

NORWOOD FINANCIAL CORP
 Form 4
 November 28, 2012

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2015
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KNELLER JOSEPH A

2. Issuer Name and Ticker or Trading Symbol
**NORWOOD FINANCIAL CORP
 [NWFL]**

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
Senior Vice President

(Last) (First) (Middle)
717 MAIN STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
11/27/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

HONESDALE, PA 18431
 (City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) Code V | Amount or Price | | |
| Common Stock | 11/27/2012 | | M | | \$ 5,519 27.59 | D | |
| Common Stock | 11/27/2012 | | S | | \$ 31 0 | D | |
| Common Stock | | | | | 5,515 | I | ESOP |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Options Right-to-Buy | \$ 23.95 | 11/27/2012 | | M | 1,344 | 12/09/2004 12/09/2013 | Common Stock | 1,344 |
| Options Right-to-Buy | \$ 30 | 11/27/2012 | | M | 1,575 | 12/14/2005 12/14/2014 | Common Stock | 1,575 |
| Options Right-to-Buy | \$ 27.5 | 11/27/2012 | | M | 1,000 | 12/31/2009 12/31/2018 | Common Stock | 1,000 |
| Options Right-to-Buy | \$ 28.59 | 11/27/2012 | | M | 1,000 | 12/31/2010 12/31/2019 | Common Stock | 1,000 |
| Options Right-to-Buy | \$ 27.77 | 11/27/2012 | | M | 1,000 | 12/31/2011 12/31/2020 | Common Stock | 1,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KNELLER JOSEPH A 717 MAIN STREET HONESDALE, PA 18431 | | | Senior Vice President | |

Signatures

/s/ Joseph A. Kneller, by William S. Lance,
Attorney-in-Fact

11/28/2012

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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