

FIRST KEYSTONE CORP
Form S-4
August 23, 2007

As filed with the Securities and Exchange Commission on August 23, 2007

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIRST KEYSTONE CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

6021

(Primary Standard Industrial Classification Code Number)

23-2249083

(I.R.S. Employer Identification No.)

111 West Front Street
P.O. Box 289
Berwick, PA 18603
570-752-3671

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

J. Gerald Bazewicz
President and Chief Executive Officer
First Keystone Corporation
111 West Front Street
P.O. Box 289
Berwick, PA 18603
570-752-3671

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

Copies of all communications to:

Erik Gerhard, Esquire
Nicholas Bybel, Jr., Esquire
BYBEL RUTLEDGE LLP
1017 Mumma Road, Suite 302
Lemoyne, PA 17043
(717) 731-1700

John B. Lampi, Esquire
Suzanne C. Hixenbaugh, Esquire
SAIDIS FLOWER & LINDSAY
26 West High Street
Carlisle, PA 17013
(717) 243-6222

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this Registration Statement and upon completion of the merger of Pocono Community Bank with and into the Registrant.

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.

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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. o

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. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(2)	Amount of registration fee
Common Stock, par value \$2.00 per share	950,000		\$18,844,431	\$579.00

(1) Based on the maximum number of shares of Registrant's common stock estimated to be issuable pursuant to the Agreement and Plan of Merger, by and between Registrant and Pocono Community Bank. In accordance with Rule 416, under the Securities Act of 1933, this Registration Statement shall also register any additional shares of Registrant's common stock that may become issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) In accordance with Rule 457(f) under the Securities Act of 1933, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to the aggregate value of the estimated maximum number of shares of Pocono common stock to be exchanged by First Keystone in the merger reduced by the amount of cash to be paid. Based on the book value of \$8.62 per share of Pocono Common Stock as of July 31, 2007.

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 an 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 such Section 8(a), may determine.

[Subject to Completion Dated August 23, 2007]

The information in this proxy statement/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 proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Merger Proposal Your Vote Is Very Important

To: The shareholders of Pocono Community Bank

This proxy statement/prospectus relates to the proposed merger of First Keystone Corporation and Pocono Community Bank. This document is a combined proxy statement/prospectus that is being distributed by Pocono to you in connection with a special meeting of shareholders that has been called to vote on the merger. It contains important information about the merger and you should read it carefully. As a result of the merger, each share of Pocono common stock held by you will be converted into the right to receive either 0.8944 shares of First Keystone Corporation common stock or \$16.10 in cash, as each Pocono shareholder elects, subject to limitations described in this document and the merger agreement. Each outstanding option and warrant representing the right to purchase Pocono common stock will be cancelled and instead will represent the right only to receive in cash the difference between the exercise price of the option or warrant and \$16.10. If a Pocono shareholder does not elect whether to receive cash or stock, that shareholder will lose the right to elect and will receive either First Keystone Corporation common stock or cash as set forth on page 56. Based on the closing price of First Keystone Corporation common stock on May 10, 2007 of \$18.75 per share, the market value of 0.8944 shares of First Keystone Corporation common stock would be \$16.77, and based on the closing price of First Keystone Corporation common stock on _____, 2007 of \$ _____ per share, the market value of 0.8944 shares of First Keystone Corporation common stock would be \$ _____.

The actual aggregate merger consideration value payable to the Pocono shareholders depends upon the market value of First Keystone Corporation common stock on the date of the merger and how many shares of Pocono common stock are converted into First Keystone Corporation common stock versus cash. Any cash a Pocono shareholder receives will generally be taxable to the extent of any gain realized in the transaction, but a Pocono shareholder will not recognize gain or loss to the extent a Pocono shareholder receives First Keystone Corporation common stock in exchange for Pocono common stock. For a more complete description of the tax consequences associated with the merger, see *Certain Federal Income Tax Consequences* beginning on page 68.

First Keystone Corporation and Pocono have agreed that approximately 937,277 shares of First Keystone Corporation common stock will be exchanged for Pocono common stock. Therefore, the cash or First Keystone Corporation common stock that you actually receive may be different from your election, based on the choices made by other Pocono shareholders.

You have dissenters' rights as described beginning on page 73.

First Keystone Corporation common stock trades on the OTCBB under the symbol FKYS.OB. As of the date of this proxy statement/prospectus, we cannot complete the merger unless the merger agreement is approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of Pocono common stock entitled to vote at the special meeting of shareholders. Certain Pocono directors, who collectively hold approximately 56% of the outstanding shares of Pocono common stock, have agreed in writing to vote in favor of the merger agreement. **Please complete, sign, date and promptly return the enclosed proxy card in the enclosed postage-paid envelope.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this proxy statement/prospectus is accurate or inadequate. Any representation to the contrary is a criminal offense.

The shares of First Keystone Corporation common stock that First Keystone Corporation is offering through this document are not savings or deposit accounts or other obligations of any bank or savings association, and they are not insured by the FDIC or any other governmental agency.

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For a description of the risk factors associated with the merger, see **Risk Factors** beginning on page 18.

Proxy statement/prospectus dated _____, 2007

This document was first mailed to shareholders of Pocono on or about _____, 2007.

How to Obtain More Information

First Keystone Corporation has historically provided its shareholders with quarterly and annual reports. You can obtain free copies of this information through the SEC website at <http://www.sec.gov> or by writing or calling:

J. Gerald Bazewicz
President & Chief Executive Officer
First Keystone Corporation
111 West Front Street
P.O. Box 289
Berwick, PA 18603
570-752-3671

Pocono has historically provided its shareholders with annual reports. You can obtain free copies of this information by writing or calling:

John G. Gerlach
President and Chief Executive Officer
Pocono Community Bank
559 Main Street
Stroudsburg, PA 18360
570-424-9700

In order to obtain timely delivery of the documents, you must request the information no later than _____, 2007.

559 Main Street
Stroudsburg, PA 18360

Notice of Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Pocono Community Bank will be held at .m., local time, on , , 2007 at , Stroudsburg, Pennsylvania, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of May 10, 2007 among First Keystone Corporation, First Keystone National Bank and Pocono Community Bank, and the consummation of the transactions contemplated thereby, which provides, among other things, for the merger of Pocono Community Bank with and into First Keystone National Bank upon the terms and subject to the conditions set forth in the merger agreement and the receipt by the Pocono shareholders of the right to receive either 0.8944 shares of First Keystone Corporation common stock or \$16.10 in cash, for each share of Pocono common stock;
2. To consider and vote upon a proposal to extend the final exercise date for outstanding warrants for one year;
3. To consider and vote upon a proposal to adjourn or postpone the special meeting, if more time is needed, to allow Pocono Community Bank time to solicit additional votes in favor of the merger agreement; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Abstentions and broker non-votes will be counted as shares present for purpose of determining a quorum if present. However, abstentions and broker non-votes will not be counted against the merger but will have the affect of a vote against the merger. Pocono shareholders have the right under Pennsylvania law to dissent from the merger agreement and the transactions contemplated thereby.

The Pocono board of directors has fixed the close of business on August 31, 2007, as the record date for determining shareholders entitled to notice of, and to vote at, the special meeting. The Pocono board of directors recommends that you vote **FOR** approval and adoption of the merger agreement, approval of the warrant extension, and approval of the adjournment or postponement proposal. Certain directors of Pocono, who collectively hold approximately 56% of the outstanding shares of Pocono common stock, have agreed in writing to vote in favor of the merger.

Your vote is important regardless of the number of shares you own. The affirmative vote of the holders of at least two-thirds of the outstanding shares of Pocono common stock entitled to vote is required to approve and adopt the merger agreement.

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Whether or not you plan to attend the special meeting, the Pocono board of directors urges you to complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope. This will not prevent you from voting in person at the special meeting, but will assure that your vote is counted, if you are unable to attend. If you are a shareholder whose shares are registered in street name, you will need additional documentation from your broker in order to vote personally at the special meeting.

By Order of the Board of Directors,

John G. Gerlach
President and Chief Executive Officer

Stroudsburg, Pennsylvania
, 2007

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Annex A	Agreement and Plan of Merger among First Keystone Corporation, First Keystone National Bank and Pocono Community Bank dated as of May 10, 2007 and Exhibits
Annex B	Opinion of Boenning & Scattergood, Inc.
Annex C	Opinion of Curtis Securities, LLC
Annex D	Statutes Regarding Dissenters' Rights

Questions and Answers About the Merger

Q-1: Why am I receiving this document?

A: You are receiving this document because First Keystone Corporation, First Keystone National Bank and Pocono Community Bank signed an Agreement and Plan of Merger, dated as of May 10, 2007 which provides, among other things, for the merger of Pocono with and into First Keystone National Bank and the conversion of each share of Pocono common stock outstanding immediately prior to the consummation of the merger into the right to receive either \$16.10, in cash, or 0.8944 shares of First Keystone Corporation common stock.

Q-2: What is the purpose of this document?

A: This document serves as both a proxy statement of Pocono and a prospectus of First Keystone Corporation. As a proxy statement, it is provided to you because the Pocono board of directors is soliciting your proxy for use at the Pocono special meeting of shareholders called to consider and vote on the merger agreement. As a prospectus, it is provided to you because First Keystone Corporation is offering to exchange shares of its common stock and/or cash for shares of Pocono common stock in the merger.

Q-3: Why are First Keystone Corporation and Pocono proposing to merge?