest in a potential affiliation with Delaware and fifteen had declined to proceed to further evaluate a potential transaction at that time. Of the four institutions expressing interest in Delaware, two provided written letters expressing their interest and two verbally advised Sandler of their potential interest in proceeding, but were not prepared to submit formal letters of interest at that time. Sandler

advised the board of the terms of both the written and verbal expressions of interest and the board's legal and financial advisers discussed the apparent ability of each of the institutions to consummate a potential affiliation transaction on the terms discussed.

After comparing each expression of interest and considering the alternatives, including endeavoring to continue to operate independently, the expression of interest by Norwood was considered by the Delaware board of directors to be the most attractive proposal for a variety of reasons. The offer represented the highest proposed consideration to be paid to shareholders and involved a mixture of cash and stock with a potential for shareholders to make an election as to the form of consideration they would receive, subject to certain overall limitations. Norwood and its subsidiary Wayne Bank were viewed as attractive affiliation partners that shared many values and philosophies with Delaware and NBDC Bank. The stock of Norwood, which is publicly traded, was considered to be a potentially attractive investment, particularly in light of the attractive cash dividend paid by Norwood. At that board meeting, the Delaware board of directors determined that Norwood and the next two highest bidders should be granted expanded access to a secure data site to provide them with additional information with regard to Delaware and NBDC Bank and that Norwood would be the first institution invited to conduct on-site due diligence. The three other expressions of interest were considered to be less attractive with respect to price and other terms than the Norwood expression of interest. On-site due diligence by the second and third highest bidder was deferred pending the results of due diligence by Norwood and the lowest of the four bidders was notified that its expression of interest was appreciated but did not warrant further discussion at that time.

On January 7 through 9, 2016, Norwood conducted on-site due diligence of Delaware and NBDC Bank. Following completion of its due diligence, on January 20, 2016, Norwood provided an amended expression of its interest reflecting a price of \$16.55 per share, 75% in stock and 25% in cash. The revised Norwood offer, while \$0.50 per share less than the initial offer of \$17.05 reflected in its letter dated December 15, 2015, still represented the highest per share price consideration of any of the offers, written and unwritten, communicated to Delaware or its advisors. At a board meeting on January 28, 2016, the Delaware board of directors considered the two offers which represented the two highest expressions of interest communicated to Delaware through its financial adviser, as well as the expressions of interest which proposed a lower price. Through negotiations, the revised expression of interest from Norwood was eventually increased to \$16.68 with a 75% stock and 25% cash structure. The structure was thoroughly discussed, as were issues relating to the continuation of employment for a majority of employees. Severance for those employees not being offered position was discussed. Norwood agreed to honor the change in control agreements of the management team and agreed to the selection of a current board member within eighteen (18) months of the transaction to join the boards of both Norwood and Wayne Bank. At that meeting, the board of directors authorized NBDC Bank management and financial and legal advisers to conduct on-site due diligence of Norwood and Wayne Bank and report back to the board with the expectation that, subject to the positive findings of such due diligence, Delaware and NBDC Bank would negotiate with Norwood and Wayne Bank toward the finalization and execution of a definitive merger agreement.

Due diligence of Norwood and Wayne Bank was conducted by the first week in February, 2016. The financial and legal advisors of Delaware along with members of Delaware's executive management team met with representatives of Norwood and Wayne Bank to conduct due diligence of Norwood and Wayne Bank in order to be able to advise the Delaware board of directors concerning the ability of Norwood to consummate the transaction on the terms proposed and the likelihood that Norwood could obtain the necessary regulatory approvals and so that the Delaware board of directors could further evaluate the risks and benefits of an affiliation with Norwood.

Based upon such satisfactory due diligence, the legal and financial advisors of Delaware informed the Delaware board of directors that there were no reasons to believe that Norwood could not consummate the transaction on the terms it proposed or that regulatory authorities acting with proper supervision would not be likely to approve the transaction in a timely manner. The financial advisers of Delaware provided the board of directors with data to evaluate the intrinsic value of the proposed affiliation with Norwood and counsel advised the board of directors with respect to the legal issues involved in such a transaction and the absence of issues likely to raise regulatory concerns.

The Delaware board of directors requested management and Delaware's financial advisor to advise the board of directors with respect to the reasonable ability of Delaware to provide comparable or superior value to that proposed by the Norwood proposal and to compare the Norwood proposal with the consideration that Delaware might reasonably expect to obtain from other sources in other potential transactions. Based upon the analyses provided, the Delaware board of directors concluded that the transaction proposed by Norwood represented attractive consideration to the shareholders of Delaware and to the other constituencies of Delaware and NBDC Bank. The board of directors balanced the risks and benefits, solicited the views of management and was unanimous in the view that it would be in the best interests of Delaware and NBDC Bank to proceed to negotiate a definitive agreement with Norwood and Wayne Bank.

The Delaware board of directors was advised of the progress of the negotiation process at its meeting on February 22, 2016 and, throughout the negotiation process, two members of the board were actively involved in discussions with the board's legal and financial advisers. During negotiations, Norwood expressed its intention to employ four members of NBDC Bank's executive management team with incentive for them to stay and also added a stay bonus pool to potentially help retain other employees. Norwood also agreed to reduce the termination fee and committed to add a Delaware director to the boards of Norwood and Wayne Bank within eighteen months of the merger. On March 10, 2016, the Delaware and NBDC boards of directors reviewed the final documents which the Delaware board of directors had previously discussed in draft form during the negotiation process. At such meeting, the Delaware and NBDC Bank boards of directors reviewed the provisions of the merger agreement, noted the risks and benefits to the shareholders of Delaware and the employees, customers, communities served by NBDC Bank, as well as other constituencies of Delaware and NBDC Bank. Following the receipt of a fairness opinion from Sandler that the merger consideration was fair to the holders of Delaware common stock from a financial standpoint, the Delaware and NBDC Bank boards of directors unanimously determined that the transaction was in the best interest of Delaware, Delaware's shareholders and the other constituencies of Delaware and NBDC Bank for reasons including those discussed below, and authorized the execution and delivery of the merger agreement. At that time, each of the Delaware directors signed agreements with Norwood indicating that they would support and vote for the transaction.

On March 10, 2016, following the meetings of the boards of directors and after the close of the regular trading on domestic stock markets, Delaware and NBDC Bank, as well as Norwood and Wayne Bank, entered into the merger agreement and issued a joint press release announcing the proposed transaction. Following the issuance of the joint press release, the employees of both institutions were informed of the action taken to authorize the transaction and enter into the definitive merger agreement.

Delaware's Reasons for the Merger and Recommendation of the Delaware Board of Directors

In reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement and recommend its approval by Delaware's shareholders, the Delaware board of directors consulted with senior management, its financial advisor, Sandler, and its legal counsel,

Cranmore, FitzGerald & Meaney, and considered numerous factors, including, principally, the following, which are not presented in order of priority:

Business and Prospects of Delaware

- Delaware's board of directors considered the historical financial statements of Delaware and NBDC Bank and certain other internal information, primarily financial in nature, relating to the businesses, earnings and balance sheets of Delaware and NBDC Bank.
- Delaware's board of directors considered the business strategy of Delaware and NBDC Bank and their prospects for the future, including expected financial results, based on discussions with management of Delaware and NBDC Bank.
- Delaware's board of directors discussed the current and prospective interest rate environment and business climate in which Delaware and NBDC Bank operate.
- Delaware's board of directors reviewed the challenges of cost-effectively delivering state-of-the-art banking products and services while shouldering an increased regulatory compliance burden.
- Delaware's board of directors considered the evaluation conducted by the Delaware and NBDC Bank boards of directors of the strategic options believed to be available to Delaware and NBDC Bank and the assessment of the boards that none of those options presented superior opportunities or were likely to create greater value for Delaware shareholders than the prospects presented by the proposed merger with Norwood.
- Delaware's board of directors evaluated the risks and prospects of Delaware and NBDC Bank remaining independent, including the challenges associated with continued competition from other financial institutions that could adversely affect their ability to meet growth targets; margin compression due to the continued low interest rate environment; the escalation of compliance costs and expenses related to investments in technology infrastructure and human resources; and the possible impact of these challenges on the value of Delaware common stock.
- Delaware's board of directors considered the risk that Delaware might not be able to meet the debt service obligations or other terms of the loan agreement with the lender of the \$12 million secured loan and the potential adverse consequences of a payment or other default on such loan.
- Delaware's board of directors considered the risk that if it operates independently, Delaware might find it necessary to further reduce or eliminate dividends on its common stock in order to meet its debt service obligations and the terms of the loan agreement with the lender on the \$12 million secured loan and to maintain prudent capital ratios.
- Delaware's board of directors reviewed the adequacy of Delaware's and NBDC Bank's capital resources over the next several years and the challenges of maintaining sufficient capital levels to support Delaware's and NBDC Bank's growth without materially diluting earnings or book value per share, including the possibility that relying exclusively on retained earnings to increase capital could cause NBDC Bank to restrain the loan growth it might otherwise achieve.
- Delaware's board of directors considered the significant regulatory burden on the banking industry, the disproportionate impact of such regulatory burden on small institutions such as

Delaware and NBDC Bank, and the limited prospects for significant regulatory relief for small institutions.

- Delaware's board of directors considered the possible impact of the business challenges facing Delaware on the value of Delaware common stock.

Based on these and other factors, the Delaware board of directors determined that it should seek a sale of Delaware and NBDC Bank.

Sale Process, Merger Consideration and Other Terms of the Merger Agreement

- Delaware's board of directors considered the extent and breadth of the sale process conducted by Delaware, with the assistance of Sandler and its legal advisors, in soliciting potential bidders likely to be interested in acquiring Delaware.
- Delaware's board of directors evaluated the level of interest and proposals received from the other potential acquirers compared to the merger consideration offered by Norwood and the apparent ability of each to consummate a transaction, concluding that the proposal from Norwood offered the most benefits to Delaware shareholders, employees and other constituencies.
- Delaware's board of directors considered that the merger agreement was the product of arms' length negotiations between representatives of Delaware and representatives of Norwood and determined that the terms of the merger agreement are reasonable and do not contain onerous contingencies, including that the merger agreement allows Delaware to consider unsolicited acquisition proposals under certain circumstances and to potentially terminate the merger agreement in order to accept a superior proposal, and that the termination fee that would be payable to Norwood upon termination of the merger agreement in order to accept a superior proposal would not deter another serious bidder from making a competing acquisition proposal.
- Delaware's board of directors considered the ability of Norwood to pay the merger consideration and to promptly consummate the transactions contemplated by the merger agreement, including the merger.
- Delaware's board of directors considered the likelihood of obtaining the necessary regulatory approvals to complete the merger and the transactions contemplated by the merger agreement in a timely manner without unusual or burdensome conditions.
- Delaware's board of directors considered that holders of Delaware common stock will have the ability to elect to receive cash, Norwood common stock or a combination of cash and Norwood common stock, subject to the proration and allocation provisions of the merger agreement.
- Delaware's board of directors considered that it is expected that the holders of Delaware common stock who receive Norwood common stock in exchange for their shares of Delaware common stock in the merger generally will not recognize any gain or loss for federal income tax purposes as a result, except with respect to any cash received instead of fractional shares of Norwood common stock.
- Delaware's board of directors considered the benefits to Delaware's shareholders who receive Norwood common stock in exchange for their shares of Delaware common stock in the merger of the greater market capitalization and liquidity of Norwood's common stock as compared to Delaware's common stock, the stock price history of Norwood common stock and the ability to participate in any future appreciation in the price of Norwood common stock.

- Delaware's board of directors considered the benefits to Delaware's shareholders who receive Norwood common stock in exchange for their shares of Delaware common stock in the merger of the dividend paid by Norwood, currently an annual dividend of \$1.24 per Norwood share, which, based upon the exchange ratio, results in a 92.9% increase for Delaware shareholders receiving the merger consideration as Norwood common stock based upon Delaware's 2015 dividend of \$0.40 per share.
- Delaware's board of directors considered that the merger consideration of \$16.68 per share of Delaware common stock represents approximately 116% of Delaware's tangible book value per share as of December 31, 2015.
- Delaware's board of directors considered the opinion of Sandler delivered to the Delaware board of directors, dated March 10, 2016, that as of the date of the opinion, and based upon and subject to the factors and assumptions set forth therein, the consideration was fair to holders of Delaware common stock from a financial point of view, and the analysis and presentation of Sandler to the Delaware board of directors in connection with the delivery of the opinion, as more fully described under "Opinion of Delaware's Financial Advisor" beginning on page _____. A copy of Sandler's written opinion that was delivered to Delaware's board of directors is included as Annex B to this proxy statement/prospectus. Shareholders are urged to carefully read the opinion of Sandler in its entirety.
- Delaware's board of directors considered that Norwood has agreed to appoint one of Delaware's directors to Norwood's and Wayne Bank's boards of directors within 18 months of closing, allowing Delaware shareholders to retain a voice in the management oversight of Norwood and Wayne Bank.
- Delaware's board of directors considered the other terms of the merger agreement, including the representations and warranties of the parties and the covenants of the parties and the conditions to closing and termination provisions, which provided adequate assurances as to Norwood's obligation and ability to consummate the merger in a timely manner, without any extraordinary conditions.

Norwood and the Combination of Norwood and Delaware

- Delaware's board of directors considered the positive results of Delaware's and its advisors' due diligence investigation of Norwood and the reputation, business practices and experience of Norwood and its management.
- Delaware's board of directors evaluated the geographic fit and increased customer convenience of the combined branch networks of NBDC Bank and Wayne Bank.
- Delaware's board of directors reviewed Norwood's business, operations, financial condition, asset quality, earnings, stock performance and prospects, taking into account the results of its due diligence review of Norwood, including the most current draft of its Form 10-K for the year ended December 31, 2015, and the publicly available information concerning Norwood set forth in its filings with the Securities and Exchange Commission.
- Delaware's board of directors considered the enhanced prospects of the combined company compared to those that Delaware was likely to achieve on a stand-alone basis, including enhanced revenue, increased market capitalization, a lower cost of capital, a stronger capital position, funding capabilities and liquidity position, cost savings through integration and synergies and, as a result, improved capabilities to cope with potential challenges and risks, and the resultant benefits to holders of

Delaware common stock who become holders of Norwood common stock as well as the other constituencies served by Delaware and NBDC Bank.

Impact on Employees

- Delaware's board of directors evaluated the anticipated effect of the acquisition on Delaware's and NBDC Bank's employees, including that Norwood has agreed in the merger agreement to use reasonable efforts to provide employees of NBDC Bank with meaningful career opportunities following the effective time of the merger.
- Delaware's board of directors considered the potential benefits to Delaware employees who continue their employment with Wayne Bank of expanded opportunities for professional growth and career advancement with the larger Wayne Bank and Wayne Bank's greater employee benefits, for which Delaware employees will receive credit for service with Delaware for purposes of vesting and determination of eligibility to participate.
- Delaware's board of directors considered the provisions of the merger agreement that provide severance benefits to those NBDC Bank employees who are not offered employment with Norwood.

Impact on Customers and Communities

- Delaware's board of directors considered the effect on the communities served by Delaware and NBDC Bank.
- Delaware's board of directors considered the "Satisfactory" Community Reinvestment Act rating received by NBDC Bank on its most recent examination, and the "Outstanding" rating as received by Wayne Bank on its most recent examination.
- Delaware's board of directors considered the commitment of Norwood to serving the greater Delaware and Sullivan County markets as well as proximate areas, and the fact that the customers and communities currently served by NBDC Bank will enjoy the services of a stronger bank with a commitment to community banking principles.
- Delaware's board of directors considered the increased legal lending limit which will be available to borrowers by reason of the merger.
- Delaware's board of directors considered the historical record of Norwood and Wayne Bank in supporting local charities in the communities in which they operate.

The Delaware board of directors also discussed the potential risks relating to the merger and the transactions contemplated by the merger agreement, including the following, which the board of directors considered to be outweighed by the potential benefits of the merger and the transactions contemplated by the merger agreement:

- Delaware's board of directors reviewed the challenges associated with seeking the regulatory approvals required to complete the merger in a timely manner.
- Delaware's board of directors considered the potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on Delaware's business and relations with customers, service providers and other

stakeholders, which risks would have a significant effect on Delaware if the merger and the transactions contemplated by the merger agreement were not completed.

- Delaware's board of directors considered the requirements contained in the merger agreement that Delaware conduct its business in the ordinary course and the other restrictions on the conduct of Delaware's business prior to completion of the merger, which may delay or prevent Delaware from undertaking business opportunities that may arise pending completion of the merger.
- Delaware's board of directors evaluated the risk that the potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of Delaware and Norwood, which could affect the business prospects of Norwood following the merger.
- Delaware's board of directors considered that because 75% of the consideration in the merger is a fixed exchange ratio of shares of Norwood's common stock to shares of Delaware common stock, Delaware shareholders who receive Norwood common stock could be adversely affected by a decrease in the trading price of Norwood common stock during the pendency of the merger.
- Delaware's board of directors discussed the fact that certain provisions of the merger agreement prohibit Delaware from soliciting, and limit its ability to respond to, proposals for alternative transactions.
- Delaware's board of directors considered the fact that the merger agreement provides that if the merger agreement is terminated by Norwood or Delaware in certain circumstances, including if, among other things, Delaware accepts an alternative acquisition agreement or consummates an alternative acquisition, Delaware is obligated to pay to Norwood a termination fee of \$615,000, which may deter others from proposing an alternative transaction that may be more advantageous to Delaware shareholders.
- Delaware's board of directors considered the requirement that Delaware submit the merger agreement to its shareholders even if its board of directors withdraws or changes its recommendation.
- Delaware's board of directors considered the fact that the interests of Delaware directors and executive officers with respect to the merger may be different from those of other Delaware shareholders in certain limited circumstances. See "— Interests of Certain Persons in the Merger" on page __.

The foregoing discussion of the factors considered by the Delaware and NBDC Bank boards of directors is not intended to be exhaustive, but sets forth the principal factors considered by the Delaware and NBDC Bank boards of directors in approving the merger agreement. Based on the factors described above, including the opinion of Sandler referred to above, the Delaware and NBDC Bank boards of directors determined that the merger with Norwood would be advisable and in the best interests of Delaware and NBDC Bank, Delaware shareholders and other constituencies and unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The Delaware and NBDC Bank boards of directors also weighed these factors against the potential risks of the merger and the transactions contemplated by the merger agreement, including those discussed in the section of this document titled "Risks Factors" beginning on page _____. In reaching its determination to approve and recommend the merger agreement and the transactions contemplated by the merger agreement, the Delaware and NBDC Bank boards of directors did not assign any specific or relative weights to any of the factors listed above. Rather, the Delaware and NBDC Bank boards of directors made their

recommendations based on the totality of information presented to and investigated by them. In considering the factors discussed above, individual directors may have given different weights to different factors.

It should be noted that this explanation of the reasoning of Delaware's board of directors (and some other information presented in this section) is forward-looking in nature and, therefore, should be read in light of the factors discussed under the section of this proxy statement/prospectus entitled "Cautionary Statement Regarding Forward-Looking Statements" commencing on page ___.

Norwood's Reasons for the Merger

In reaching its determination to approve and adopt the merger agreement, the board of directors of Norwood considered a number of factors, including:

- the complementary geographical locations of Delaware's branch network, which will augment Norwood's operations;
- the board's understanding of, and the presentations of Norwood's management and financial advisor regarding, Delaware's business, operations, management, financial condition, asset quality, earnings and prospects;
- the board's view that the merger is consistent with Norwood's expansion strategy and will allow for enhanced opportunities for Norwood's new and existing clients and customers;
- the results of management's due diligence investigation of Delaware and the reputation, business practices and experience of Delaware and its management, including their impression that Delaware is a financially healthy, well-run bank holding company that is deeply committed to its customers, employees, and the communities that it serves;
- the fact that the merger is expected to be accretive to earnings per share of Norwood in first full year of operations;
- the anticipated operating efficiencies, cost savings and opportunities for revenue enhancements of the combined company following the completion of the merger, and the likelihood that they would be achieved after the merger;
- the fact that the merger consideration consists of a mixture of cash and stock in which shareholders would have an election, subject to limitations;
- the fact that the per share stock consideration is fixed;
- the deal protection provided by the termination fee of \$615,000 payable under certain circumstances in the event of the termination of the merger agreement due to a competing offer or certain other reasons;
- the intended tax treatment of the merger as a tax-free reorganization; and
- the likelihood of receiving all of the regulatory approvals required for the merger.

Based on these reasons, Norwood's board of directors unanimously approved the merger agreement and the merger. This discussion of the factors considered by Norwood's board of directors does not list every factor considered by the board but includes all material factors considered by the board. In reaching its determination to approve and adopt the merger agreement, the board did not give relative or specific importance to each of the factors listed above, and individual directors may have given differing importance to different factors. Please note that this explanation of the board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements" beginning on page ___.

Opinion of Delaware's Financial Advisor

By letter dated October 14, 2015, Delaware retained Sandler to act as financial advisor to Delaware's board of directors in connection with Delaware's consideration of its strategic alternatives including a possible business combination. Sandler is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler acted as financial advisor in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the March 10, 2016 meeting at which Delaware's board of directors considered and discussed the terms of the merger agreement and the merger, Sandler delivered to Delaware's board of directors its written opinion, that, as of such date, the merger consideration was fair to the holders of Delaware common stock from a financial point of view. The full text of Sandler's opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Delaware's common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler's opinion speaks only as of the date of the opinion and was necessarily based on financial, economic, regulatory, market and other conditions as they existed on, and the information made available to Sandler as of, that date. Events occurring or information available after that date could materially affect its opinion. Sandler has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. The opinion was directed to Delaware's board of directors in connection with its consideration of the merger and is directed only to the fairness of the merger consideration to the holders of Delaware common stock from a financial point of view. It does not address the underlying business decision of Delaware to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Delaware's common stock as to how such shareholder should vote at the special meeting with respect to the merger or any other matter. Sandler's opinion does not address the underlying business decision of Delaware to engage in the merger or any other aspect of the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for Delaware or the effect of any other transaction in which Delaware might engage. Sandler did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by Delaware's officers, directors or employees, or class of such persons, relative to the per share consideration to be received by Delaware's shareholders. Sandler's opinion was approved by Sandler's fairness opinion committee.

In connection with rendering its opinion, Sandler reviewed and considered, among other things:

- a draft of the merger agreement, dated March 10, 2016;
- certain publicly available financial statements and other historical financial information of Delaware that Sandler deemed relevant;
- certain publicly available financial statements and other historical financial information of Norwood that Sandler deemed relevant;
- internal financial projections for NBDC Bank for the year ending December 31, 2016, as provided by the senior management of Delaware, adjusted to account for certain estimated expenses of Delaware, as discussed with and confirmed by the senior management of Delaware, as well as internal financial projections for Delaware for the years ending December 31, 2017 through December 31, 2020 based upon estimated annual asset, loan and deposit growth rates, estimated annual net income and expenses, and estimated annual tax benefits, each as discussed with and confirmed by the senior management of Delaware;
- internal financial projections for Norwood for the year ending December 31, 2016, as provided by the senior management of Norwood, as well as an estimated asset and net income growth rate for the years thereafter, as discussed with the senior management of Norwood and its representatives;
- the pro forma financial impact of the merger on Norwood based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as discussed with and confirmed by the senior management of Norwood and its representatives, as well as an assumption relating to Delaware's standalone estimated earnings per share, as provided by the senior management of Norwood and its representatives;
- the publicly reported historical price and trading activity for Delaware and Norwood common stock, including a comparison of certain stock market information for Delaware and Norwood common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which are publicly traded;
- a comparison of certain financial information for Delaware and Norwood with similar institutions for which information is publicly available;
- the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available;
- the current market environment generally and in the banking environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler considered relevant.

Sandler also discussed with certain members of the senior management of Delaware the business, financial condition, results of operations and prospects of Delaware and held similar discussions with the senior management of Norwood regarding the business, financial condition, results of operations and prospects of Norwood.

Sandler, in performing its review, has relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler from public sources, that was provided to Sandler by Delaware or Norwood or their respective representatives or that was otherwise reviewed by Sandler and Sandler assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler has relied, at the direction of Delaware, without independent verification or investigation, on the assessments of the management of Delaware as to its existing and future relationships with key employees and partners, clients, products and services and has assumed, with Delaware's consent, that there would be no developments with respect to any such matters that would affect its analyses or opinion. Sandler has further relied on the assurances of the respective managements of Delaware and Norwood that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler was not asked to and did not undertake an independent verification of any of such information and did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Delaware or Norwood or any of their respective subsidiaries, nor was Sandler furnished with any such evaluations or appraisals. Sandler rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of Delaware or Norwood. Sandler did not make an independent evaluation of the adequacy of the allowance for loan losses of Delaware or Norwood, or the combined entity after the merger and has not reviewed any individual credit files relating to Delaware or Norwood. Sandler has assumed, with Delaware's consent, that the respective allowances for loan losses for both Delaware and Norwood were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler used internal financial projections for NBDC Bank for the year ending December 31, 2016, as provided by the senior management of Delaware, adjusted to account for certain estimated expenses of Delaware, as discussed with and confirmed by the senior management of Delaware, as well as internal financial projections for Delaware for the years ending December 31, 2017 through December 31, 2020 based upon estimated annual asset, loan and deposit growth rates, estimated annual net income and expenses, and estimated annual tax benefits, each as discussed with and confirmed by the senior management of Delaware. In addition, in preparing its analyses, Sandler used internal financial projections for Norwood for the year ending December 31, 2016, as provided by the senior management of Norwood, as well as an estimated asset and net income growth rate for the years thereafter, as discussed with the senior management of Norwood and its representatives. Sandler also received and used in its pro forma analyses certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as discussed with and confirmed by the senior management of Norwood and its representatives, as well as an assumption relating to Delaware's standalone estimated earnings per share, as provided by the senior management of Delaware and its representatives. With respect to those projections, estimates and judgments, the respective managements of Delaware and Norwood confirmed to Sandler that those projections, estimates and judgments reflected the best currently available projections, estimates and judgments of those respective managements of the future financial performance of Delaware and Norwood, respectively, and Sandler assumed that such performance would be achieved. Sandler expressed no opinion as to such projections, estimates or judgments, or the assumptions on which they were based. Sandler also assumed that there has been no material change in Delaware's or Norwood's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler. Sandler assumed in all respects material to its analysis that Delaware and Norwood would remain as going concerns for all periods relevant to its analyses.

Sandler also assumed, with Delaware's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such

agreements were true and correct in all material respects, that the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Delaware, Norwood or the merger or any related transaction, (iii) the merger and any related transaction would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements, (iv) the merger would be consummated without Delaware's rights under Section 10.1(i) of the merger agreement having been triggered, or if such rights have been triggered, Norwood shall have exercised the option referred to in Section 10.1(i) of the merger agreement, and (v) the merger would qualify as a tax-free reorganization for federal income tax purposes. Finally, with Delaware's consent, Sandler has relied upon the advice that Delaware has received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement.

Sandler's analyses were necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler as of, the date thereof. Events occurring after the date thereof could materially affect Sandler's opinion. Sandler has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler expressed no opinion as to the trading values of Delaware common stock or Norwood common stock at any time or what the value of Norwood common stock would be once it is actually received by the holders of Delaware common stock.

In rendering its opinion, Sandler performed a variety of financial analyses. The summary below is not a complete description of the analyses underlying Sandler's opinion or the presentation made by Sandler to Delaware's board of directors, but is a summary of all material analyses performed and presented by Sandler. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler's comparative analyses described below is identical to Delaware or Norwood and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Delaware and Norwood and the companies to which they are being compared. In arriving at its opinion, Sandler did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather, Sandler made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Delaware, Norwood and Sandler. The analyses performed by Sandler are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Delaware's board of directors at its March 10, 2016 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler's analyses do not necessarily reflect the value of Delaware's common stock or the prices at which Delaware's common stock or Norwood's common stock may be sold at any time. The analyses of Sandler and its opinion were among a number of factors taken into consideration by Delaware's board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of Delaware's board of directors or management with respect to the fairness of the merger. See "Delaware's Reasons for the Merger and Recommendation of Delaware Board of Directors" for additional information on the factors Delaware's board of directors considered in reaching its decision to approve the merger agreement.

Summary of Proposed Merger Consideration and Implied Transaction Metrics. Sandler reviewed the financial terms of the proposed merger. As described in the merger agreement, each share of Delaware common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive, without interest, either (i) 0.6221 shares of Norwood common stock, or (ii) \$16.68 in cash. The merger agreement provides that shareholders may elect to receive cash consideration for all of their shares of Delaware common stock, Norwood common stock for all of their shares of Delaware common stock or cash for some of their shares of Delaware common stock and Norwood common stock for the remainder of their shares of Delaware common stock. The merger agreement provides, generally, that shareholder elections may be adjusted as necessary to result in an overall ratio of 25% of Delaware common stock being converted into the right to receive cash consideration and 75% of Delaware common stock being converted into the right to receive stock consideration. Using Norwood's 20 day average closing stock price as of March 7, 2016 of \$26.81, and based upon 925,499 shares of Delaware common stock outstanding, Sandler calculated an implied transaction price per share of \$16.68 and aggregate transaction value of approximately \$15.4 million. Based upon financial information for Delaware as of or for the twelve months ended December 31, 2015, Sandler calculated the following implied transaction metrics:

Transaction Price / Book Value Per Share:	73.3	%
Transaction Price / Tangible Book Value Per Share:	116.3	%
Transaction Price / LTM Earnings Per Share ¹ :	26.1	x
Core Deposit Premium ² :	0.8	%
One Day Market Premium ³ :	27.2	%

1) Last Twelve Months (LTM) net income of \$591,000 includes an income tax benefit of \$565,000.

2) Tangible book premium to core deposits calculated as (deal value – tangible equity) / (core deposits); Core Deposits defined as deposits, less time deposit accounts with balances over \$100,000, foreign deposits and unclassified deposits.

3) Based upon the closing price for a share of Delaware common stock on March 9, 2016.

Stock Trading History. Sandler reviewed the history of the publicly reported trading prices of Delaware's common stock and Norwood's common stock for the one-year and three-year periods ended

March 9, 2016. Sandler then compared the relationship between the movements in the price of Delaware's common stock and Norwood's common stock, respectively, to movements in their respective peer groups (as described on pages __ and __) as well as certain stock indices.

Delaware's One-Year Stock Performance

	Beginning Value March 9, 2015	Ending Value March 9, 2016
Delaware	100%	104.9%
Delaware Peers	100%	101.1%
NASDAQ Bank Index	100%	98.5%
S&P 500 Index	100%	95.7%

Delaware's Three-Year Stock Performance

	Beginning Value March 9, 2013	Ending Value March 9, 2016
Delaware	100%	57.2%
Delaware Peers	100%	113.1%
NASDAQ Bank Index	100%	127.2%
S&P 500 Index	100%	128.2%

Norwood's One-Year Stock Performance

	Beginning Value March 9, 2015	Ending Value March 9, 2016
Norwood	100%	89.9%
Norwood Peers	100%	104.4%
NASDAQ Bank Index	100%	98.5%
S&P 500 Index	100%	95.7%

Norwood's Three-Year Stock Performance

	Beginning Value March 9, 2013	Ending Value March 9, 2016
Norwood	100%	94.7%
Norwood Peers	100%	118.8%
NASDAQ Bank Index	100%	127.2%
S&P 500 Index	100%	128.2%

Comparable Company Analyses. Sandler used publicly available information to compare selected financial information for Delaware with a group of financial institutions selected by Sandler. The Delaware peer group consisted of banks and thrifts headquartered in New Jersey, New York and Pennsylvania whose securities are publicly traded and with total assets between \$350 million and \$450 million, excluding announced merger targets (the “Delaware Peer Group”). The Delaware Peer Group consisted of the following companies:

Allegheny Valley Bancorp, Inc.	Mauch Chunk Trust Financial Corp.
Ballston Spa Bancorp, Inc.	Mifflinburg Bancorp, Inc.
Catskill Hudson Bancorp, Inc.	MNB Corporation
Capital Bank of New Jersey	MSB Financial Corp.
Centric Financial Corporation	Muncy Bank Financial, Inc.
Commercial National Financial Corp.	New Tripoli Bancorp, Inc.
Greater Hudson Bank	Susquehanna Community Financial, Inc.
Hamlin Bank and Trust Company	Woodlands Financial Services Company
Kinderhook Bank Corporation	York Traditions Bank
Mars National Bancorp, Inc.	

The analysis compared publicly available financial information for Delaware with the corresponding data for the Delaware Peer Group as of or for the twelve months ended December 31, 2015 (unless otherwise noted), with pricing data as of March 9, 2016. The table below sets forth the data for Delaware and the median and mean data for the Delaware Peer Group.

Delaware Comparable Company Analysis

	Delaware	Delaware Peer Group Median	Delaware Peer Group Mean
Total assets (in millions)	\$371	\$378	\$389
Tangible common equity/Tangible assets	3.65%	9.89%	10.40%
LTM Return on average assets	0.16%	0.78%	0.82%
LTM Return on avg. equity	2.79%	7.50%	7.56%
LTM Net interest margin	2.79%	3.37%	3.41%
LTM Efficiency ratio	104.4%	72.4%	70.4%
Nonperforming assets1/Total assets	0.56%	1.20%	1.28%
Price/Tangible book value	91.4%	99.4%	98.7%
Price/LTM Earnings per share	20.5x	12.5x	14.1x
Current dividend yield	3.1%	3.1%	2.4%
Market value (in millions)	\$12	\$38	\$42

1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned. Note: Financial data for the institutions in the peer group not pro forma for any publicly announced and pending transactions. Financial data for Ballston Spa Bancorp, Inc., New Tripoli Bancorp, Inc., Mauch Chunk Trust Financial Corp. and MNB Corporation as of or for the period ending September 30, 2015 and financial data for Catskill Hudson Bancorp, Inc. as of or for the period ending June 30, 2015.

Sandler used publicly available information to perform a similar analysis for Norwood and a group of financial institutions as selected by Sandler. The Norwood peer group consisted of banks and thrifts headquartered in the Mid-Atlantic region with total assets between \$650 million and \$850 million, excluding announced merger targets (the “Norwood Peer Group”). The Norwood Peer Group consisted of the following companies:

Bancorp of New Jersey, Inc.	Malvern Bancorp, Inc.
Berkshire Bancorp, Inc.	Orange County Bancorp, Inc.
Carver Bancorp, Inc.	Royal Bancshares of Pennsylvania, Inc.
CB Financial Services, Inc.	Revere Bank
DNB Financial Corporation	Severn Bancorp, Inc.
Embassy Bancorp, Inc.	Solvay Bank Corporation
Fidelity D&D Bancorp, Inc.	Stewardship Financial Corporation
Harleysville Savings Financial Corporation	Sussex Bancorp
Kish Bancorp, Inc.	

The analysis compared publicly available financial information for Norwood with the corresponding data for the Norwood Peer Group as of or for the twelve months ended December 31, 2015 (unless otherwise noted), with pricing data as of March 9, 2016. The table below sets forth the data for Norwood and the median and mean data for the Norwood Peer Group.

Norwood Comparable Company Analysis

	Norwood		Norwood Peer Group Median		Norwood Peer Group Mean	
Total assets (in millions)	\$ 751		\$ 774		\$ 770	
Tangible common equity/Tangible assets	12.29 %		8.33 %		8.67 %	
LTM Return on average assets	0.80 %		0.66 %		0.68 %	
LTM Return on avg. equity	5.85 %		7.83 %		7.43 %	
LTM Net interest margin	3.75 %		3.23 %		3.21 %	
LTM Efficiency ratio	53.7 %		74.6 %		73.3 %	
Nonperforming assets1/Total assets	1.47 %		1.21 %		1.51 %	
Price/Tangible book value	106.8 %		105.1 %		105.4 %	
Price/LTM Earnings per share	16.4 x		12.8 x		14.8 x	
Current dividend yield	4.7 %		1.3 %		1.8 %	
Market value (in millions)	\$ 97		\$ 67		\$ 68	

1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned. Note: Financial data for the institutions in the peer group not pro forma for any publicly announced and pending transactions. Financial data for Solvay Bank Corporation and Embassy Bancorp, Inc. as of or for the period ending September 30, 2015 and financial data for Berkshire Bancorp Inc. as of or for the period ending June 30, 2015.

Analysis of Selected Merger Transactions. Sandler reviewed a regional and national group of merger and acquisition transactions. The regional group consisted of transactions with targets headquartered in New Jersey, New York or Pennsylvania, announced between January 1, 2015 and March

9, 2016, involving banks and thrifts with assets between \$100 million and \$500 million (the “Regional Precedent Transactions”). The Regional Precedent Transactions group was composed of the following transactions:

Acquiror	Target
Lakeland Bancorp	Harmony Bank
NexTier, Inc.	Eureka Financial Corp.
Northfield Bancorp, Inc.	Hopewell Valley Community Bank
Lakeland Bancorp	Pascack Bancorp, Inc.
ESSA Bancorp, Inc.	Eagle National Bancorp, Inc.
Preferred Bank	United International Bank
Citizens Financial Services	First National Bank of Fredericksburg
WSFS Financial Corporation	Alliance Bancorp of Pennsylvania
OceanFirst Financial Corp.	Colonial American Bank
Cathay General Bancorp	Asia Bancshares, Inc.

Using then latest publicly available financial information prior to the announcement of the relevant transaction, Sandler reviewed the following multiples: transaction price to last-twelve-months earnings per share, transaction price to tangible book value per share, tangible book premium to core deposits, and 1-day market premium. Sandler compared the indicated transaction metrics for the merger to the median and mean metrics of the Regional Precedent Transactions group.

	Delaware / Norwood	Regional Precedent Transactions Group Median	Regional Precedent Transactions Group Mean
Transaction price/LTM earnings per share	26.1x	22.0x	23.9x
Transaction price/Tangible book value per share:	116.3%	132.8%	133.7%
Core deposit premium ¹ :	0.8%	3.8%	6.2%
1-Day market premium:	27.2%	41.0%	48.4%

- 1) Tangible book premium to core deposits calculated as (deal value – tangible equity) / (core deposits); core deposits defined as total deposits, less time deposit accounts with balances over \$100,000, foreign deposits and unclassified deposits

The national group consisted of transactions with U.S. headquartered targets announced between October 31, 2015 and March 9, 2016, involving banks and thrifts with assets between \$150 million and \$450 million (the “National Precedent Transactions”). The National Precedent Transactions group was composed of the following transactions:

Acquiror	Target
Lakeland Bancorp	Harmony Bank
County Bank Corp.	Capac Bancorp, Inc.
State Bank Corp.	Country Bank
Citizens Community Bancorp	Community Bank of Northwestern Wisconsin
Beneficial State Foundation	Pan American Bank

