

ORRSTOWN FINANCIAL SERVICES INC

Form S-3

September 28, 2012

As filed with the Securities and Exchange Commission on September 28, 2012

Registration No. 333-_____

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

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ORRSTOWN FINANCIAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-2530374
(I.R.S. Employer
Identification Number)

77 East King Street
Shippensburg, Pennsylvania 17257
(717) 532-6114

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Thomas R. Quinn, Jr.
President and Chief Executive Officer
77 East King Street
Shippensburg, Pennsylvania 17257
(717) 532-6114

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
John J. Spidi, Esq.
Joan S. Guilfoyle, Esq.
Spidi & Fisch, PC
1227 25th Street, N.W., Suite 200 West
Washington, D.C. 20037
(202) 434-4660

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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(c) 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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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.

Large accelerated filer

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

Accelerated filer

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(1)(2)	Proposed maximum aggregate offering price(1)	Amount of Registration Fee
Common Stock, no par value per share (3)	\$		\$	\$
Preferred Stock par value \$1.25 per share (3)				
Warrants (4)				
TOTAL	\$80,000,000		\$80,000,000	\$9,168 (5)

- (1) Pursuant to General Instruction II(D) of Form S-3, such indeterminate number of principal amount of Common Stock, Preferred Stock and Warrants of Orrstown Financial Services, Inc. (the "Company") as shall have an aggregate initial offering price not to exceed \$80,000,000 exclusive of accrued interest and dividends, if any. Any securities registered hereby may be sold separately or together with other securities registered hereunder. There are also being registered hereunder an indeterminate number of shares of Common, Stock, Preferred Stock and Warrants of the Company as shall be issuable upon the conversion or exchange of convertible or exchangeable debt securities or of shares of convertible or exchangeable Preferred Stock registered hereunder or as shall be issuable pursuant to anti-dilution provisions. No separate consideration will be received for such Common Stock, Preferred Stock or Warrants.
- (2) The proposed maximum offering price per unit will be determined from time to time in connection with the issuance of the securities registered hereunder. The maximum aggregate offering price will be such amount in U.S. dollars or the equivalent thereof in foreign currencies as shall result in a maximum aggregate offering price for all securities of \$80,000,000, estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act") and exclusive of accrued interest and dividends, if any.
- (3) Shares of Common Stock or Preferred Stock may be issued in primary offerings, upon conversion of debt securities or Preferred Stock registered hereby or upon the exercise of warrants to purchase Common Stock or Preferred Stock.
- (4) There is being registered hereunder an indeterminate principal amount of Warrants representing rights to receive an amount of cash or number of securities that will be determined and as may be sold, from time to time. Includes Warrants which may be purchased by underwriters to cover over-allotments, if any.
- (5) The Company previously paid a registration fee of \$5,704 pursuant to its previously filed Registration Statement on Form S-3, File No. 333-164780 (the "Prior Registration Statement"), originally filed with the Securities and Exchange Commission on February 8, 2010 and subsequently declared effective. Of the \$80,000,000 of the Company's securities registered pursuant to the Prior Registration Statement, only \$39,999,987 of its securities were sold. Pursuant to Rule 415(a)(6) under the Securities Act, the Company hereby includes in this registration statement the \$40,000,013 of securities remaining unsold under the Prior Registration Statement. Pursuant to Rule 415(a)(6) and Rule 457(p) under the Securities Act, the Company is applying the filing fee of \$2,852 associated with the \$40,000,013 of unsold securities under the Prior Registration Statement against the total filing fee of \$9,168 that would otherwise be due in connection with this registration statement. Accordingly, the Company is paying \$6,316 in filing fees for this registration statement. In accordance with Rule 415(a)(6) of the Securities Act, the Prior Registration Statement will be deemed terminated as of the effective date of this registration statement.

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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

Subject to Completion dated September 28, 2012

PROSPECTUS

\$80,000,000

Orrstown Financial Services, Inc.

Common Stock

Preferred Stock

Warrants

We may offer and sell any combination of the securities listed above, in one or more offerings, up to a total dollar amount of \$80,000,000 (or the equivalent in foreign currency or currency units). We may offer these securities separately or together, in separate series or classes and in amounts, at prices and on terms described in one or more prospectus supplements. The preferred stock and warrants may be convertible or exercisable or exchangeable for debt or equity securities of the Company or of one or more entities.

We will provide the specific terms of the securities offered in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. The prospectus supplement and any related free writing prospectus may also add, update or change information contained in this prospectus. Please read this prospectus, the applicable supplement and any related free writing prospectus, as well as any documents incorporated by reference in this prospectus or any prospectus supplement, carefully before you invest in any of our securities.

Our common stock is quoted on the NASDAQ Capital Market, under the symbol "ORRF." On September 27, 2012, the last quoted sale price of our common stock was \$10.50 per share. You are urged to obtain current market quotations of the common stock. The applicable prospectus supplement will contain information, where applicable, as to any listing on the NASDAQ Capital Market or any securities market or other exchange of the securities covered by the applicable prospectus supplement.

The securities may be offered and sold on a continuous or delayed basis, through agents, dealers or underwriters, or directly to purchasers. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering. If agents or any dealers or underwriters are involved in the sale of the securities, the applicable prospectus supplement will set forth the names of the agents, dealers or underwriters and any applicable commissions or discounts. Net proceeds from the sale of securities will be set forth in the applicable prospectus supplement. For general information about the distribution of securities offered, please see "Plan of Distribution" in this prospectus.

Investing in our securities involves risks. You should carefully consider the Risk Factors referred to on page 4 of this prospectus and set forth in the applicable prospectus supplement and in the documents incorporated or deemed incorporated by reference herein before making any decision to invest in our securities.

These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012

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ABOUT THIS PROSPECTUS

Unless the context requires otherwise, in this prospectus, we use the terms “we,” “us,” “our,” “Orrstown” and the “Company” refer to Orrstown Financial Services, Inc. and its subsidiaries (unless the context indicates another meaning), the terms “Bank” and “Orrstown Bank” mean Orrstown Bank and its subsidiaries (unless the context indicates another meaning).

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission, or SEC, using a “shelf” registration process. Under the shelf registration process, using this prospectus, together with a prospectus supplement, we may sell, from time to time, in one or more offerings, any number of the securities described in this prospectus in one or more offerings with a total aggregate principal amount or initial purchase price amount of \$80,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. You should read this prospectus, the prospectus supplement, and the information incorporated by reference in this prospectus before making an investment in our securities. See “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” for more information. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

Our SEC registration statement containing this prospectus, including exhibits, provides additional information about us and the securities offered under this prospectus and any prospectus supplement. The registration statement can be read at the SEC’s web site or at the SEC’s offices. The SEC’s web site and street addresses are provided under the heading “Where You Can Find More Information.”

You should rely only on the information contained in or incorporated by reference in this prospectus and in any prospectus supplement or free writing prospectus that we may provide to you in connection with any offering of our securities described in this prospectus. We have not authorized anyone to provide you with different information. This document may be used only in jurisdictions where offers and sales of these securities are permitted. You should not assume that information contained in this prospectus, in any supplement to this prospectus, or in any document incorporated by reference is accurate as of any date other than the date on the front page of the document that contains the information, regardless of when this prospectus is delivered or when any sale of our securities occurs.

We may sell our securities to underwriters who will in turn sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us directly or through dealers or agents which we may designate from time to time. If we, directly or through agents, solicit offers to purchase the securities, we reserve the sole right to accept and, together with our agents, to reject, in whole or in part, any of those offers.

A prospectus supplement will contain the names of the underwriters, dealers or agents, if any, together with the terms of offering, the compensation of those underwriters and the net proceeds to be received by Orrstown. Any underwriters, dealers or agents participating in the offering may be deemed “underwriters” within the meaning of the Securities Act of 1933, as amended (the “Securities Act”).

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “may,” “will,” “should,” “would” and “could.” These forward-looking statements which are based on various assumptions (some of which are beyond the Company’s control) are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the forward-looking statements, including:

- the economic environment, particularly in the market areas in which we operate;
- the volatility of the financial and securities markets, including changes with respect to the market value of financial assets; changes in market interest rates;
- changes in government regulation affecting financial institutions, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, referred to as the Dodd-Frank Act, and the rules being issued in accordance with this statute and potential expenses associated therewith; and
- the costs associated with resolving any problem loans and other risks and uncertainties, discussed in documents filed by us with the SEC from time to time.

Some of these and other factors are discussed in this prospectus, and any accompanying prospectus supplement, under the caption “Risk Factors” and elsewhere in this prospectus and in the incorporated documents. The development of any or all of these factors could have an adverse impact on our financial position and our results of operations.

Any forward-looking statements are based upon management’s beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, unless otherwise required to do so by law or regulation. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this prospectus or the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we may file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C., 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information about issuers that file electronically with the SEC. The address of the SEC’s Internet site is <http://www.sec.gov>.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be a part of this prospectus, and the information we later file with the SEC that is incorporated by reference in this prospectus will automatically update information previously contained in this prospectus and any incorporated document. Any statement contained in this prospectus or in a document incorporated by reference in this prospectus will be deemed modified or superseded to the extent that a later statement contained in this prospectus or in an incorporated document modifies or supersedes such earlier statement.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC (excluding any portion of these documents that has been furnished to and deemed not to be filed with the SEC):

Report(s)	Period(s) of Report(s) or Date(s) Filed
· Annual Report on Form 10-K	For the fiscal year ended December 31, 2011
· Quarterly Reports on Form 10-Q	For the quarter ended March 31, 2012 and the quarter ended June 30, 2012
· Current Reports on Form 8-K	Dated January 26, 2012, February 27, 2012, March 12, 2012, March 23, 2012, April 27, 2012, May 1, 2012, May 2, 2012, May 3, 2012, May 14, 2012, May 31, 2012, July 16, 2012, July 18, 2012, July 27, 2012 (two reports), August 14, 2012, August 27, 2012, August 29, 2012, September 18, 2012 and September 25, 2012

We also incorporate by reference any future documents we may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, excluding any document or portion thereof that has been furnished to and deemed not to be filed with the SEC. In addition, we incorporate by reference the description of our common stock, no par value per share ("Common Stock"), contained in our Registration Statement on Form 8-A/A that we filed with the SEC on January 28, 2010, and any amendment or report filed for the purpose of updating such description.

These documents are available without charge to you on the Internet at www.orrstown.com or if you call or write to: Orrstown Financial Services, Inc., 77 East King Street, Shippensburg, Pennsylvania 17257, Attention: Investor Relations, (717) 532-6114. Our periodic reports are also available on our website at www.orrstown.com. The reference to our website is not intended to be an active link and the information on our website is not, and you must not consider the information to be, a part of this prospectus.

We have also filed a registration statement with the SEC relating to the securities offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information presented or incorporated by reference in the registration statement and its exhibits. You may obtain from the SEC a copy of the registration statement and exhibits that we filed with the SEC as described above. The registration statement may contain additional information that may be important to you.

ORRSTOWN FINANCIAL SERVICES, INC.

Orrstown Financial Services, Inc., a Pennsylvania corporation, is the holding company for Orrstown Bank. The Company's executive offices are located at 77 East King Street, Shippensburg, Pennsylvania, 17257. The Company was organized on November 17, 1987, for the purpose of acquiring the Bank and such other banks and bank related activities as are permitted by law and desirable. The Bank provides banking and bank related services in South Central Pennsylvania, principally in Franklin, Perry and Cumberland Counties in Pennsylvania and in Washington County, Maryland. The twenty-one offices of the Bank are located in Shippensburg (2), Carlisle (5), Spring Run, Orrstown, Chambersburg (3), Greencastle, Mechanicsburg (2), Camp Hill, Newport (2), Duncannon, and New Bloomfield, Pennsylvania and Hagerstown, Maryland.

The Company files periodic reports with the Securities and Exchange Commission in the form of quarterly reports on Form 10-Q, annual reports on Form 10-K, annual proxy statements and current reports on Form 8-K for any significant events that may arise during the year. Copies of these reports, and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, may be obtained free of charge through the SEC's internet site at www.sec.gov or by accessing the Company's website at www.orrstown.com as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Information on our website shall not be considered a part of this prospectus.

The Company's primary activity consists of owning and supervising its subsidiary, the Bank. The day-to-day management of the Company is conducted by the Bank's officers. The Company derives a majority of its current income through dividends from the Bank. As of June 30, 2012, the Company, on a consolidated basis, had total assets of \$1,328,475,000, total shareholders' equity of \$107,629,000 and total deposits of approximately \$1,144,384,000.

The Company has no employees. Its five officers are employees of the Bank. On June 30, 2012, the Bank had 304 full-time and 34 part-time employees.

The Bank is engaged in commercial banking and trust business as authorized by the Pennsylvania Banking Code of 1965. This involves accepting demand, time and savings deposits, and granting loans. The Bank grants commercial, residential, consumer and agribusiness loans in its market areas of Franklin, Perry and Cumberland Counties in Pennsylvania and in Washington County, Maryland. The Bank maintains a diversified loan portfolio and evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon the extension of credit, is based on management's credit evaluation of the customer pursuant to collateral standards established in the Bank's lending policies and procedures.

Our website address is www.orrstown.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed by us with the Securities and Exchange Commission are available free of charge on our website under the Investor Relations menu. Information on our website should not be treated as part of this prospectus.

RISK FACTORS

An investment in our securities involves significant risks. Before making an investment decision, you should carefully read and consider the risk factors incorporated by reference in this prospectus, as well as those contained in any applicable prospectus supplement, as the same may be updated from time to time by our future filings with the SEC under the Exchange Act. You should also refer to other

information contained in or incorporated by reference in this prospectus and any applicable prospectus supplement, including our financial statements and the related notes incorporated by reference herein or therein. Additional risks and uncertainties not presently known to us at this time or that we currently deem immaterial may also materially and adversely affect our business and operations.

USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes. General corporate purposes may include, among other purposes, contribution to the capital of Orrstown Bank, to support its lending and investing activities; the repayment of our debt; redemption, repurchase or other acquisition of our capital stock; to support or fund acquisitions of other institutions or branches, if opportunities for such transactions become available; and investments in activities which are permitted for bank holding companies. We may temporarily invest funds that we do not immediately need for these purposes in investment securities or use them to make payments on our borrowings. The applicable prospectus supplement will provide details on the use of proceeds of any specific offering.

RATIO OF EARNINGS TO FIXED CHARGES

Our consolidated ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Six Months Ended June 30,			Years Ended December 31,			
	2012(2)	2011(3)	2011(4)	2010	2009	2008	2007
Ratio of Earnings to Fixed Charges (1)							
Excluding interest on deposits	(55.57)x	(8.85)x	(28.13)x	12.02x	5.25x	4.40x	5.02x
Including interest on deposits	(5.91)x	(0.42)x	(2.95)x	2.80x	2.05x	1.95x	1.77x

- (1) Earnings have been calculated by adding combined fixed charges to consolidated income from continuing operations before income taxes. Combined fixed charges, excluding interest on deposits, consist of interest expense and amortization of deferred financing costs. For all periods, we computed the ratios of earnings to combined fixed charges by dividing earnings by combined fixed charges.
- (2) For the six months ended June 30, 2012, the deficiency amounted to \$30,210,000.
- (3) For the six months ended June 30, 2011, the deficiency amounted to \$8,103,000.
- (4) For the year ended December 31, 2011, the deficiency amounted to \$42,827,000.

SECURITIES WE MAY OFFER

The securities that may be offered from time to time through this prospectus are:

- Common Stock;
- preferred stock, which we may issue in one or more series; and

- warrants entitling the holders to purchase Common Stock or preferred stock.

We will describe in a prospectus supplement that we will deliver with this prospectus, the terms of particular securities that we may offer in the future. This prospectus may not be used to offer or sell