ACNB CORP
Form 424B3
March 17, 2017

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Registration No. 333-215914

Merger Proposal Your Vote Is Very Important

To the Stockholders of New Windsor Bancorp, Inc.:

The board of directors of New Windsor Bancorp, Inc. ("New Windsor") invites you to attend a special meeting of stockholders to be held on Tuesday, May 16, 2017, at 10:00 a.m. at New Windsor Fire & Hose Company, Windsor Station, 101 High Street, New Windsor, MD 21776. At the special meeting you will be asked to consider and vote upon a proposal to approve and adopt an Agreement and Plan of Reorganization, as amended (the "reorganization agreement") under which New Windsor will merge into a wholly-owned subsidiary of ACNB Corporation ("ACNB"), with the ACNB subsidiary being the surviving entity. This is referred to in this proxy statement/prospectus as the "merger." Concurrently with, and pursuant to, the reorganization agreement, New Windsor State Bank, the wholly owned subsidiary of New Windsor, and ACNB Bank, the wholly owned subsidiary of ACNB, entered into a bank plan of merger pursuant to which New Windsor State Bank will merge with and into ACNB Bank, with ACNB Bank as the surviving entity. This is referred to in this proxy statement/prospectus as the "bank merger."

If the merger is completed, each share of New Windsor common stock will be converted into the right to receive either 1.10 shares of ACNB common stock or $30.00 in cash. The stock exchange ratio will also be appropriately adjusted if there is a stock dividend, stock split, reverse stock split, common stock reclassification, or other similar event regarding ACNB common stock before completion of the merger. New Windsor stockholders also will receive cash instead of any fractional shares they would have otherwise received in the merger.

As of November 21, 2016, the last trading day before public announcement of the merger, the total merger consideration was valued at approximately $33.3 million, and as of March 10, 2017, the total merger consideration was valued at approximately $33.3 million.

You will be able to elect to receive ACNB common stock, cash, or a combination of ACNB common stock and cash for your shares of New Windsor common stock. Regardless of your choice, however, elections will be limited by the requirement that 85% of the total shares of New Windsor common stock be exchanged for ACNB common stock and 15% be exchanged for cash. Therefore, all allocations of New Windsor common stock and cash that you receive will depend on the elections of other New Windsor stockholders. The federal income tax consequences of the merger to you will depend on whether you receive stock, cash or a combination of stock and cash in exchange for your shares of New Windsor common stock. If you do not elect whether to receive stock and/or cash, you will lose the right to elect and will receive the consideration as set forth on page 72. ACNB estimates that it will issue approximately 950,000 shares of ACNB common stock, $2.50 par value per share, in the merger.

ACNB common stock is quoted on The NASDAQ Capital Market under the symbol "ACNB." On March 10, 2017, the closing price of ACNB common stock was $30.30. The price of ACNB common stock will fluctuate between now and the closing of the merger. New Windsor is quoted on the OTC Pink market maintained by OTC Market Groups, Inc. under the symbol "NWID." On March 10, 2017, the closing price of New Windsor common stock was $30.97. The price of New Windsor common stock will fluctuate between now and the closing of the merger.

Based on the closing price of ACNB common stock on November 21, 2016, the last trading day before public announcement of the merger, of $30.60, the 1.10 exchange ratio represented approximately $33.66 in value for each share of New Windsor common stock. Based on ACNB's closing price on March 10, 2017, of $30.30, the 1.10 exchange ratio represented approximately $33.33 in value for each share of New Windsor common stock. You are urged to obtain current market quotations for both ACNB and New Windsor common stock.

New Windsor stockholders have the right under Maryland law to dissent from the merger and to demand and receive a cash payment of a statutorily determined "fair value" of their New Windsor common stock in the event that the merger is consummated. The statutorily determined "fair value" could be more or less than the value of the merger consideration. For more information regarding appraisal rights, refer to "Q: Am I entitled to appraisal rights?" on page 3 and "Proposal 1: The Merger Appraisal Rights" beginning on page 45.

After careful consideration, the board of directors of New Windsor has unanimously determined that the merger is in the best interests of stockholders and recommends that New Windsor stockholders vote "FOR" the proposal to approve and adopt the reorganization agreement. The merger requires the receipt of bank regulatory approvals by ACNB and the approval of the reorganization agreement and merger by holders of at least two-thirds of the outstanding shares of New Windsor common stock entitled to vote at the special meeting of stockholders. The board of directors of New Windsor strongly supports this strategic combination between ACNB and New Windsor and appreciates your prompt attention to this very important matter.

All stockholders of New Windsor are invited to attend the special meeting in person. However, whether or not you plan to attend the special meeting, please take the time to ensure your shares are voted by submitting a proxy, either by following the instructions for internet or telephone submission or by mailing the enclosed proxy card.

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

The shares of ACNB common stock offered are not savings or deposit accounts or other obligations of either party or any of their banking or other subsidiaries, and they are not insured by any federal or state governmental agency.

Investing in ACNB common stock involves risks that are described in "*Risk Factors*" beginning on page 25.

This proxy statement/prospectus is dated March 17, 2017 and is first being mailed to stockholders of New Windsor on or about March 24, 2017.

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HOW TO OBTAIN MORE INFORMATION

This document incorporates by reference important business and financial information about ACNB that is not included in or delivered with this document. You can obtain free copies of this information through the SEC website at *http://www.sec.gov* or by writing or calling:

ACNB Corporation
16 Lincoln Square
P.O. Box 3129
Gettysburg, PA 17325
Telephone Number (717) 334-3161
Attention: Lynda L. Glass, Executive Vice President/Secretary & Chief Governance Officer

In order to obtain timely delivery of the documents, you must request the information no later than five business days before the date of New Windsor's special meeting. Therefore, you must request the information no later than May 9, 2017.

See "Where You Can Find More Information" on page 150 and "Incorporation of Certain Information by Reference" on page 151.

All information concerning ACNB and its subsidiaries has been furnished by ACNB and all information concerning New Windsor and its subsidiaries has been furnished by New Windsor.

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus when evaluating the reorganization agreement and the proposed merger. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus. This proxy statement/prospectus is dated March 17, 2017. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing of this proxy statement/prospectus to stockholders of New Windsor nor the issuance of shares of ACNB common stock as contemplated by the reorganization agreement shall create any implication to the contrary.

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New Windsor Bancorp, Inc.

222 E. Baltimore Street
Taneytown, Maryland 21787

Notice of Special Meeting of Stockholders

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of New Windsor Bancorp, Inc. will be held at 10:00 a.m., local time, on Tuesday, May 16, 2017 at New Windsor Fire & Hose Company, Windsor Station, 101 High Street, New Windsor, Maryland 21776, for the following purposes:

1. To approve and adopt the Agreement and Plan of Reorganization, dated as of November 21, 2016, as amended, by and among ACNB Corporation, ACNB South Acquisition Subsidiary, LLC, ACNB Bank, New Windsor Bancorp, Inc. and New Windsor State Bank which provides, among other things, for the merger of New Windsor with and into ACNB South Acquisition Subsidiary, and the conversion of each share of New Windsor common stock immediately outstanding prior to the merger into either 1.10 shares of ACNB common stock or $30.00 in cash, all as described in the accompanying documents, and the transactions in connection therewith;

2. To consider and vote upon a proposal to adjourn or postpone the special meeting of stockholders, if more time is needed, to allow New Windsor to solicit additional votes in favor of the reorganization agreement; and

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The New Windsor board of directors unanimously recommends that you vote "**FOR**" the proposal to approve and adopt the reorganization agreement and the merger and "**FOR**" the proposal to adjourn or postpone the special meeting, if necessary, as described in detail in the accompanying proxy statement/prospectus.

Stockholders of record of the New Windsor common stock at the close of business on March 17, 2017 are entitled to vote at the New Windsor special meeting and any adjournment or postponement of the special meeting.

Your vote is important regardless of the number of shares you own. New Windsor cannot complete the merger unless the reorganization agreement is approved and adopted by the affirmative vote of the holders of at least two-thirds of the outstanding shares of New Windsor common stock entitled to vote at the New Windsor special meeting. If a New Windsor stockholder does not vote by proxy or by attending the New Windsor special meeting of stockholders and voting in person, it will have the same effect as voting against the merger.

Whether or not you plan to attend the special meeting, the New Windsor board of directors urges you to submit your proxy as soon as possible, either by following the internet and telephone instructions included in the attached materials or by completing, signing, dating, and returning the enclosed proxy in the enclosed postage-paid envelope. Submitting your proxy will not prevent you from voting in person at the special meeting, but it will assure that your vote is counted if you are unable to attend. If you are a stockholder whose shares are registered in street name, you will need to follow the instructions provided by your broker, and you will need additional documentation from your broker in order to vote in person at the special meeting.

By Order of the Board of Directors,

D. Arthur Seibel, Jr.
Chairman of the Board of Directors

Taneytown, Maryland
March 24, 2017

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

Q-1:
WHY AM I RECEIVING THIS DOCUMENT?

A:
You are receiving this document because ACNB and New Windsor signed an Agreement and Plan of Reorganization, dated as of November 21, 2016, as amended, which provides, among other things, for the merger of New Windsor with and into a subsidiary of ACNB, and the conversion of each share of New Windsor common stock outstanding immediately prior to the consummation of the merger into 1.10 shares of ACNB common stock or $30.00 in cash, subject to allocation as described in this document. A copy of the reorganization agreement is included in this proxy statement/prospectus as **Annex A**.

Q-2:
WHAT IS THE PURPOSE OF THIS DOCUMENT?

A:
This document serves as both a proxy statement of New Windsor and a prospectus of ACNB. This document serves as a proxy statement because the New Windsor board of directors is soliciting your proxy for use at the New Windsor special meeting of stockholders called to consider and vote on the reorganization agreement. This document serves as a prospectus because ACNB is issuing shares of ACNB common stock to stockholders of New Windsor in exchange for their shares of New Windsor common stock.

Q-3:
WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?

A:
Holders of New Windsor common stock at the close of business on March 17, 2017, the record date for the special meeting, are entitled to receive notice of the special meeting and to vote their shares at the special meeting and any related adjournment or postponement.

Q-4:
WHY IS MY VOTE IMPORTANT?

A:
The reorganization agreement must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of New Windsor common stock entitled to vote at the special meeting. Therefore, the failure of a New Windsor stockholder to vote, by proxy or in person, will have the same effect as a vote against the merger agreement. In addition, if you do not return your proxy card or vote your shares by telephone or over the internet at or before the special meeting, it will be more difficult for New Windsor to obtain the necessary quorum to hold the special meeting and to approve the reorganization agreement.

Q-5:
WHAT ITEMS OF BUSINESS WILL NEW WINDSOR ASK STOCKHOLDERS TO CONSIDER AT THE SPECIAL MEETING?

A:
At the New Windsor special meeting, stockholders are asked to vote in favor of approval and adoption of the reorganization agreement and the merger with ACNB. In addition, stockholders will be asked to vote in favor of a proposal to adjourn or postpone New Windsor's special meeting, if necessary, to solicit additional proxies if New Windsor has not received sufficient votes to approve and adopt the reorganization agreement at the time of its special meeting.

Q-6:
WHY ARE ACNB AND NEW WINDSOR PROPOSING TO MERGE?

A:
New Windsor believes that the proposed merger will provide New Windsor stockholders with substantial benefits, and ACNB believes that the merger will further its strategic growth plans. As a larger company, ACNB can provide the capital and resources that New Windsor needs to compete more effectively and to offer a broader array of products and services to better serve its customers. The merger also involves certain risks, which are described under "Risk Factors" beginning on page 25.

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Q-7:

WHAT DOES THE NEW WINDSOR BOARD OF DIRECTORS RECOMMEND?

A:

The New Windsor board of directors has approved the reorganization agreement and the merger, and believes that the merger is in the best interests of New Windsor and its stockholders. Accordingly, the New Windsor board of directors unanimously recommends that you vote "**FOR**" the proposal to approve and adopt the reorganization agreement and the merger and "**FOR**" the proposal to adjourn or postpone the special meeting, if necessary.

Q-8:

WHEN IS THE MERGER EXPECTED TO BE COMPLETED?

A:

New Windsor and ACNB expect to complete the merger shortly after all of the conditions to the merger are fulfilled, including obtaining the approval of New Windsor stockholders, and the approval of the applicable regulatory agencies. ACNB and New Windsor anticipate this will occur late in the second quarter or early third quarter of 2017. ACNB and New Windsor cannot assure you that they will obtain the necessary New Windsor stockholder approval and regulatory approvals or that the other conditions precedent to the merger can or will be satisfied.

Q-9:

WHAT WILL NEW WINDSOR STOCKHOLDERS RECEIVE IN THE MERGER?

A:

Under the reorganization agreement, each share of New Windsor common stock will be converted into the right to receive either 1.10 shares of ACNB common stock or $30.00 in cash. The stock exchange ratio will also be appropriately adjusted if there is a stock dividend, stock split, reverse stock split, common stock reclassification, or other similar event regarding ACNB common stock before completion of the merger.

You will be able to elect to receive ACNB common stock, cash, or a combination of ACNB common stock and cash for your shares of New Windsor common stock. Regardless of your choice, however, elections will be limited by the requirement that 85% of New Windsor common stock be exchanged for ACNB common stock and 15% be exchanged for cash. Therefore, the allocation of ACNB common stock and cash that you will receive will depend on the elections of other New Windsor stockholders. The allocation of the consideration payable to New Windsor stockholders will not be known until the exchange agent tallies the results of the stock/cash elections made by New Windsor's stockholders. If you do not make an election, the type of consideration you will receive will depend on the consideration elected by other New Windsor stockholders.

ACNB will not issue any fractional shares of common stock. Rather, ACNB will pay cash (without interest) for any fractional share that a New Windsor stockholder would have otherwise be entitled to receive in the merger. See "Proposal 1: The Merger" beginning on page 45.

Q-10:

ARE THERE REGULATORY OR OTHER CONDITIONS TO THE MERGER OCCURRING?

A:

Yes. The merger must be approved, or have approval waived, by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), and approved by the Federal Deposit Insurance Corporation (the "FDIC"), the Pennsylvania Department of Banking and Securities, and the Commissioner of Financial Regulation for the State of Maryland (the "Maryland Commissioner"). As of the date of this proxy statement/prospectus, appropriate applications have been filed with these regulatory authorities.

Furthermore, the merger will only be completed if neither ACNB nor New Windsor is in material breach of any of its representations, warranties, or obligations under the reorganization agreement. The merger is also subject to the condition that ACNB and New Windsor each receive an opinion from their respective counsel that the merger will be treated as a tax free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the

"Code"). The merger is also subject to certain other specified conditions. See "Proposal 1: The Merger Terms of the Merger Conditions to Merger," beginning at page 84.

Q-11:

WHAT VOTE IS REQUIRED TO APPROVE THE MERGER?

A:

New Windsor stockholders must approve and adopt the reorganization agreement in accordance with Maryland General Corporation Law (the "MGCL"), its articles of incorporation and bylaws. The affirmative vote of the holders of at least two-thirds of the outstanding shares of New Windsor common stock entitled to vote at the special meeting on the record date is necessary to approve and adopt the reorganization agreement.

Q-12:

AM I ENTITLED TO APPRAISAL RIGHTS?

A:

Yes. Maryland law provides you with objecting stockholder's rights of appraisal in the merger. This means that you are legally entitled to receive payment in cash of the fair value of your shares, excluding any appreciation in value that results from the merger. To preserve your rights as an objecting stockholder, you must (i) deliver to New Windsor a written objection to the merger at or before the special meeting of New Windsor stockholders, (ii) not vote in favor of the merger, and (iii) within 20 days of the date that articles of merger are accepted for filing by the Maryland State Department of Assessments and Taxation, make a written demand on ACNB for payment of the fair value of your stock, stating the number and class of shares for which you demand payment. Written objections should be addressed to New Windsor's Corporate Secretary and sent to 222 E. Baltimore Street, Taneytown, Maryland 21787. Your failure to follow exactly the procedures specified under Maryland law will result in the loss of your rights as an objecting stockholder. A copy of the sections of the MGCL pertaining to objecting stockholder's rights of appraisal is provided as **Annex C** to this proxy statement/prospectus. See "Proposal 1: The Merger Appraisal Rights" beginning on page 99.

You also are encouraged to consult with your own legal advisor as to your appraisal rights under Maryland law. Failure to strictly comply with these procedures will result in the loss of these appraisal rights and your ability to receive cash for the fair value of your common stock of New Windsor.

Q-13:

WHAT DO I NEED TO DO NOW?

A:

After you have carefully read these materials, you can submit your proxy by following the internet or telephone instructions included in the following materials and on your proxy card. Alternatively, indicate on the enclosed proxy card how you want to vote your shares of New Windsor. Then sign, date, and mail the proxy card in the enclosed postage-paid envelope as soon as possible so your shares will be represented and voted at the New Windsor special meeting.

Q-14:

SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A:

No. New Windsor stockholders should not send in their stock certificates at this time. New Windsor stockholders will receive instructions from the exchange agent in the future. See "Proposal 1 The Merger Terms of the Merger Election and Exchange Procedures" on page 73.

Please do not send any stock certificates to ACNB, New Windsor, or the exchange agent until you receive instructions.

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Q-15:

HOW WILL MY SHARES BE VOTED?

A:

If you are a stockholder of record and submit a valid proxy, the persons named as proxies will vote your shares of New Windsor common stock at the special meeting as you direct. If you submit a valid proxy but do not indicate how you want your shares voted, the persons named as proxies will vote your shares (i) "**FOR**" approval of the reorganization agreement, and (ii) "**FOR**" the proposal, if necessary, to adjourn the special meeting to solicit additional votes in favor of the reorganization agreement.

Q-16:

CAN I CHANGE MY VOTE AFTER I HAVE SUBMITTED MY PROXY?

A:

Yes. There are three ways for you to revoke your proxy and change your vote:

1. You may submit a later dated proxy before New Windsor's special meeting.

2. You may revoke your proxy by written notice delivered at any time prior to the vote on the merger, including delivery at the special meeting of stockholders. New Windsor stockholders should deliver this notice to the Corporate Secretary.

3. You may attend the New Windsor special meeting and vote in person. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q-17:

WHAT ARE THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO NEW WINDSOR STOCKHOLDERS?

A:

The merger is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and the holders of New Windsor common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of New Windsor common stock for shares of ACNB common stock in the merger, except with respect to any cash received in lieu of fractional shares of ACNB common stock. New Windsor stockholders that receive only cash in exchange for their New Windsor common stock will recognize gain or loss on the transaction, and New Windsor stockholders that receive a combination of cash and ACNB common stock in exchange for their shares of New Windsor common stock will typically recognize gain (but not loss) on the transaction. New Windsor stockholders will recognize a gain or loss in connection with cash received in lieu of fractional shares of ACNB common stock. This tax treatment may not apply to all New Windsor stockholders.

It is a condition to the closing of the merger that ACNB receive the opinion of its special counsel, Bybel Rutledge LLP, and that New Windsor receive the opinion of its special counsel, Miles & Stockbridge P.C., substantially to the effect that, on the basis of facts, representations, and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of ACNB and New Windsor), the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. The condition is waivable, and in such case, ACNB and New Windsor will undertake to recirculate and resolicit if the condition is waived by either party and the change in the tax consequences is material.

ACNB and New Windsor urge you to consult your tax advisor for a full understanding of the tax consequences of the merger to you. Tax matters are very complicated and, in many cases, tax consequences of the merger will depend on your particular facts and circumstances. See "Proposal 1 The Merger Material U.S. Federal Income Tax Consequences of the Merger," beginning at page 96.

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Q-18:

WHAT HAPPENS IF MY STOCK CERTIFICATES ARE HELD IN "STREET NAME" BY MY BROKER, BANK, OR OTHER NOMINEE?

A:

Your broker, bank, or other nominee will not vote your shares unless you provide instructions to your broker, bank, or other nominee on how to vote. You should fill out the voter instruction form sent to you by your broker, bank, or other nominee with this document.

Q-19:

WHOM SHOULD I CALL WITH QUESTIONS OR TO OBTAIN ADDITIONAL COPIES OF THIS DOCUMENT?

A:

If you have questions about your special meeting of stockholders or if you need additional copies of this document, you should contact:

Debra L. Shaughney
Corporate Secretary
New Windsor Bancorp, Inc.
222 E. Baltimore Street
Taneytown, MD 21787
(410) 549-1414

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SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents referred to in this document before you decide how to vote. Together these documents will give you a more complete description of the proposed transaction. Page references are included in this summary to direct you to more thorough descriptions of the topics provided elsewhere in these materials.

The Special Meeting of Stockholders

New Windsor special meeting of stockholders to be held May 16, 2017 (see page 43).

New Windsor will hold a special meeting of stockholders on May 16, 2017, at 10:00 a.m., local time, at New Windsor Fire & Hose Company, Windsor Station, 101 High Street, New Windsor, Maryland 21776.

New Windsor record date set at March 17, 2017; one vote per share of New Windsor common stock (see page 43).

If you owned shares of New Windsor common stock at the close of business on March 17, 2017, you are entitled to notice of, and to vote at, the special meeting of stockholders. You will have one vote at the special meeting for each share of New Windsor common stock you owned on March 17, 2017. On March 17, 2017, there were 1,008,422 shares of New Windsor common stock outstanding.

The Companies

ACNB Corporation
16 Lincoln Square
Gettysburg, Pennsylvania 17325
(717) 334-3161

ACNB Corporation, with assets of $1.2 billion as of September 30, 2016, is the financial holding company for ACNB Bank. ACNB stock is quoted on The NASDAQ Capital Market under the symbol "ACNB." For more information, visit the ACNB Bank website at *www.acnb.com*. The information on ACNB's website is not incorporated into this proxy statement/prospectus.

New Windsor Bancorp, Inc.
222 E. Baltimore Street
Taneytown, MD 21787
(410) 549-1414

New Windsor Bancorp, Inc., with assets of $311.1 million as of September 30, 2016, is the holding company for New Windsor State Bank. New Windsor stock is quoted on the OTC Pink market place under the symbol "NWID." For more information, visit the New Windsor website at *www.newwindsorbank.com*. The information on New Windsor's website is not incorporated into this proxy statement/prospectus.

We propose that New Windsor merge into a wholly owned subsidiary of ACNB (see page 45).

Under the terms of the reorganization agreement, ACNB will acquire New Windsor by merging New Windsor with and into a wholly owned subsidiary of ACNB. New Windsor will cease to exist as a separate entity. Following the merger, New Windsor State Bank will merge with and into ACNB Bank. The subsidiary surviving the New Windsor merger will also dissolve and liquidate into ACNB, so that all of the assets and liabilities of New Windsor will become assets and liabilities of ACNB. A copy of

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the reorganization agreement is attached to this document as **Annex A** and a copy of the bank plan of merger is attached to the reorganization agreement as Exhibit G.

New Windsor stockholders will receive 1.10 shares of ACNB common stock or $30.00 for each share of New Windsor common stock (see page 72).

If the merger is completed, each share of New Windsor common stock will be converted into the right to receive either 1.10 shares of ACNB common stock or $30.00 in cash. The stock exchange ratio will also be appropriately adjusted if there is a stock dividend, stock split, reverse stock split, common stock reclassification, or other similar event regarding ACNB common stock before completion of the merger. New Windsor stockholders also will receive cash instead of any fractional shares they would have otherwise received in the merger.

Each holder of New Windsor common stock will be able to elect to receive ACNB common stock, cash, or a combination of cash and ACNB common stock for his or her shares of New Windsor common stock. Regardless of your choice, however, elections will be limited by the requirement that 85% of the shares of New Windsor common stock be exchanged for ACNB common stock and 15% be exchanged for cash. Therefore, the allocation of ACNB common stock and cash that you receive will depend on the elections of other New Windsor stockholders.

Immediately following the merger, former New Windsor stockholders are expected to own approximately 13.5% of total outstanding ACNB common stock.

New Windsor's board of directors has received an opinion from its financial advisor regarding the merger consideration to be received by the holders of New Windsor common stock (see page 57).

In connection with the merger, the board of directors of New Windsor received a written opinion from New Windsor's financial advisor, Sandler O'Neill & Partners, L.P. ("Sandler O'Neill"), as to the fairness, from a financial point of view and as of the date of such opinion, of the merger consideration to be received by the holders of New Windsor common stock. The full text of the opinion of Sandler O'Neill, dated November 21, 2016, is included in this document as **Annex B**. New Windsor encourages you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered, and limitations of the review undertaken by Sandler O'Neill. The opinion of Sandler O'Neill is directed to New Windsor's board of directors and does not constitute a recommendation to any stockholder as to how to vote with respect to the merger, what form of consideration to elect in the merger, or any other matter relating to the proposed merger.

New Windsor stockholder vote required (see page 43).

Approval and Adoption of the Reorganization Agreement. The affirmative vote, in person or by proxy, of at least two-thirds of the outstanding shares of New Windsor common stock on the record date is required to approve and adopt the reorganization agreement.

Discretionary Authority to Adjourn or Postpone the Special Meeting. In accordance with New Windsor's bylaws, the affirmative vote of a majority of New Windsor shares represented, in person or by proxy, at the special meeting is required to approve the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to approve and adopt the reorganization agreement.

Each holder of shares of New Windsor common stock outstanding on the record date will be entitled to one vote for each share held of record. The vote required for approval and adoption of the reorganization agreement is a percentage of all outstanding shares of New Windsor common stock. Therefore, abstentions will have the same effect as a vote against the reorganization agreement and the

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merger. Brokers who hold New Windsor common stock as nominees on your behalf will not have authority to vote your shares with respect to the reorganization agreement or the merger unless you provide voting instructions in accordance with the directions provided by your broker. Failure to provide your broker with voting instructions will have the same effect as a vote against the reorganization agreement.

New Windsor directors and executive officers have agreed to vote in favor of the merger (see page 95).

On March 17, 2017, the directors and executive officers of New Windsor had sole or shared voting power over 107,491 shares, or 10.7%, of the outstanding shares of New Windsor common stock. Certain of these directors and executive officers of New Windsor having voting power over 9.2% of the outstanding shares of New Windsor common stock have agreed with ACNB to vote these shares of New Windsor common stock in favor of approving and adopting the reorganization agreement.

New Windsor directors and executive officers may have interests in the merger that differ from your interests (see page 91).

In considering the information contained in this proxy statement/prospectus, you should be aware that New Windsor's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of New Windsor stockholders generally. These interests include, among other things:

- Tom N. Rasmussen, President and Chief Executive Officer of New Windsor, will receive a new employment agreement providing for certain benefits, an increase in base salary, and a formulaic bonus structure;
- Lisa Monthley, Chief Deposit Officer of New Windsor State Bank, will receive a two year change in control agreement providing for certain benefits upon a change in control of ACNB and a release agreement providing for certain benefits upon the termination of Ms. Monthley within two years of the merger without cause;
- New Windsor may award retention bonuses to certain employees;
- the accelerated vesting of company contributions to the New Windsor Bancorp, Inc. 2005 Deferred Compensation Plan;
- certain employees will receive ongoing life insurance with a $15,000 death benefit;
- the right of certain executive officers to receive cash severance under their employment or change in control agreements with New Windsor if their employment is involuntarily terminated without cause or the executive terminates for good reason;
- the right to continued indemnification and liability insurance coverage for New Windsor's current directors by ACNB after the merger for acts or omissions occurring before the merger; and
- the appointment Todd L. Herring and D. Arthur Seibel, Jr. to ACNB's board of directors following completion of the merger, and any related compensation for such services.

None of ACNB's executives and employees will receive change in control related payments or benefits since the merger does not constitute a "change in control" for purposes of ACNB's employment agreements, change in control agreements, equity incentive plan, and the 2009 ACNB Corporation Restricted Stock Plan.

New Windsor's board of directors was aware of these interests and considered them in approving and recommending the reorganization agreement. These and certain other additional interests of New Windsor's directors and executive officers are described in detail in "Proposal 1 The Merger

Interests of Directors and Executive Officers in the Merger," found elsewhere in this document. These circumstances may cause some of New Windsor's directors and executive officers to view the proposed merger differently than you view it.

ACNB and New Windsor must obtain regulatory approval and satisfy other conditions before the merger is complete (see page 84).

ACNB's and New Windsor's obligations to complete the merger and the bank merger are subject to various conditions that are usual and customary for this kind of transaction. These conditions include obtaining approval from the Federal Reserve Board, the FDIC, the Pennsylvania Department of Banking and Securities, and the Maryland Commissioner. As of the date of this document, appropriate applications for approval have been filed. In addition to the required regulatory approvals, the merger will only be completed if certain conditions are met. See "Proposal 1 The Merger Terms of the Merger Conditions to Merger."

Amendment or termination of the reorganization agreement is possible (see page 86).

ACNB and New Windsor can agree to amend the reorganization agreement in any way, except that, after approval by New Windsor stockholders at its special meeting, ACNB and New Windsor cannot change the amount of merger consideration New Windsor stockholders will receive in the transaction from what is provided in the reorganization agreement.

ACNB and New Windsor may agree to terminate the reorganization agreement and not complete the merger at any time before the merger is completed. Each company also may unilaterally terminate the reorganization agreement in certain circumstances. This includes, among others, the failure to complete the merger by November 30, 2017, unless the terminating company's breach is the reason the merger has not been completed. See "Proposal 1 The Merger Terms of the Merger Termination."

Rights of New Windsor stockholders differ from those of ACNB shareholders (see page 139).

When the merger is complete, New Windsor stockholders who receive shares of ACNB common stock will become ACNB shareholders by operation of law. The rights of New Windsor stockholders differ from the rights of ACNB shareholders in certain important ways. Many of these differences have to do with provisions in New Windsor's articles of incorporation and bylaws that differ from those of ACNB. See "Comparison of Shareholders' Rights."

Material U.S. federal income tax consequences of the merger (see page 96).

The merger is intended to qualify as a tax free "reorganization" within the meaning of Section 368(a) of the Code. Accordingly, New Windsor stockholders generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of New Windsor common stock for shares of ACNB common stock in the merger, except with respect to any cash received in lieu of fractional shares of ACNB common stock. New Windsor stockholders that receive only cash in exchange for their New Windsor common stock will recognize gain or loss on the transaction, and New Windsor stockholders that receive a combination of cash and ACNB common stock in exchange for their shares of New Windsor common stock will typically recognize gain (but not loss) on the transaction. New Windsor stockholders will recognize gain or loss in connection with cash received in lieu of fractional shares of ACNB. This tax treatment may not apply to all New Windsor stockholders.

It is a condition to the closing of the merger that ACNB receive the opinion of its special counsel, Bybel Rutledge LLP, and that New Windsor receive the opinion of its special counsel, Miles & Stockbridge P.C., substantially to the effect that, on the basis of facts, representations, and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of ACNB and New Windsor), the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. The condition is waivable, and in such case, ACNB and New Windsor will undertake to recirculate and resolicit if the condition is waived by either party and the change in the tax consequences is material.

New Windsor and ACNB urge you to consult your tax advisor for a full understanding of the specific tax consequences of the merger to you. Tax matters are very complicated and, in many cases, tax consequences of the merger will depend on your particular facts and circumstances. See "Proposal 1 The Merger Material U.S. Federal Income Tax Consequences," beginning at page 96.

New Windsor stockholders are entitled to appraisal rights (see page 99).

New Windsor stockholders may object to the merger and, upon complying with the requirements of Maryland law, receive cash in the amount of the fair value of their shares instead of shares of ACNB common stock and/or the cash consideration specified in the reorganization agreement. A copy of the section of the MGCL pertaining to objecting stockholders' rights of appraisal is attached as **Annex C** to this proxy statement/prospectus. You should read the statute carefully and consult with your legal counsel if you intend to exercise these rights. The failure to comply with the statute exactly will result in the loss of your rights as an objecting stockholder.

New Windsor offices will maintain the New Windsor name after the merger (see page 84).

For at least two years after the effective time of the merger, the former New Windsor State Bank branches will operate under the name "NWSB Bank, a division of ACNB Bank" unless the board of directors of ACNB shall determine otherwise upon approval of at least 80% of the ACNB board in connection with an acquisition of a Maryland bank or the acquisition of ACNB.

Market Price and Dividend Information

ACNB

A substantial source of ACNB's income from which it can pay dividends is the receipt of dividends from ACNB Bank. The availability of dividends from ACNB Bank is limited by various statutes and regulations. It also is possible, depending on the financial condition of ACNB Bank, and other factors, that the applicable regulatory authorities could assert that payment of dividends or other payments is an unsafe or unsound banking practice. In the event that ACNB Bank is unable to pay dividends to ACNB, ACNB may not be able to pay dividends on its common stock. As of the date of this proxy statement/prospectus, ACNB has no such restrictions.

ACNB common stock is listed on The NASDAQ Capital Market under the symbol "ACNB." The following table shows, for the indicated periods, the high and low sales prices per share for ACNB

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common stock as reported on The NASDAQ Capital Market and dividends declared per share of ACNB common stock. These prices may include retail markups, markdowns, or commissions.

	High	Low	Dividend Declared
2017			
First Quarter (through March 10)	$ 31.45	$ 28.45	$ 0.20
2016			
First Quarter	$ 22.65	$ 21.10	$ 0.20
Second Quarter	25.35	21.81	0.20
Third Quarter	27.48	24.98	0.20
Fourth Quarter	32.50	25.75	0.20
2015			
First Quarter	$ 21.35	$ 19.80	$ 0.20
Second Quarter	20.89	20.04	0.20
Third Quarter	21.75	19.65	0.20
Fourth Quarter	22.14	20.63	0.20

On November 21, 2016, the last full trading day before the public announcement of the execution of the reorganization agreement, and on March 10, 2017, the latest practicable trading day before the printing of this document, the high, low and closing sales prices for ACNB common stock were as follows:

	November 21, 2016			March 10, 2017		
	High	Low	Closing	High	Low	Closing
ACNB Common Stock	$ 31.45	$ 30.10	$ 30.60	$ 30.70	$ 29.60	$ 30.30

New Windsor

As of March 17, 2017, there were 1,008,422 shares of New Windsor common stock outstanding which were held by approximately 453 holders of record. The number of stockholders does not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms, and others.

New Windsor common stock is listed on the OTC Pink market place under the symbol "NWID." There is a limited public trading market for New Windsor common stock. The following table shows, for the indicated periods, the high and low sales prices per share for New Windsor common stock as

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reported on the OTC Pink market place in each case as adjusted for the 5% stock dividend paid on February 13, 2015. These prices may include retail markups, markdowns, or commissions.

	High	Low	Dividend Declared
2017			
First Quarter (through March 10)	$ 31.40	$ 30.17	$ 0.06
2016			
First Quarter	$ 16.10	$ 15.50	$ 0.06
Second Quarter	18.50	16.01	0.06
Third Quarter	24.95	17.30	0.06
Fourth Quarter	34.00	19.80	0.06
2015			
First Quarter	$ 14.95	$ 13.33	$ 0.03
Second Quarter	16.00	14.75	0.06
Third Quarter	16.30	15.75	0.06
Fourth Quarter	16.00	15.35	0.06

New Windsor reinstated the payment of a cash dividend in the first quarter of 2015. There can be no assurance that future earnings will be sufficient to allow New Windsor to maintain or increase the amount of the cash dividend. New Windsor State Bank is the primary operating subsidiary of New Windsor and the source of earnings from which a dividend may be paid. Future dividend payments will depend largely upon the ability of New Windsor State Bank to declare and pay dividends to New Windsor. Payment of dividends on New Windsor common stock will therefore depend upon New Windsor State Bank's earnings, financial condition, and need for funds, as well as governmental policies and regulations applicable to New Windsor and New Windsor State Bank.

Under Maryland law, dividends may only be paid out of retained earnings. State and federal bank regulatory agencies also have authority to prohibit a bank from paying dividends if such payment is deemed to be an unsafe or unsound practice, and the Federal Reserve Board has the same authority over bank holding companies. At December 31, 2016, New Windsor State Bank could pay dividends to New Windsor to the extent of its retained earnings so long as it maintained required capital ratios.

The Federal Reserve Board has established requirements with respect to the maintenance of appropriate levels of capital by registered bank holding companies. Compliance with such standards, as presently in effect, or as they may be amended from time to time, could possibly limit the amount of dividends that New Windsor may pay in the future. In 1985, the Federal Reserve Board issued a policy statement on the payment of cash dividends by bank holding companies. In the statement, the Federal Reserve Board expressed its view that a holding company experiencing earnings weaknesses should not pay cash dividends exceeding its net income, or which could only be funded in ways that weaken the holding company's financial health, such as by borrowing. As a depository institution, the deposits of which are insured by the FDIC, the Bank may not pay dividends or distribute any of its capital assets while it remains in default on any assessment due the FDIC. New Windsor State Bank currently is not in default under any of its obligations to the FDIC.

On November 21, 2016, the last full trading day before the public announcement of the execution of the reorganization agreement, and on March 10, 2017, the latest practicable trading day before the printing of this document, the high, low and closing sales prices for New Windsor common stock were as follows:

	November 21, 2016			March 10, 2017		
	High	Low	Closing	High	Low	Closing
New Windsor Common Stock	$ 19.80	$ 19.80	$ 19.80	$ 30.97	$ 30.97	$ 30.97

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Pursuant to the reorganization agreement, ACNB and New Windsor have agreed to coordinate with one another with respect to regular quarterly dividends to ensure that holders of New Windsor common stock do not receive two dividends, or fail to receive one dividend, for any quarter with respect to their shares of New Windsor common stock and any shares of ACNB common stock received in the merger.

Comparative Market Value

The following table sets forth the market value per share of ACNB and New Windsor common stock and the equivalent market value per share of New Windsor common stock on November 21, 2016 (the last trading day prior to the date of the public announcement of the merger) and March 10, 2017 (the latest practicable trading day prior to the date of this document). The equivalent market value is based upon the exchange ratio of 1.10 shares of ACNB common stock multiplied by the closing sales price of ACNB common stock on the specified date.

	ACNB Historical	New Windsor Historical	New Windsor Equivalent Market Value
November 21, 2016	$ 30.60	$ 19.80	$ 33.66
March 10, 2017	$ 30.30	$ 30.97	$ 33.33

Adjournment or Postponement Proposal (Page 149)

You are being asked to approve a proposal to grant the New Windsor boards of director discretionary authority to adjourn or postpone the special meeting, if necessary, to solicit additional proxies for the merger proposal in the event there are insufficient votes to approve and adopt the reorganization agreement and the merger.

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COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

Presented below for ACNB and New Windsor are comparative historical and unaudited pro forma equivalent per share financial data as of and for the year ended December 31, 2015, and as of and for the nine months ended September 30, 2016. The information presented below should be read together with the historical consolidated financial statements of ACNB and New Windsor, including the related notes. The New Windsor financial statements are included in this proxy statement/prospectus beginning at page F-1. The ACNB financial statements are incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 150.

The unaudited pro forma information gives effect to the merger as if the merger had been effective on December 31, 2015 or September 30, 2016 in the case of the book value data, and as if the merger had been effective as of January 1, 2015 in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of New Windsor into ACNB's consolidated financial statements. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2015.

The unaudited pro forma adjustments are based upon available information and certain assumptions that ACNB and New Windsor management believe are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies or asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data are presented for illustrative purposes only and do not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of New Windsor will be reflected in the consolidated financial statements of ACNB on a prospective basis.

	ACNB Historical	New Windsor Historical	Pro Forma Combined	Per Equivalent New Windsor Share
For the nine months ended September 30, 2016:				
Earnings Per Share				
Basic and diluted earnings per share	$ 1.37	$ 1.15	$ 1.32	$ 1.45
Cash Dividends Per Share	$ 0.60	$ 0.18	$ 0.60	$ 0.66
Book Value per common share as of September 30, 2016	$ 19.92	$ 22.78	$ 20.47	$ 22.51

The pro forma combined book value per share of ACNB is based upon the pro forma combined common stockholders' equity for ACNB and New Windsor divided by the total pro forma common shares of the combined entity and reflects New Windsor shares at the exchange ratio of 1.10.

	ACNB Historical	New Windsor Historical	Pro Forma Combined	Per Equivalent New Windsor Share
For the year ended December 31, 2015				
Earnings Per Share				
Basic and diluted earnings per share	$ 1.83	$ 2.19	$ 1.96	$ 2.16
Cash Dividends Per Share	$ 0.80	$ 0.21	$ 0.80	$ 0.88
Book Value per common share as of December 31, 2015	$ 18.99	$ 21.79	$ 19.66	$ 21.63

The pro forma combined book value per share of ACNB is based upon the pro forma combined common stockholders' equity for ACNB and New Windsor divided by the total pro forma common shares of the combined entity and reflects New Windsor shares at the exchange ratio of 1.10.

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SELECTED FINANCIAL AND OTHER DATA OF ACNB

The following summary presents Selected Consolidated Financial Data of ACNB as of and for the periods indicated. The financial data as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from ACNB's audited consolidated financial statements. The financial data as of and for the nine months ended September 30, 2016 and 2015 has been derived from ACNB's unaudited consolidated financial statements. The information as of and for the nine months ended September 30, 2016 and 2015 is unaudited and reflects only normal recurring adjustments that are, in the opinion of ACNB's management, necessary for a fair presentation of the result for the interim periods presented. The results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results to be achieved by ACNB for all of 2016 or for any other period.

	Nine Months ended September 30,		For the Year Ended December 31				
(Dollars in thousands, except share data)	**2016 (unaudited)**	**2015 (unaudited)**	**2015**	**2014**	**2013**	**2012**	**2011**
RESULTS OF OPERATIONS							
Interest income	$ 30,155	$ 29,573	$ 39,464	$ 37,526	$ 37,601	$ 40,439	$ 41,832
Interest expense	2,933	2,918	3,858	3,646	3,989	6,095	7,462
Net interest income	27,222	26,655	35,606	33,880	33,612	34,344	34,370
Provision for loan losses				150	1,450	4,675	5,435
Non-interest income	9,984	9,322	12,406	11,904	11,703	11,867	11,737
Non-interest expense	26,101	25,025	33,234	32,264	32,015	30,331	30,016
Income before income taxes	11,105	10,952	14,778	13,370	11,850	11,205	10,656
Income tax expense	2,808	2,787	3,761	3,080	2,535	2,319	2,154
Net income	$ 8,297	$ 8,165	$ 11,017	$ 10,290	$ 9,315	$ 8,886	$ 8,502
PER SHARE DATA							
Basic and diluted earnings	$ 1.37	$ 1.36	$ 1.83	$ 1.71	$ 1.56	$ 1.49	$ 1.43
Cash dividends	0.60	0.60	0.80	0.77	0.76	0.76	0.76
Book value	19.92	18.98	18.99	18.29	17.83	16.98	16.39
Weighted average							
Common shares outstanding weighted average	6,048,216	6,023,090	6,026,224	6,002,240	5,976,960	5,953,723	5,936,030
FINANCIAL CONDITION							
Total assets	$ 1,208,869	$ 1,132,543	$ 1,147,925	$ 1,089,808	$ 1,046,047	$ 1,049,995	$ 1,004,823
Loans, Gross	872,023	825,252	852,960	799,272	728,648	708,136	694,468
Allowance for loan losses	14,488	14,762	14,747	15,172	16,091	16,825	15,482
Deposits	965,547	895,369	912,980	844,876	800,643	834,176	782,795
Borrowings	112,003	113,224	111,702	126,636	131,755	107,257	117,153
Stockholders' equity	120,754	114,545	114,715	110,022	106,802	101,264	97,474
SELECTED RATIOS							
	9.40%	9.50%	9.77%	9.32%	9.00%	8.91%	8.80%

Return on average stockholders' equity(1)							
Return on average assets(1)	0.94	0.95	0.99	0.97	0.90	0.86	0.85
Average equity to average assets	10.05	10.05	10.10	10.43	9.95	9.61	9.72
Loans to deposits	90.31	92.17	93.43	94.60	91.01	84.89	88.72
Dividend payout ratio	43.71	44.25	43.75	44.92	48.76	50.91	53.15

(1) Ratios for the nine months ended September 30, 2016 and 2015 are presented on an annualized basis.

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SELECTED FINANCIAL AND OTHER DATA OF NEW WINDSOR

The following summary presents Selected Consolidated Financial Data of New Windsor as of and for each of the five years ended December 31, 2015 (which has been derived from New Windsor's audited consolidated financial statement), and as of and for the nine months ended September 30, 2016 and 2015. You should read this table together with the historical consolidated financial information contained in New Windsor's consolidated financial statements and related notes which are included as part of this proxy statement/prospectus. Information for the nine month periods ended September 30, 2016 and 2015 is derived from New Windsor's unaudited interim financial statements and has been prepared on the same basis as its audited financial statements and includes, in the opinion of New Windsor's management, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the data for such period. The results of operations for the nine month period ended September 30, 2016 do not necessarily indicate the results which may be expected for any future period or for the full year.

	Nine Months ended September 30,		For the Year Ended December 31				
(Dollars in thousands, except share data)	**2016 (unaudited)**	**2015 (unaudited)**	**2015**	**2014**	**2013**	**2012**	**2011**
RESULTS OF OPERATIONS							
Interest income	$ 9,063	$ 8,730	$ 11,789	$ 11,172	$ 10,510	$ 11,135	$ 11,946
Interest expense	1,077	1,402	1,778	2,157	2,935	3,489	3,979
Net interest income	7,986	7,328	10,011	9,015	7,575	7,646	7,967
Provision for loan losses				110	145	731	3,465
Non-interest income	2,016	1,799	2,410	2,059	2,267	2,429	2,738
Non-interest expense	8,092	7,228	9,864	8,974	8,689	8,488	10,448
Income before income taxes	1,910	1,899	2,557	1,990	1,008	856	(3,208)
Income tax expense	754	777	1,041	795	406	349	(1,240)
Net income	$ 1,156	$ 1,122	$ 1,516	$ 1,195	$ 602	$ 507	$ (1,968)
PER SHARE DATA							
Basic and diluted earnings	$ 1.15	$ 1.81	$ 2.19	$ 1.95	$ 0.98	$ 0.83	$ (3.23)
Cash dividends	0.18	0.15	0.21				0.11
Book value	22.78	22.65	21.79	24.54	22.01	22.00	20.73
Weighted average							
Common shares outstanding weighted average(1)	1,003,646	620,795	692,250	612,950	611,754	610,655	609,594
FINANCIAL CONDITION							
Total assets	$ 311,064	$ 293,570	$ 294,765	$ 282,643	$ 279,194	$ 269,217	$ 262,453
Loans, Gross	262,168	246,974	250,890	231,751	214,663	198,987	195,499
Allowance for loan losses	2,826	3,093	2,982	3,487	3,465	3,618	4,322
Deposits	272,938	242,990	249,036	240,064	245,465	244,671	238,501
Borrowings	14,500	30,596	23,000	27,180	20,132	11,037	11,137
Stockholders' equity	22,879	19,051	21,803	14,326	12,835	12,799	12,043
SELECTED RATIOS							
Return on average stockholders' equity(2)	6.91%	9.97%	9.30%	8.77%	4.73%	4.09%	(14.23)%
Return on average assets(2)	0.52	0.53	0.53	0.42	0.22	0.19	(0.75)

Average equity to average assets	7.50	5.29	5.70	4.82	4.65	4.63	5.30
Loans to deposits	96.05	101.64	100.74	96.54	87.45	81.33	81.97
Dividend payout ratio	15.62	8.15	9.69				n/a

(1) Average shares and per share amounts have been restated to reflect the 5% stock dividend declared on January 20, 2015 and payable on February 13, 2015.

(2) Ratios for the nine months ended September 30, 2016 and 2015 are presented on an annualized basis.

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UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL DATA

The Unaudited Pro Forma Combined Condensed Consolidated Financial Information has been prepared using the acquisition method of accounting, giving effect to the merger. The Unaudited Pro Forma Combined Condensed Consolidated Statement of Financial Condition combines the historical information of ACNB and of New Windsor as of September 30, 2016 and assumes that the merger was completed on that date. The Unaudited Pro Forma Combined Condensed Consolidated Statements of Income combine the historical financial information of ACNB and of New Windsor and give effect to the merger as if it had been completed as of January 1, 2015. The Unaudited Pro Forma Combined Condensed Consolidated Financial Information is presented for illustrative purposes only and is not necessarily indicative of the results of income or financial condition had the merger been completed on the date described above, nor is it necessarily indicative of the results of income in future periods or the future financial condition and results of income of the combined entities. The financial information should be read in conjunction with the accompanying notes to the Unaudited Pro Forma Combined Condensed Consolidated Financial Information. Certain reclassifications have been made to New Windsor's historical financial information in order to conform to ACNB's presentation of financial information.

The actual value of ACNB's common stock to be recorded as consideration in the merger will be based on the value as of the closing date of the merger. The proposed merger is targeted for completion in either late in the second or early third quarter of 2017. There can be no assurance that the merger will be completed as anticipated. For purposes of the Unaudited Pro Forma Combined Condensed Consolidated Financial Information, the fair value of ACNB's common stock to be issued in connection with the merger was based on ACNB's closing stock price of $30.15 as of January 12, 2017.

The Unaudited Pro Forma Combined Condensed Consolidated Financial Information includes estimated adjustments, including adjustments to record New Windsor's assets and liabilities at their respective fair values, and represents ACNB's pro forma estimates based on available fair value information as of the date of the reorganization agreement.

The pro forma adjustments are subject to change depending on changes in interest rates and the components of assets and liabilities and as additional information becomes available and additional analyses are performed. The final allocation of the purchase price for the merger will be determined after it is completed and after completion of thorough analyses to determine the fair value of New Windsor's tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets as compared with the information shown in the Unaudited Pro Forma Combined Condensed Consolidated Financial Information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact ACNB's statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to New Windsor's stockholders' equity, including results of operations from September 30, 2016 through the date the merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. The Unaudited Pro Forma Combined Condensed Consolidated Financial Information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

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The Unaudited Pro Forma Combined Condensed Consolidated Financial Information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of ACNB and of New Windsor, which are incorporated by reference or appear elsewhere in this proxy statement/prospectus.

COMBINED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL CONDITION (Unaudited)

	As of September 30, 2016*			
	ACNB Historical	New Windsor Historical	Pro Forma Adjustments	Pro Forma Combined
	(In Thousands)			
Assets				
Cash and cash equivalents	$ 55,391	$ 9,892	$ (10,442)(1)	$ 54,841
Investment securities	201,502	24,573		226,075
Loans held for sale	1,877	2,545		4,422
Loans receivable	872,023	262,168	(8,177)(2)	1,126,014
Allowance for loan losses	(14,488)	(2,826)	2,826(2)	(14,488)
Net loans	857,535	259,342	(5,351)(2)	1,111,526
Restricted stock	4,191	809		5,000
Premises and equipment, net	18,224	8,151	868(3)	27,243
Other real estate owned	309			309
Bank owned life insurance (BOLI)	40,476	3,043		43,519
Intangible assets, net	774		1,442(4)	2,216
Goodwill	6,308		12,206(5)	18,514
Other assets	22,282	2,709	1,059(6)	26,050
Total assets	$ 1,208,869	$ 311,064	$ (218)	$ 1,519,715
Liabilities				
Non-interest-bearing deposits	$ 186,035	$ 72,006	$	$ 258,041
Interest-bearing deposits	779,512	200,932	300(7)	980,744
Total deposits	965,547	272,938	300	1,238,785
Federal Home Loan Bank advances	76,500	9,500		86,000
Repurchase agreements	35,503			35,503
Subordinated debt		5,000	(315)(8)	4,685
Other liabilities	10,565	747		11,312
Total liabilities	1,088,115	288,185	(15)	1,376,285
Stockholders' Equity				
Preferred stock				
Common equity	120,754	22,879	(203)(9)	143,430
Total stockholders' equity	120,754	22,879	(203)	143,430

Total liabilities and stockholders' equity	$	1,208,869	$	311,064	$	(218)	$	1,519,715

*
Assumes that the merger was completed as of September 30, 2016 utilizing the acquisition method of accounting. Estimated fair value adjustments for loans, investment securities, core deposit intangible, deposits and borrowed funds were determined by the management of ACNB. Actual fair value adjustments, where appropriate, will be determined by a specialist, engaged by

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management, as of the merger completion date. Such actual fair value adjustments are sensitive to changes in interest rates and credit quality and will vary from management's current estimates.

(1)

The adjustment includes cash consideration of $4.6 million paid to New Windsor stockholders, and approximately $685 thousand paid to New Windsor executives in connection with change of control arrangements. Additionally, it is assumed that cash and cash equivalents will be used to pay $5.04 million for one-time merger expenses related to New Windsor (which includes the compensation paid to New Windsor executives) and approximately $844 thousand for other one-time merger expenses of ACNB.

Estimated New Windsor shares outstanding*		**1,013,082**
Estimated shares paid cash consideration		151,962
Cash consideration (per New Windsor share)	$	30.00
Estimated cash portion of purchase price	$	4,558,869
Estimated New Windsor shares outstanding*		1,013,082
Estimated shares paid stock consideration		861,120
Exchange ratio		1.10
Total ACNB shares issued		947,232
ACNB's share price for purposes of calculation**	$	30.15
Equity portion of purchase price	$	28,559,045
Total estimated consideration to be paid	$	33,117,914

*

Represents the shares outstanding as of September 30, 2016 plus shares which would vest or be issued upon a change in control.

**

Represents ACNB's share price as of January 12, 2017.

(2)

The pro forma adjustment of $8.177 million includes a negative $7.821 million credit component and a negative $356 thousand interest component. Of the $5.283 million general credit component, all $5.283 million will be amortized or accreted into income. Of the $2.538 million specific credit component, $1.878 million will be non-amortizing and $660 thousand will be amortized or accreted into income. Of the $356 thousand interest rate component, all will be amortized and accreted into income. The existing New Windsor allowance for loan losses of $2.826 million is prohibited to be carried over according to GAAP.

(3)

Represents the estimated fair value adjustment on premises and equipment acquired.

(4)

Represents the recognition of the fair value of the core deposit intangible asset, which is assumed to be 0.76% of core deposit liabilities assumed. Core deposits are defined as total deposits less time deposits. The Core Deposit intangible has a weighted average remaining useful life of 10 years and is being amortized into income using the level yield method.

(5)

Calculated to reflect the acquisition accounting adjustments related to the merger. The consideration paid to acquire New Windsor consists of cash of $4.56 million and the issuance of 947,232 shares of ACNB common stock based upon the fixed exchange rate of 1.10 applied to 861,120 of the 1,013,082 shares of New Windsor common stock outstanding as of the effective time of the merger. As of September 30, 2016, there were 1,004,391 shares of New Windsor common stock outstanding. An additional 8,691 shares of New Windsor common stock will be issued or have been issued pursuant to the terms of New Windsor's various stock plans. Acquisition accounting adjustments assume that New Windsor's stockholders' equity is eliminated and the purchase price, goodwill and intangible assets are reflected on the ACNB's financial statements pursuant to the application of acquisition accounting.

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The following table shows the pro forma allocation of the consideration paid for New Windsor's common equity to the acquired identifiable assets and liabilities assumed and the pro forma goodwill generated from the transaction (unaudited, dollars in thousands):

Pro Forma Allocation of Purchase Price		
Total Pro Forma Purchase Price		$ 33,118
Fair value of Assets Acquired		
Cash and cash equivalents	9,892	
Investment securities	24,573	
Loans held for sale	2,545	
Loans receivable	253,991	
Restricted stock	809	
Premises and equipment, net	9,019	
Intangible assets, net	1,442	
Other assets	6,811	
Total assets	309,082	
Fair value of Liabilities Assumed		
Non-interest-bearing deposits	72,006	
Interest-bearing deposits	201,232	
Federal Home Loan Bank advances	9,500	
Subordinated debt	4,685	
Other liabilities	747	
Total liabilities	288,170	
Net assets acquired		20,912
Preliminary Pro Forma Goodwill		$ 12,206

The purchase price and resulting goodwill will vary based upon the market price of ACNB's common shares upon the consummation of the merger. The following chart summarizes estimated purchase price and goodwill changes based upon estimated changes in the price of ACNB's common stock:

Share Price Sensitivity (unaudited in thousands)	**Purchase Price**	**Estimated Goodwill**
As presented in the pro forma	$ 33,118	$ 12,206
10% increase in ACNB's stock price	$ 35,979	$ 15,067
10% decrease in ACNB's stock price	$ 30,267	$ 9,355

(6) Represents adjustments in the net deferred tax assets resulting from the fair value adjustments (a) related to the acquired assets and assumed liabilities, identifiable intangibles and other deferred tax items, and (b) owned and leased premises.

(7) Represents the recognition of the fair value of the deposits.

(8) Represents the recognition of the fair value of the trust preferred securities.

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(9)
Reflects the elimination of New Windsor's equity accounts, issuance of 947,232 of shares of ACNB's common stock and additional merger-related transaction costs as follows (dollars in thousands):

Total consideration	$	33,118
Stock consideration		85%
Total stock consideration	$	28,559
New Windsor's equity	$	(22,879)
Merger-related costs	$	(5,883)
Adjustments to equity		(203)

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CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF INCOME
(Unaudited)

For the Nine Months Ended September 30, 2016(1)
(Dollars in thousands, Except Per Share Data)

	ACNB Historical	New Windsor Historical	Pro Forma Adjustments	Pro Forma Combined
Interest Income:				
Interest and fees on loans	$ 27,054	$ 8,766	$ 1,077(2)	$ 36,897
Interest and dividends on investment securities	3,015	288		3,303
Interest on cash and cash equivalents	86	9		95
Total interest and dividend income	30,155	9,063	1,077	40,295
Interest Expense:				
Deposits	1,730	796	(177)(2)	2,349
Borrowings	1,203	281	7(2)	1,491
Total interest expense	2,933	1,077	(170)	3,840
Net interest income	27,222	7,986	1,247	36,455
Provision for loan losses				
Net interest income after provision for loan losses	27,222	7,986	1,247	36,455
Other Income:				
Service charges on deposit accounts	1,734	585		2,319
Income from fiduciary activities and asset management	1,244	191		1,435
Earnings on investment in bank-owned life insurance	834	43		877
Net gains on sales or calls of securities		126		126
Gain on sale of premises and equipment	449			449
Service charges on ATM and debit card transactions	1,127	366		1,493
Commission from insurance sales	3,700			3,700
Other	896	705		1,601
Total Other Income	9,984	2,016		12,000
Other Expense:(3)				
Salaries and employee benefits	16,609	4,483		21,092
Net occupancy	1,553	737		2,290
Equipment	2,212	544		2,756
Other operating	5,727	2,328	93(6)	8,148
Total Other Expenses	26,101	8,092	93(3)	34,286

Income before income tax expense		11,105		1,910		1,154		14,169
Income tax expense		2,808		754		404(5)		4,959
Net income	$	8,297	$	1,156	$	750	$	9,210
Earnings per common share:(4)								
Basic and Diluted	$	1.37	$	1.15			$	1.32
Weighted average common shares outstanding:(4)								
Basic and Diluted		6,048,216		1,003,646				6,995,448

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CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF INCOME
(Unaudited)

For the Year Ended December 31, 2015(1)
(Dollars in thousands, Except Per Share Data)

	ACNB Historical	New Windsor Historical	Pro Forma Adjustments	Pro Forma Combined
Interest Income:				
Interest and fees on loans	$ 35,090	$ 11,362	$ 1,704(2)	$ 48,156
Interest and dividends on investment securities	4,287	423		4,710
Interest on cash and cash equivalents	87	5		92
Total interest and dividend income	39,464	11,790	1,704	52,958
Interest Expense:				
Deposits	2,120	1,075	(340)(2)	2,855
Borrowings	1,738	704	8(2)	2,450
Total interest expense	3,858	1,779	(332)	5,305
Net interest income	35,606	10,011	2,036	47,653
Provision for loan losses				
Net interest income after provision for loan losses	35,606	10,011	2,036	47,653
Other Income:				
Service charges on deposit accounts	2,308	800		3,108
Income from fiduciary activities and asset management	1,589	312		1,901
Earnings on investment in bank-owned life insurance	1,100			1,100
Net gains on sales or calls of securities	261			261
Service charges on ATM and debit card transactions	1,456	463		1,919
Commission from insurance sales	4,634			4,634
Other	1,058	835		1,893
Total Other Income	12,406	2,410		14,816
Other Expense:(3)				
Salaries and employee benefits	20,932	5,343		26,275
Net occupancy	2,170	985		3,155
Equipment	3,007	665		3,672
Other operating	7,125	2,871	262(6)	10,258
Total Other Expenses	33,234	9,864	262(3)	43,360
Income before income tax expense	14,778	2,557	1,774	19,109
Income tax expense	3,761	1,041	621(5)	5,423

Net income	$ 11,017	$ 1,516	$ 1,153	$ 13,686
Earnings per common share:(4)				
Basic and Diluted	$ 1.83	$ 2.19		$ 1.96
Weighted average common shares outstanding:(4)				
Basic and Diluted	6,026,224	692,250		6,973,456

(1) Assumes that the merger was completed as of January 1, 2015 utilizing the acquisition method of accounting. Estimated fair value adjustments for loans, core deposit intangible, time deposits and subordinated debt were determined by the management of ACNB using an outside consultant.

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(2)

The resulting premiums and discounts for purposes of the unaudited combined condensed consolidated pro forma financial data, are being amortized and accreted into income over the estimated remaining lives of the respective assets and liabilities using the level yield method. The estimated weighted average remaining useful lives of time deposits is 2.5 years and the weighted average remaining useful life of the core deposit intangible is 10 years.

(3)

Other expenses do not reflect anticipated costs savings. Other expenses also do not include one-time merger and integration expenses to be incurred by ACNB and New Windsor. Those amounts, on a pre-tax basis, total approximately $5.9 million. The remaining costs to be incurred by ACNB and New Windsor are not included in Unaudited Pro Forma Combined Condensed Consolidated Financial Information net income. ACNB expects to incur approximately $774,325, on an after-tax basis, in other transaction costs as a result of the proposed merger. Through September 30, 2016, pre-tax transaction costs of $84,000 have been recognized by ACNB. New Windsor did not recognize any pre-transaction costs prior to September 30, 2016. A summary of ACNB's estimated other transaction costs is as follows:

Professional fees	$	802,694
Other merger related expenses		40,813
Estimated pre-tax transaction costs		843,507
Less related tax benefit		69,182
Estimated transaction costs, net of taxes	$	774,325

Professional fees include investment banking, legal, accounting and other professional fees and expenses associated with the merger. Other merger related expenses include printing, mailing, integration, and other expenses. The foregoing estimates may be refined after the completion of the merger.

(4)

Basic and diluted weighted average common shares outstanding were determined by adding the number of shares issuable to New Windsor's stockholders to ACNB's historical weighted average basic and diluted outstanding common shares. The stock consideration paid to New Windsor's stockholders consists of the issuance of 947,232 shares of ACNB's common stock based upon the fixed exchange rate of 1.10 applied to 861,120 of the 1,013,082 shares of common stock that will be outstanding at the time of the merger.

(5)

Reflects the tax impact of the pro forma acquisition adjustments of ACNB's statutory income tax rate of 35%.

(6)

For the September 30, 2016 Pro Forma Statement of Income, the adjustment represents the elimination of the actual, out of pocket, due diligence and merger-related expenses totaling $84,000, primarily professional fees incurred in the third quarter of 2016 by ACNB and $0 incurred by New Windsor; and the amortization of the core deposit intangible at $177,000. For the December 31, 2015 Pro Forma Statement of Income, the adjustment represents the amortization of the core deposit intangible at $262,000 as there were no actual due diligence and merger-related expenses in 2015.

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RISK FACTORS

In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in "A Warning About Forward-Looking Information," on page 42, New Windsor stockholders should carefully consider the matters described below to determine whether to approve and adopt the reorganization agreement. You should read these risk factors together with the risk factors contained in ACNB's Annual Report on Form 10-K for the year ended December 31, 2015, and any changes to those risk factors included in ACNB's Quarterly Reports on Form 10-Q, or other documents filed with the SEC, after the date of the Form 10-K.

Risks Relating to the Merger

Because the market price of ACNB common stock will fluctuate, New Windsor stockholders cannot be sure of the trading price of the merger consideration they will receive.

Upon completion of the merger, each share of New Windsor common stock will be converted into the right to receive merger consideration consisting of shares of ACNB common stock and/or cash pursuant to the reorganization agreement. The exchange ratio in the reorganization agreement will not be adjusted in the event of any change in the stock prices of ACNB or New Windsor prior to the merger. However, in the event that a significant decline in ACNB's stock price occurs that is greater than the relative decline in the KBW Nasdaq Bank Index, New Windsor may determine to terminate the reorganization agreement. There also will be a period of time between the date when stockholders of New Windsor vote on the reorganization agreement and the date when the merger is completed. The relative prices of ACNB and New Windsor common stock may vary between the date of this proxy statement/prospectus, the date of the special meeting, and the date of completion of the merger. The market price of ACNB and New Windsor common stock may change as a result of a variety of factors, including general market and economic conditions, changes in its business, operations and prospects, and regulatory considerations. Many of these factors are beyond the control of ACNB or New Windsor and are not necessarily related to a change in the financial performance or condition of ACNB or New Windsor. As ACNB and New Windsor market share prices fluctuate, based on numerous factors, the value of the shares of ACNB common stock that a New Windsor stockholder will receive will correspondingly fluctuate. It is impossible to predict accurately the market price of ACNB common stock after completion of the merger. Accordingly, the prices of ACNB and New Windsor common stock on the date of the New Windsor special meeting may not be indicative of their prices immediately prior to completion of the merger and the price of ACNB common stock after the merger is completed. ACNB urges you to obtain current market quotations for ACNB common stock. See "Summary Market Price and Dividend Information."

The combined company will incur significant transaction and merger-related costs in connection with the merger.

ACNB and New Windsor expect to incur costs associated with combining the operations of the two companies. ACNB and New Windsor have begun collecting information in order to formulate detailed integration plans to deliver planned synergies. Additional unanticipated costs may be incurred in the integration of the businesses of ACNB and New Windsor. Whether or not the merger is consummated, ACNB and New Windsor will incur substantial expenses, such as legal, accounting, printing, contract termination fees, and financial advisory fees, in pursuing the merger. Although ACNB and New Windsor expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

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Some of the conditions to closing of the merger may result in delay or prevent completion of the merger, which may adversely affect the value of ACNB's and New Windsor's securities.

Completion of the merger is conditioned upon the receipt of certain governmental consents and approvals, including consents and approvals required by the Federal Reserve Board, the FDIC and the Pennsylvania Department of Banking and Securities and the Maryland Commissioner. Failure to obtain these consents would prevent consummation of the merger. Even if the approvals are obtained, the effort involved may delay consummation of the merger. Governmental authorities may also impose conditions in connection with the merger that may adversely affect the combined company's operations after the merger. However, neither ACNB nor New Windsor is required to take any action or agree to any condition or restriction in connection with obtaining any approvals that would reasonably be expected to have a material adverse effect on New Windsor, ACNB or the combined company.

The merger may distract ACNB's and New Windsor's management teams from their other responsibilities.

The merger could cause the management of the companies to focus their time and energies on matters related to the merger that otherwise would be directed to the companies' business and operations. Any such distraction on the part of management, if significant, could affect management's ability to service existing business and develop new business and adversely affect the combined company's business and earnings following the merger.

New Windsor directors and executive officers may have interests in the merger that differ from your interests.

In considering the information contained in this proxy statement/prospectus, you should be aware that New Windsor's directors and executive officers have financial and other interests in the merger that are different from, or in addition to, the interests of New Windsor stockholders generally. These interests include, among other things:

- Tom N. Rasmussen, President of New Windsor, will receive a new employment agreement providing for certain benefits, an increase in base salary, and a formulaic bonus structure;
- Lisa Monthley, Chief Deposit Officer of New Windsor State Bank, will receive a two year change in control agreement providing for certain benefits upon a change in control of ACNB and a release agreement providing for certain benefits upon the termination of Ms. Monthley within two years of the merger without cause;
- New Windsor may award retention bonuses to certain employees;
- the accelerated vesting of company contributions to the New Windsor Bancorp, Inc. 2005 Deferred Compensation Plan;
- certain employees will receive ongoing life insurance with a $15,000 death benefit;
- the right to receive cash severance under New Windsor's amended employment and change in control agreements if their employment is involuntarily terminated without cause or the executive terminates for good reason;
- the right to continued indemnification and liability insurance coverage for New Windsor's current directors by ACNB after the merger for acts or omissions occurring before the merger; and
- the appointment of Todd L. Herring and D. Arthur Seibel, Jr. to ACNB's board of directors following completion of the merger, and any related compensation for such services.

New Windsor's board of directors was aware of these interests and considered them in approving and recommending the reorganization agreement. These circumstances may cause some of New Windsor's directors and executive officers to view the proposed merger differently than you view it.

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These and certain other additional interests of New Windsor's directors and executive officers are described in detail in "Proposal 1 The Merger Interests of Directors and Executive Officers in the Merger," found elsewhere in this document.

The fairness opinion received by the board of directors of New Windsor from its financial advisor prior to the execution of the reorganization agreement will not reflect changes in circumstances after the date of the fairness opinion.

Sandler O'Neill, New Windsor's financial advisor in connection with the merger, delivered to the board of directors of New Windsor, its fairness opinion on November 21, 2016. New Windsor stockholders should be aware that the opinion does not speak as of any date other than November 21, 2016. The opinion does not reflect changes that may occur or may have occurred after the date of such opinion, including changes to the operations and prospects of ACNB or New Windsor, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors beyond the control of ACNB and New Windsor, may materially alter or affect the value of ACNB or New Windsor or the sale prices of shares of ACNB common stock and New Windsor common stock.

The unaudited pro forma financial data included in this proxy statement/prospectus are for illustrative purposes, and based upon preliminary estimates, and ACNB's actual financial position and results of operations after the merger may differ materially from the unaudited pro forma financial data included in this proxy statement/prospectus.

The unaudited *pro forma* financial data in this proxy statement/prospectus are presented for illustrative purposes only and are not indicative of what the combined company's actual financial position or results of operations would have been had the merger been completed on the dates indicated. The *pro forma* financial data reflect adjustments, which are based upon preliminary estimates, to record ACNB's identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document 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 ACNB as of the date of the completion of the merger. Accordingly, the final purchase accounting adjustments may differ materially from the *pro forma* adjustments reflected in this document.

After the merger is complete, New Windsor stockholders will become ACNB shareholders and will have different rights than their current rights.

Upon completion of the merger, New Windsor stockholders will become ACNB shareholders. New Windsor is incorporated in Maryland and ACNB is incorporated in Pennsylvania. Differences in state law as well as New Windsor's articles of incorporation and bylaws and ACNB's articles of incorporation and bylaws will result in changes to the rights of New Windsor stockholders who become ACNB shareholders. For more information, see "Comparison of Shareholders' Rights," beginning on page 139. Stockholders of New Windsor may conclude that their current rights under New Windsor's articles of incorporation and bylaws are more advantageous than the rights they may have as an ACNB shareholder under ACNB's articles of incorporation and bylaws.

If the merger is not completed, New Windsor will have incurred substantial expenses without realizing the expected benefits.

New Windsor will incur substantial expenses in connection with the merger. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals. New Windsor cannot guarantee that these conditions will be met. If the merger is not completed, these

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expenses could have a material adverse impact on the financial condition of New Windsor because it would not have realized the expected benefits from the merger.

In addition, if the merger is not completed, New Windsor may experience negative reactions from the financial markets and from its customers and employees. New Windsor also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against New Windsor to perform its obligations under the reorganization agreement. If the merger is not completed, New Windsor cannot assure its stockholders that the risks described above will not materialize and will not materially affect the business, financial results and stock price of New Windsor.

Failure to complete the merger could negatively affect the market price of New Windsor's common stock.

If the merger is not completed for any reason, New Windsor will be subject to a number of material risks, including the following:

- the market price of its common stock may decline to the extent that the current market prices of its shares reflect a market assumption that the merger will be completed;
- costs relating to the merger, such as legal, accounting and financial advisory fees, and, in specified circumstances, termination fees, must be paid even if the merger is not completed;
- the diversion of management's attention from the day-to-day business operations and the potential disruption to New Windsor's employees and business relationships during the period before the completion of the merger may make it difficult to regain financial and market positions if the merger does not occur; and
- if New Windsor's board of directors seeks another merger or business combination, New Windsor's shareholders cannot be certain that New Windsor will be able to find a party willing to pay an equivalent or greater consideration than that which ACNB has agreed to pay in the merger.

The reorganization agreement limits the ability of New Windsor to pursue alternatives to the merger.

The reorganization agreement contains "no shop" provisions that, subject to specified exceptions, limit the ability of New Windsor to solicit, encourage, discuss, recommend or commit to alternative acquisition proposals, as well as a termination fee that is payable by New Windsor under certain circumstances. These provisions might discourage potential competing transaction partners that might have an interest in acquiring all or a significant part of New Windsor 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 transaction partner proposing to pay a lower per share price to acquire New Windsor than it might otherwise have proposed to pay.

Failure to complete the merger in certain circumstances could require New Windsor to pay a termination fee.

If the merger should fail to occur in certain circumstances that relate to a possible combination of New Windsor with another acquirer, New Windsor may be obligated to pay ACNB $1.3 million as a termination fee. See "Proposal 1 The Merger Terms of the Merger Termination Fee."

Risks Relating to ACNB and Its Business

Post-merger integration and change of ACNB's historical business model may fail to achieve expected results.

The success of the transaction depends heavily on a smooth integration and post-merger operations of the combined ACNB Bank. Benefits of the transaction to shareholders may not be realized if the post-merger integration is not well executed or well received by each company's historical customers.

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ACNB may fail to realize the cost savings it expects to achieve from the merger.

The success of the merger will depend, in part, on ACNB's ability to realize the estimated cost savings from combining the businesses of ACNB and New Windsor. While ACNB believes that the cost savings estimates are achievable, it is possible that the potential cost savings could be more difficult to achieve than ACNB anticipates. ACNB's cost savings estimates also depend on its ability to combine the businesses of ACNB and New Windsor in a manner that permits those cost savings to be realized. If ACNB's estimates are incorrect or it is unable to combine the two companies successfully, the anticipated cost savings may not be realized fully or at all, or may take longer to realize than expected.

Combining ACNB and New Windsor may be more difficult, costly or time-consuming than expected.

ACNB and New Windsor have operated, and, until the completion of the merger, will continue to operate, independently. The integration process could result in the loss of key employees, the disruption of each company's ongoing business, inconsistencies in standards, controls, procedures and policies that adversely affect either company's ability to maintain relationships with clients and employees or achieve the anticipated benefits of the merger. As with any merger of financial institutions, there also may be disruptions that cause ACNB and New Windsor to lose customers or cause customers to withdraw their deposits from ACNB or New Windsor, or other unintended consequences that could have a material adverse effect on ACNB's results of operations or financial condition.

Changes in interest rates could adversely impact ACNB's financial condition and results of operations.

ACNB's earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond ACNB's control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board. Changes in monetary policy, including changes in interest rates, could influence not only the amount of interest ACNB receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (i) ACNB's ability to originate loans and obtain deposits, (ii) the fair value of ACNB's financial assets and liabilities, and (iii) the average duration of ACNB's mortgage-backed securities portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, ACNB's net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.

Although management believes it has implemented effective asset and liability management strategies to reduce the potential effects of changes in interest rates on ACNB's results of operations, any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on ACNB's financial condition and results of operations.

If ACNB has higher loan losses than it has allowed for, ACNB's earnings could materially decrease.

ACNB maintains an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, that represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The level of the allowance reflects management's continuing evaluation of the following: industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present economic, political and regulatory conditions; and, unidentified losses inherent in the current loan

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portfolio. The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires ACNB to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, and other factors, both within and outside of ACNB's control, may require an increase in the allowance for loan losses. In addition, bank regulatory agencies periodically review ACNB's allowance for loan losses and may require an increase in the provision for loan losses or the recognition of further loan charge-offs, based on judgments different than those of management. Further, if charge-offs in future periods exceed the allowance for loan losses, ACNB will need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income, and possibly capital, and may have a material adverse effect on ACNB's financial condition and results of operations.

A new accounting standard will likely require us to increase our allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

The Financial Accounting Standards Board has adopted a new accounting standard that will be effective for the ACNB and ACNB Bank after December 15, 2019. This standard, referred to as Current Expected Credit Loss, or CECL, will require financial institutions to determine periodic estimates of lifetime expected credit losses on loans, and recognize the expected credit losses as allowances for loan losses. This will change the current method of providing allowances for loan losses that are probable, which would likely require us to increase our allowance for loan losses, and to greatly increase the types of data we would need to collect and review to determine the appropriate level of the allowance for loan losses. Any increase in our allowance for loan losses or expenses incurred to determine the appropriate level of the allowance for loan losses may have a material adverse effect on our financial condition and results of operations.

Competition from other financial institutions may adversely affect ACNB's profitability.

ACNB's banking subsidiary faces substantial competition in originating both commercial and consumer loans. This competition comes principally from other banks, credit unions, mortgage banking companies, and other lenders. Many of its competitors enjoy advantages, including greater financial resources with higher lending limits, wider geographic presence, more branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, and lower origination and operating costs. This competition could reduce ACNB's net income by decreasing the number and size of loans that its banking subsidiary originates and the interest rates it may charge on these loans.

In attracting business and consumer deposits, its banking subsidiary faces substantial competition from other insured depository institutions such as banks, savings institutions, and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of ACNB's competitors enjoy advantages, including greater financial resources, wider geographic presence, more aggressive marketing campaigns, better brand recognition, more branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, and lower origination and operating costs. These competitors may offer higher interest rates than ACNB, which could decrease the deposits that it attracts or require it to increase its rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect the subsidiary's ability to generate the funds necessary for lending operations. As a result, it may need to seek other sources of funds that may be more expensive to obtain and could increase its cost of funds.

ACNB's banking subsidiary also competes with nonbank providers of financial services, such as brokerage firms, consumer finance companies, credit unions, insurance agencies, and governmental organizations which may offer more favorable terms. Some of its nonbank competitors are not subject to the same extensive regulations that govern ACNB's banking operations. As a result, such nonbank competitors may have advantages over ACNB's banking subsidiary in providing certain products and services. This competition may reduce or limit ACNB's margins on banking services, reduce its market share, and adversely affect its earnings and financial condition.

The Basel III capital requirements may require ACNB to maintain higher levels of capital, which could reduce ACNB's profitability.

Basel III targets higher levels of base capital, certain capital buffers, and a migration toward common equity as the key source of regulatory capital. Although the new capital requirements are phased in over the next decade and may change substantially before final implementation, Basel III signals a growing effort by domestic and international bank regulatory agencies to require financial institutions, including depository institutions, to maintain higher levels of capital. The direction of the Basel III implementation activities or other regulatory viewpoints could require additional capital to support ACNB's business risk profile prior to final implementation of the Basel III standards. If ACNB and the subsidiary bank are required to maintain higher levels of capital, ACNB and the subsidiary bank may have fewer opportunities to invest capital into interest-earning assets, which could limit the profitable business operations available to ACNB and the subsidiary bank and adversely impact ACNB's financial condition and results of operations.

ACNB's operations of its business, including its transactions with customers, are increasingly done via electronic means, and this has increased its risks related to cybersecurity.

ACNB is exposed to the risk of cyber-attacks in the normal course of business. In addition, ACNB is exposed to cyber-attacks on vendors and merchants that affect ACNB and its customers. In general, cyber incidents can result from deliberate attacks or unintentional events. ACNB has observed an increased level of attention in the industry focused on cyber-attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. To combat against these attacks, policies and procedures are in place to prevent or limit the effect of the possible security breach of its information systems. While ACNB maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. While ACNB has not incurred any material losses related to cyber-attacks, nor is it aware of any specific or threatened cyber incidents as of the date of this report, it may incur substantial costs and suffer other negative consequences if it falls victim to successful cyber-attacks. Such negative consequences could include remediation costs that may include liability for stolen assets or information and repairing system damage that may have been caused; deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract customers following an attack; disruption or failures of physical infrastructure, operating systems or networks that support ACNB's business and customers resulting in the loss of customers and business opportunities; additional regulatory scrutiny and possible regulatory penalties; litigation; and, reputational damage adversely affecting customer or investor confidence.

ACNB's controls and procedures may fail or be circumvented and have a material adverse effect on its business, financial condition, and results of operations.

Management regularly reviews and updates ACNB's internal controls, disclosure controls and procedures, as well as corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of ACNB's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on its business, financial condition, and results of operations.

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ACNB's ability to pay dividends depends primarily on dividends from its banking subsidiary, which are subject to regulatory limits and the banking subsidiary's performance.

ACNB is a financial holding company and its operations are conducted by its subsidiaries. Its ability to pay dividends depends on its receipt of dividends from its subsidiaries. Dividend payments from its banking subsidiary are subject to legal and regulatory limitations, generally based on net profits and retained earnings, imposed by the various banking regulatory agencies. The ability of its subsidiaries to pay dividends is also subject to their profitability, financial condition, capital expenditures, and other cash flow requirements. There is no assurance that its subsidiaries will be able to pay dividends in the future or that ACNB will generate adequate cash flow to pay dividends in the future. ACNB's failure to pay dividends on its common stock could have a material adverse effect on the market price of its common stock.

ACNB's profitability depends significantly on economic conditions in the Commonwealth of Pennsylvania and the State of Maryland.

ACNB's success depends primarily on the general economic conditions of the Commonwealth of Pennsylvania, the State of Maryland, and the specific local markets in which ACNB operates. Unlike larger national or other regional banks that are more geographically diversified, ACNB provides banking and financial services to customers primarily in the southcentral Pennsylvania and northern Maryland region of the country. The local economic conditions in these areas have a significant impact on the demand for ACNB's products and services, as well as the ability of ACNB's customers to repay loans, the value of the collateral securing the loans, and the stability of ACNB's deposit funding sources. A significant decline in general economic conditions caused by inflation, recession, acts of terrorism, outbreak of hostilities or other international or domestic occurrences, unemployment, changes in securities markets, or other factors could impact these local economic conditions and, in turn, have a material adverse effect on ACNB's financial condition and results of operations.

The earnings of financial services companies are significantly affected by general business and economic conditions.

ACNB's operations and profitability are impacted by general business and economic conditions in the United States and abroad. These conditions include short-term and long-term interest rates, inflation, money supply, political issues, legislative and regulatory changes, fluctuations in both debt and equity capital markets, broad trends in industry and finance, and the strength of the U.S. economy and the local economies in which ACNB operates, all of which are beyond ACNB's control. Deterioration in economic conditions could result in an increase in loan delinquencies and non-performing assets, decreases in loan collateral values, and a decrease in demand for ACNB's products and services, among other things, any of which could have a material adverse impact on ACNB's financial condition and results of operations.

The regulatory environment for the financial services industry is being significantly impacted by financial regulatory reform initiatives in the United States and elsewhere, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank, and regulations promulgated to implement it.

Dodd-Frank, which was signed into law on July 21, 2010, comprehensively reforms the regulation of financial institutions, products and services. Dodd-Frank requires various federal regulatory agencies to implement numerous rules and regulations. Because the federal agencies are granted broad discretion in drafting these rules and regulations, many of the details and the impact of Dodd-Frank may not be known for many months or years.

While much of how the Dodd-Frank and other financial industry reforms will change ACNB's current business operations depends on the specific regulatory reforms and interpretations, many of

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which have yet to be released or finalized, it is clear that the reforms, both under Dodd-Frank and otherwise, will have a significant effect on the entire industry. Although Dodd-Frank and other reforms will affect a number of the areas in which ACNB does business, it is not clear at this time the full extent of the adjustments that will be required and the extent to which ACNB will be able to adjust its businesses in response to the requirements. Although it is difficult to predict the magnitude and extent of these effects at this stage, ACNB believes compliance with Dodd-Frank and implementing its regulations and initiatives will negatively impact revenue and increase the cost of doing business, both in terms of transition expenses and on an ongoing basis, and it may also limit ACNB's ability to pursue certain business opportunities.

New lines of business or new products and services may subject ACNB to additional risks.

From time to time, ACNB may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, ACNB may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business and/or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of ACNB's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and new products or services could have a material adverse effect on ACNB's business, financial condition, and results of operations.

ACNB may not be able to attract and retain skilled people.

ACNB's success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by ACNB can be intense, and ACNB may not be able to hire people or to retain them. The unexpected loss of services of one or more of ACNB's key personnel could have a material adverse impact on ACNB's business because the Corporation would no longer have the benefit of their skills, knowledge of ACNB's market, as well as years of industry experience, and it would be difficult to promptly find qualified replacement personnel. ACNB currently has employment agreements, including covenants not to compete, with the following named executive officers: its President & Chief Executive Officer; Executive Vice President, Secretary & Chief Governance Officer; Executive Vice President, Treasurer & Chief Financial Officer; the President of ACNB Bank; and, the President & Chief Executive Officer of Russell Insurance Group, Inc.

ACNB is subject to claims and litigation pertaining to fiduciary responsibility.

From time to time, customers make claims and take legal action pertaining to ACNB's performance of its fiduciary responsibilities. Whether customer claims and legal action related to ACNB's performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to ACNB, they may result in significant financial liability and/or adversely affect the market perception of ACNB and its products and services, as well as impact customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on ACNB's business, which, in turn, could have a material adverse effect on ACNB's financial condition and results of operations.

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The trading volume in ACNB's common stock is less than that of other larger financial services companies.

ACNB's common stock trades on NASDAQ, and the trading volume in its common stock is less than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of ACNB's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which ACNB has no control. Given the lower trading volume of ACNB's common stock, significant sales of ACNB's common stock, and the expectation of these sales, could cause ACNB's stock price to fall.

ACNB operates in a highly regulated environment and may be adversely affected by changes in federal, state and local laws and regulations.

ACNB, primarily through its banking subsidiary, is subject to extensive regulation, supervision and/or examination by federal and state banking authorities. Any change in applicable regulations or federal, state or local legislation could have a substantial impact on ACNB and its operations. Additional legislation and regulations that could significantly affect ACNB's powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on its financial condition and results of operations. Further, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank and financial holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory authority may have a negative impact on ACNB's financial condition and results of operations.

Like other financial holding companies and financial institutions, ACNB must comply with significant anti-money laundering and anti-terrorism laws. Under these laws, ACNB is required, among other things, to enforce a customer identification program and file currency transaction and suspicious activity reports with the federal government. Government agencies have substantial discretion to impose significant monetary penalties on institutions which fail to comply with these laws or make required reports. While ACNB has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

The soundness of other financial institutions may adversely affect ACNB.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. ACNB has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and institutional clients. Many of these transactions expose ACNB to credit risk in the event of a default by a counterparty or client. In addition, ACNB's credit risk may be exacerbated when the collateral held by ACNB cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit exposure due to ACNB. Any such losses could have a material adverse effect on ACNB's financial condition and results of operations.

Market volatility may have materially adverse effects on ACNB's liquidity and financial condition.

The capital and credit markets have experienced extreme volatility and disruption. Over the last several years, in some cases, the markets have exerted downward pressure on stock prices, security prices, and credit capacity for certain issuers without regard to those issuers' underlying financial strength. If the market disruption and volatility returns, there can be no assurance that ACNB will not experience adverse effects, which may be material, on its liquidity, financial condition, and profitability.

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ACNB may need or be compelled to raise additional capital in the future which could dilute shareholders or be unavailable when needed or at unfavorable terms.

ACNB's regulators or market conditions may require it to increase its capital levels. If ACNB raises capital through the issuance of additional shares of its common stock or other securities, it would likely dilute the ownership interests of current investors and would likely dilute the per share book value and earnings per share of its common stock. Furthermore, it may have an adverse impact on ACNB's stock price. New investors may also have rights, preferences and privileges senior to ACNB's current shareholders, which may adversely impact its current shareholders. ACNB's ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Accordingly, ACNB cannot be assured of its ability to raise additional capital on terms and time frames acceptable to it or to raise additional capital at all. If ACNB cannot raise additional capital in sufficient amounts when needed, its ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts may adversely affect ACNB's operations, financial condition, and results of operations.

ACNB's future acquisitions could dilute shareholder ownership and may cause it to become more susceptible to adverse economic events.

ACNB may use its common stock to acquire other companies or make investments in banks and other complementary businesses in the future. ACNB may issue additional shares of common stock to pay for future acquisitions, which would dilute current investors' ownership interest in ACNB. Future business acquisitions could be material to ACNB, and the degree of success achieved in acquiring and integrating these businesses into ACNB could have a material effect on the value of ACNB's common stock. In addition, any acquisition could require it to use substantial cash or other liquid assets or to incur debt. In those events, ACNB could become more susceptible to economic downturns and competitive pressures.

Pennsylvania business corporation law and various anti-takeover provisions under ACNB's articles could impede the takeover of ACNB.

Various Pennsylvania laws affecting business corporations may have the effect of discouraging offers to acquire ACNB, even if the acquisition would be advantageous to shareholders. In addition, ACNB has various anti-takeover measures in place under its articles of incorporation and bylaws, including a supermajority vote requirement for mergers, a staggered board of directors, and the absence of cumulative voting. Any one or more of these measures may impede the takeover of ACNB without the approval of the board of directors and may prevent shareholders from taking part in a transaction in which they could realize a premium over the current market price of ACNB common stock.

If ACNB concludes that the decline in value of any of its investment securities is an other-than-temporary impairment, ACNB is required to write down the value of that security through a charge to earnings.

ACNB reviews its investment securities portfolio at each quarter-end to determine whether the fair value is below the current carrying value. When the fair value of any of its investment securities has declined below its carrying value, ACNB is required to assess whether the decline is an other-than-temporary impairment. If ACNB determines that the decline is an other-than-temporary impairment, it is required to write down the value of that security through a charge to earnings for credit related impairment. Non-credit related reductions in the value of a security do not require a write down of the value through earnings unless ACNB intends to, or is required to, sell the security. Changes in the expected cash flows related to the credit related piece of the investment of a security in ACNB's investment portfolio or a prolonged price decline may result in ACNB's conclusion in future

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periods that an impairment is other than temporary, which would require a charge to earnings to write down the security to fair value. Due to the complexity of the calculations and assumptions used in determining whether an asset has an impairment that is other than temporary, the impairment disclosed may not accurately reflect the actual impairment in the future.

ACNB is subject to potential impairment of goodwill and intangibles.

ACNB's subsidiary, Russell Insurance Group, Inc. ("RIG") has certain long-lived assets including purchased intangible assets subject to amortization, such as insurance books of business, and associated goodwill assets which are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of condition and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Goodwill, which has an indefinite useful life, is evaluated pursuant to ASC Topic 350, *Intangibles Goodwill and Other*, for impairment annually and is evaluated for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The goodwill impairment analysis currently used by the Corporation is a two-step test. The first step, used to identify potential impairment, involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. If required, the second step involves calculating an implied fair value of goodwill for the reporting unit for which the first step indicated potential impairment. The implied fair value of goodwill is determined in a manner similar to the amount of goodwill calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit to a group of likely buyers whose cash flow estimates could differ from those of the reporting entity, as determined in the first step, over the aggregate estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill exceeds the carrying value of goodwill assigned to the reporting unit, there is no impairment. If the carrying value of goodwill assigned to the reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. Subsequent reversal of goodwill impairment losses is not permitted. ACNB performs an annual evaluation to determine if there is goodwill impairment.

ACNB is subject to environmental liability risk associated with lending activities.

A significant portion of ACNB's banking subsidiary loan portfolio is secured by real property. During the ordinary course of business, ACNB may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, ACNB may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require ACNB to incur substantial expense and may materially reduce the affected property's value or limit ACNB's ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase ACNB's exposure to environmental liability. Although ACNB has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated

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with an environmental hazard could have a material adverse effect on ACNB's financial condition and results of operations.

The severity and duration of a future economic downturn and the composition of the banking subsidiary's loan portfolio could impact the level of loan charge-offs and provision for loan losses and may affect ACNB's net income or loss.

Lending money is a substantial part of ACNB's business through its banking subsidiary. However, every loan that ACNB makes carries a certain risk of non-payment. ACNB cannot assure that its allowance for loan losses will be sufficient to absorb actual loan losses. ACNB also cannot assure that it will not experience significant losses in its loan portfolio that may require significant increases to the allowance for loan losses in the future.

Although ACNB evaluates every loan that it makes against its underwriting criteria, ACNB may experience losses by reasons of factors beyond its control. Some of these factors include changes in market conditions affecting the value of real estate and unexpected problems affecting the creditworthiness of ACNB's borrowers.

ACNB determines the adequacy of its allowance for loan losses by considering various factors, including:

- An analysis of the risk characteristics of various classifications of loans;
- Previous loan loss experience;
- Specific loans that would have loan loss potential;
- Delinquency trends;
- Estimated fair value of the underlying collateral;
- Current economic conditions;
- The views of ACNB's regulators;
- Reports of internal auditors;
- Reports of external auditors;
- Reports of loan reviews conducted by independent organizations; and
- Geographic and industry loan concentrations.

Local economic conditions could impact the loan portfolio of ACNB. For example, an increase in unemployment, a decrease in real estate values, or increases in interest rates, as well as other factors, could weaken the economies of the communities ACNB serves. Weakness in the market areas served by ACNB could depress ACNB's earnings and, consequently, its financial condition because:

- Borrowers may not be able to repay their loans;

The value of the collateral securing ACNB's loans to borrowers may decline; and/or,

The quality of ACNB's loan portfolio may decline.

Although, based on the aforementioned procedures implemented by ACNB, management believes the current allowance for loan losses is adequate, ACNB may have to increase its provision for loan losses should local economic conditions deteriorate which could negatively impact its financial condition and results of operations.

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Changes in real estate values may adversely impact ACNB's banking subsidiary loans that are secured by real estate.

A significant portion of ACNB's banking subsidiary loan portfolio consists of residential and commercial mortgages, as well as consumer loans, secured by real estate. These properties are concentrated in Adams County, Pennsylvania. Real estate values and real estate markets generally are affected by, among other things, changes in national, regional or local economic conditions, fluctuations in interest rates, the availability of loans to potential purchasers, changes in the tax laws and other government statutes, regulations and policies, and acts of nature. If real estate prices decline, particularly in ACNB's market area, the value of the real estate collateral securing ACNB's loans could be reduced. This reduction in the value of the collateral could increase the number of non-performing loans and could have a material adverse impact on ACNB's financial condition and results of operations.

ACNB's information systems may experience an interruption or breach in security.

ACNB relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in ACNB's customer relationship management, general ledger, deposit, loan and other systems. While ACNB has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. Although ACNB maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses. The occurrence of any failures, interruptions or security breaches of ACNB's information systems could damage ACNB's reputation, adversely affecting customer or investor confidence, result in a loss of customer business, subject ACNB to additional regulatory scrutiny and possible regulatory penalties, or expose ACNB to civil litigation and possible financial liability, any of which could have a material adverse effect on ACNB's financial condition and results of operations.

ACNB's financial performance may suffer if its information technology is unable to keep pace with growth or industry developments.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. ACNB's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in ACNB's operations. Many of ACNB's competitors have substantially greater resources to invest in technological improvements. ACNB may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on ACNB's business and, in turn, ACNB's financial condition and results of operations.

Financial services companies depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, ACNB may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports, and other financial information. ACNB may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and

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completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports, or other financial information could have a material adverse impact on ACNB's business and, in turn, ACNB's financial condition and results of operations.

Consumers may decide not to use banks to complete their financial transactions.

Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, consumers can now maintain funds in brokerage accounts or mutual funds that would have historically been held as bank deposits. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation", could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on ACNB's financial condition and results of operations.

Future economic conditions may adversely affect secondary sources of liquidity.

In addition to primary sources of liquidity in the form of deposits and principal and interest payments on outstanding loans and investments, ACNB maintains secondary sources that provide it with additional liquidity. These secondary sources include secured and unsecured borrowings from sources such as the Federal Reserve Bank, Federal Home Loan Bank of Pittsburgh, and third-party commercial banks. However, market liquidity conditions have been negatively impacted by past disruptions in the capital markets and could, in the future, have a negative impact on ACNB's secondary sources of liquidity.

Severe weather, natural disasters, acts of war or terrorism, and other external events could significantly impact ACNB's business.

The unpredictable nature of events such as severe weather, natural disasters, acts of war or terrorism, and other adverse external events could have a significant impact on ACNB's ability to conduct business. If any of its financial, accounting, network or other information processing systems fail or have other significant shortcomings due to external events, ACNB could be materially adversely affected. Third parties with which ACNB does business could also be sources of operational risk to ACNB, including the risk that the third parties' own network and information processing systems could fail. Any of these occurrences could materially diminish ACNB's ability to operate one or more of the Corporation's businesses, or result in potential liability to clients, reputational damage, and regulatory intervention, any of which could materially adversely affect ACNB. Such events could affect the stability of ACNB's deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, impair ACNB's liquidity, cause significant property damage, result in loss of revenue, and/or cause ACNB to incur additional expenses.

ACNB may be subject to disruptions or failures of the financial, accounting, network and other information processing systems arising from events that are wholly or partially beyond ACNB's control, which may include, for example, computer viruses, electrical or telecommunications outages, natural disasters, disease pandemics, damage to property or physical assets, or terrorist acts. ACNB has developed a comprehensive business continuity plan which includes plans to maintain or resume operations in the event of an emergency, such as a power outage or disease pandemic, and contingency plans in the event that operations or systems cannot be resumed or restored. The business continuity plan is updated as needed, periodically reviewed, and components are regularly tested. ACNB also reviews and evaluates the business continuity plans of critical third-party service providers. While ACNB believes its business continuity plan and efforts to evaluate the business continuity plans of critical third-party service providers help mitigate risks, disruptions or failures affecting any of these

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systems may cause interruptions in service to customers, damage to ACNB's reputation, and loss or liability to ACNB.

The recent change in control of the United States government and issues relating to debt and the deficit may adversely affect ACNB.

Due to the Republican Party gaining control of the White House, as well as the Republican Party maintaining control of both the House of Representatives and Senate of the United States in the congressional election, could result in significant changes (or uncertainty) in governmental policies, regulatory environments, spending sentiment and many other factors and conditions, some of which could adversely impact ACNB's business, financial condition and results of operations.

In addition, as a result of past difficulties of the federal government to reach agreement over federal debt and issues connected with the debt ceiling, certain rating agencies placed the United States government's long-term sovereign debt rating on their equivalent of negative watch and announced the possibility of a rating downgrade. The rating agencies, due to constraints related to the rating of the United States, also placed government-sponsored enterprises in which ACNB invests and receives lines of credit on negative watch and a downgrade of the United States government's credit rating would trigger a similar downgrade in the credit rating of these government-sponsored enterprises. Furthermore, the credit rating of other entities, such as state and local governments, may also be downgraded should the United States government's credit rating be downgraded. The impact that a credit rating downgrade may have on the national and local economy could have an adverse effect on ACNB's financial condition and results of operations.

ACNB's banking subsidiary may be required to pay higher FDIC premiums or special assessments which may adversely affect its earnings.

Poor economic conditions and the resulting bank failures have increased the costs of the FDIC and adversely impacted its Deposit Insurance Fund. Additional bank failures may prompt the FDIC to increase its premiums or to issue special assessments. ACNB is generally unable to control the amount of premiums or special assessments that its banking subsidiary is required to pay for FDIC insurance. Any future changes in the calculation or assessment of FDIC insurance premiums may have a material adverse effect on ACNB's financial condition and results of operations.

Income taxation could have negative effects on results of operations and asset values.

Discussions of proposed major overhauls of the federal corporate tax code could result in unknown and unpredictable effects on ACNB's results of operations and value of assets. Proposals that would lower the corporate tax rate and, at the same time, reduce certain deductions from taxable income are aimed to increase overall revenue from corporate taxation. For example, reducing the tax deductibility of state and local government investments and loans would increase income tax expense and could perhaps decrease the value of those assets. Lowering tax rates would decrease the value of certain deferred tax assets. In addition, changes to individual income tax laws could have the effect of lowering demand for important sources of lending and revenue to ACNB, such as residential mortgages.

The increasing use of social media platforms presents new risks and challenges and the inability or failure to recognize, respond to, and effectively manage the accelerated impact of social media could materially adversely impact ACNB's business.

There has been a marked increase in the use of social media platforms, including weblogs (blogs), social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Social media practices in the banking industry are evolving, which creates uncertainty and risk of noncompliance with regulations applicable

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to ACNB's business. Consumers value readily available information concerning businesses and their goods and services and often act on such information without further investigation and without regard to its accuracy. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to ACNB's interests and/or may be inaccurate. The dissemination of information online could harm ACNB's business, prospects, financial condition, and results of operations, regardless of the information's accuracy. The harm may be immediate without affording ACNB an opportunity for redress or correction.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about ACNB's business, exposure of personally identifiable information, fraud, out-of-date information, and improper use by employees and customers. The inappropriate use of social media by ACNB's customers or employees could result in negative consequences such as remediation costs including training for employees, additional regulatory scrutiny and possible regulatory penalties, litigation, or negative publicity that could damage ACNB's reputation adversely affecting customer or investor confidence.

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A WARNING ABOUT FORWARD-LOOKING INFORMATION

This document, including information incorporated by reference in this document, contains forward-looking statements within the meaning of Section 27A of the Securities Act, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations, and business of each of ACNB, ACNB Bank, New Windsor, and New Windsor State Bank. These include statements relating to revenues, cost savings, and anticipated benefits resulting from the merger. You can find many of these statements by looking for words such as "believes," "intends," "expects," "anticipates," "estimates," "projects," "should," "may" or similar words or expressions.

These forward-looking statements involve substantial risks and uncertainties. There are many factors that may cause actual results to differ materially from those contemplated by these forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- the ability to obtain required regulatory and stockholder approvals and meet other closing conditions to the transaction;
- the ability to complete the merger as expected and within the expected timeframe;
- disruptions to customer and employee relationships and business operations caused by the merger;
- the ability to implement integration plans associated with the transaction, which integration may be more difficult, time-consuming or costly than expected; the ability to achieve the cost savings and synergies contemplated by the merger within the expected timeframe, or at all;
- changes in local and national economies, or market conditions;
- changes in interest rates;
- regulations and accounting principles;
- changes in accounting policies or accounting standards, including the new authoritative accounting guidance (known as the current expected credit loss (CECL) model) which may increase the required level of our allowance for credit losses after adoption on January 1, 2020;
- changes in policies or guidelines;
- loan demand and asset quality, including real estate values and collateral values;
- deposit flow; and
- the impact of competition from traditional or new sources.

Additional factors can be found under "Risk Factors," beginning on page 25 of this document and "Risk Factors" in ACNB's Annual Report on Form 10-K for the year ended December 31, 2015 and other reports filed be ACNB with the SEC.

Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by these statements. ACNB and New Windsor caution New Windsor stockholders not to place undue reliance on these statements. These statements speak only as of the date of this document or, if made in any document incorporated by reference, as of the date of that document.

All written or oral forward-looking statements attributable to ACNB or New Windsor or any person acting on their behalf made after the date of this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither ACNB nor New

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Windsor undertakes any obligation to release publicly any revisions to forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

THE NEW WINDSOR SPECIAL MEETING OF STOCKHOLDERS

General

The New Windsor special meeting of stockholders will be held at New Windsor Fire & Hose Company, Windsor Station, 101 High Street, New Windsor, Maryland 21776, at 10:00 a.m., local time, on May 16, 2017.

Record Date and Shares Outstanding and Entitled to Vote

The record date for the New Windsor special meeting of stockholders is March 17, 2017. On the record date, there were 1,008,422 shares issued and outstanding. Only stockholders of record at the close of business on the New Windsor record date will be entitled to receive notice of and to vote at the special meeting.

Matters to be Considered at the Special Meeting

Holders of New Windsor common stock will consider and vote upon:

Proposal 1 a proposal to approve and adopt the reorganization agreement which is attached as Annex A to this proxy statement/prospectus and incorporated herein by reference;

Proposal 2 a proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to approve and adopt the reorganization agreement.

Quorum

The holders of a majority of the shares of New Windsor common stock outstanding and entitled to vote as of the record date must be present at the New Windsor special meeting, either in person or by proxy, for a quorum to be present for purposes of voting on the reorganization agreement, the adjournment or postponement proposal, and any other matter to be considered at the New Windsor special meeting.

Votes Required

Approve and Adopt the Reorganization Agreement. In accordance with Maryland law, the approval and adoption of the reorganization agreement requires the affirmative vote of the holders of at least two-thirds of the shares of New Windsor common stock outstanding on the record date.

Discretionary Authority to Adjourn or Postpone the Special Meeting. The affirmative vote of a majority of New Windsor shares represented, in person or by proxy, at the special meeting is required to approve the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Each holder of shares of New Windsor common stock outstanding on the record date will be entitled to one vote for each share held of record at the New Windsor special meeting of stockholders. The directors of New Windsor and Thomas J. Paholsky, New Windsor's Senior Vice President and Chief Financial Officer, have agreed to vote all shares of New Windsor common stock that they own on the record date in favor of the approval and adoption of the reorganization agreement. On the record date, these persons owned approximately 92,392 shares of New Windsor common stock, or approximately 9.2% of the outstanding shares of New Windsor common stock.

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Voting

The New Windsor board of directors is soliciting proxies to request that you allow your shares of New Windsor common stock to be represented at the special meeting by the persons named on the enclosed New Windsor proxy card. All shares of New Windsor common stock represented at the special meeting by properly executed and dated proxy cards will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by New Windsor's board of directors.

The New Windsor board of directors recommends that you vote:

- FOR the proposal to approve and adopt the reorganization agreement; and
- FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

If any matters incident to the conduct of the meeting and not described in this proxy statement are properly presented at the special meeting, the persons named on the proxy card will use their judgment to determine how to vote your shares.

If you hold your shares in street name, it is critical that you instruct your bank or broker how to vote. If you hold your shares in street name and you do not instruct your bank or broker how to vote, your bank or broker will not be permitted to vote your shares on any matter related to the merger or on other non-discretionary matters, and may elect not to vote your shares on other matters. A "broker non-vote" occurs when a broker submits a proxy that does not indicate a vote for some of the proposals because the beneficial owners have not instructed the broker on how to vote on such proposals.

Broker non-votes are considered "present," and as a result, will have the same effect as a vote against the merger proposal and each proposal for which the affirmative vote of a majority of shares represented at the special meeting is required.

If you return a valid proxy or attend the meeting in person, New Windsor will count your shares for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes, if any, also will be counted for purposes of determining the existence of a quorum.

Abstentions are considered to be present and, as a result, will have the same effect as a vote against the merger proposal and each proposal for which the affirmative vote of a majority of shares represented at the special meeting is required.

Revocation of Proxies

Any New Windsor stockholder may revoke a proxy at any time before or at the New Windsor special meeting in one or more of the following ways:

1. Delivering a written notice of revocation bearing a later date than the proxy at any time prior to the vote at the special meeting of stockholders to the Corporate Secretary of New Windsor;
2. Submitting a later-dated proxy prior to the vote at the special meeting of stockholders; or
3. Attending the special meeting of stockholders and voting in person after giving written notice to the Corporate Secretary of New Windsor.

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A New Windsor shareholder should send any written notice of revocation or subsequent proxy to:

New Windsor Bancorp, Inc.
Attention: Corporate Secretary
222 E. Baltimore Street
Taneytown, MD 21787

You also may hand deliver the notice of revocation or subsequent proxy to the Corporate Secretary before the taking of the vote at the special meeting of stockholders. Attendance at the special meeting of stockholders will not by itself constitute a revocation or proxy. If your shares are held in "street name," you will need to follow the voting instructions from your broker or nominee in order to change your vote. If your shares are held in "street name," you also will need a signed proxy from your broker or nominee in order to attend the special meeting and vote in person.

Appraisal Rights

Any New Windsor stockholder who objects to the merger and follows the specific procedures set forth in Title 3, Subtitle 2 of the MGCL will be entitled to receive payment in cash of the fair value of their shares of New Windsor common stock. If you want to demand payment of the fair value of your common stock, you must fully comply with the procedures set out in the MGCL. The statutorily determined "fair value" cannot be predicted and could be more or less than the value of the merger consideration. Failure to take any of the steps required under MGCL a timely basis may result in the loss of appraisal rights. A copy of Title 3, Subtitle 2 of the MGCL included as **Annex C** to this proxy statement/prospectus. See "Proposal 1 The Merger Appraisal Rights."

Solicitation of Proxies

New Windsor will bear the cost of the solicitation of proxies from its stockholders, but ACNB and New Windsor will equally share the cost of printing and mailing this proxy statement/prospectus. In addition to solicitation by mail, the directors, officers, and employees of New Windsor and their subsidiaries may solicit proxies from New Windsor stockholders by telephone, electronically, or in person without compensation other than reimbursement for their actual expenses. New Windsor also will make arrangements with brokerage houses and other custodians, nominees, and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons. New Windsor will reimburse those custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses in connection with forwarding solicitation materials.

To assist in the solicitation of proxies in connection with the special meeting, New Windsor has engaged Alliance Advisors, LLC ("Alliance"), a proxy solicitation firm, to assist in the solicitation of votes. New Windsor will pay Alliance a base fee of $6,500, plus per-call fees and reimbursement of its out-of-pocket expenses, for its services. Alliance may contact New Windsor stockholders personally or by telephone, facsimile or other means of communication. The cost of any proxy solicitation firm which may be hired will be paid by New Windsor.

PROPOSAL 1:
THE MERGER

The following information describes the material terms and provisions of the merger. This description is not complete. ACNB and New Windsor qualify this discussion in its entirety by reference to the reorganization agreement which is incorporated by reference in this proxy statement/prospectus. A copy of the reorganization agreement is attached to this document as **Annex A** to provide information regarding the terms of the proposed merger. Except for its status as the contractual document between the parties with respect to the merger described in the reorganization agreement, it is not intended to provide factual information about the parties. The representations and warranties contained in the reorganization agreement were made only for purposes of the reorganization agreement and as of specific dates, were solely for the benefit of the parties to the reorganization agreement, and may be subject to limitations agreed to by the contracting parties, including being qualified by disclosures between the parties. These representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the agreement instead of establishing these matters as facts and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Accordingly, they should not be relied on by investors as statements of factual information. ACNB and New Windsor urge you to read the full text of the reorganization agreement carefully.

General

On November 22, 2016, ACNB and New Windsor jointly announced the execution of the reorganization agreement. Pursuant to the reorganization agreement, New Windsor will merge with and into a subsidiary of ACNB. After the merger, New Windsor State Bank will merge with and into ACNB Bank. The mergers are expected to be completed late in the second or early third quarter of 2017.

In the merger, New Windsor stockholders will receive either 1.10 shares of ACNB common stock or $30.00 in cash for each share of New Windsor common stock they hold on the effective time of the merger.

ACNB will not issue fractional shares of common stock to New Windsor stockholders pursuant to this merger; consequently, New Windsor stockholders who receive ACNB common stock in the merger will receive cash in lieu of any fractional shares they would have otherwise received according to the terms of the reorganization agreement.

The approval and adoption of the reorganization agreement requires the affirmative vote, in person or by proxy, of at least two-thirds of the outstanding shares entitled to vote at the New Windsor special meeting of stockholders.

Background of the Merger

As part of its ongoing consideration and evaluation of New Windsor's long-term prospects and strategy, the board of directors and senior management of New Windsor periodically reviewed and assessed strategic opportunities and challenges facing New Windsor and New Windsor State Bank. In February 2016, the board of directors and senior management held a retreat at which it received a presentation from a bank consultant, and engaged in a wide ranging discussion, on economic and regulatory trends affecting community banking, and mergers and acquisitions within the community banking industry. A representative of BuckleySandler LLP ("BuckleySandler"), New Windsor's legal counsel, also participated in the discussion and provided a review of the fiduciary duty of the board of directors in considering potential merger transactions. The board of directors discussed the advantages and disadvantages of various alternative strategies, including maintaining its course as an independent bank and seeking meaningful organic growth and increased profitability, including through increased hiring, expanded product offerings and increased efficiencies; a sale of the company; and the possibility for a merger of equals with one or more other community banking companies, to enable the combined company to reach a size, at least $1 billion, where it could increase operating efficiencies, achieve higher revenues, attract additional highly qualified personnel, and attract additional interest in the combined company's common stock, facilitating trading liquidity and capital raising.

New Windsor's board of directors discussed the prospects for specific merger of equals opportunities with other Maryland community banks in nearby markets, regarding which Tom N. Rasmussen, President and Chief Executive Officer of New Windsor and New Windsor State Bank, and D. Arthur Seibel, Jr., the Chairman of the board of directors of New Windsor and New Windsor State Bank, had engaged in informal discussions over the prior year. They also considered the potential for transactions with larger banking companies, including ACNB, which had made formal or informal overtures indicating interest in possibly acquiring New Windsor. Following the presentation and extensive discussions at the retreat, the board of directors directed Messrs. Rasmussen and Seibel to proactively engage in discussions with the other Maryland community banks with respect to a merger of equals among them, which the board of directors believed was in the best interests of New Windsor, its stockholders and the employee and community constituencies they served. Ultimately, these discussions were not able to obtain momentum, or overcome the many social and valuation obstacles to a merger of equals.

The board of directors of ACNB has periodically reviewed and discussed ACNB's business, strategic direction, performance and prospects in context of developments in the banking industry and competitive landscape. Among other things, these discussions have included review of possible strategic directions available to ACNB, including from time to time, possible acquisitions or business combinations involving other financial institutions.

During 2014 and 2015, ACNB had expressed an interest in a transaction with New Windsor, including a March 13, 2014 confidential non-binding indication of interest proposing a merger of New Windsor into ACNB for consideration equal to 105% of book value, or approximately $23.00 per share in a transaction to be structured as a combination of stock and cash. During those years Mr. Rasmussen had occasional meetings with Thomas A. Ritter, President and Chief Executive Officer of ACNB, to discuss in broad outlines the possibility of a transaction, but the New Windsor board of directors did not believe, at that time, that a sale of the company was in the best interests of the New Windsor or its stockholders.

On May 12, 2016, Messrs. Rasmussen and Seibel met with Mr. Ritter. The meeting was primarily social, in order to allow the parties to get to know one another, and the details of a possible transaction were not discussed.

On May 20, 2016, New Windsor contacted Sandler O'Neill & Partners, L. P. ("Sandler O'Neill"), a nationally recognized investment banking firm whose principal business specialty is financial institutions, with which New Windsor had previously consulted, in order to assist New Windsor in connection with any potential merger or sale activity. Sandler O'Neill was subsequently engaged to act as New Windsor's financial advisor.

In early June 2016, Mr. Rasmussen contacted Mr. Ritter regarding arranging a meeting to discuss a potential combination of the two companies. The parties agreed to meet on June 20, 2016.

On June 14, 2016, at a meeting of ACNB's Strategic Planning Committee, the committee discussed the upcoming meeting with New Windsor scheduled for June 20. The discussion included review of fundamental issues regarding a potential transaction with New Windsor including the cultures of the two companies, board representation and management integration, and the organizational and governance structure issues of a transaction between the two companies.

On June 15, 2016, Mr. Ritter, James P. Helt, President of ACNB Bank, Lynda L. Glass, Executive Vice President/Secretary & Chief Governance Officer of ACNB, David W. Cathell, Executive Vice President/Treasurer & Chief Financial Officer of ACNB, and Mr. Seibel attended the Bybel Rutledge LLP 2016 M&A and Capital Raising Seminar at Hershey Country Club, Hershey, Pennsylvania. In the afternoon, Messrs. Ritter, Cathell and Seibel played golf together.

On June 20, 2016, Messrs. Rasmussen and Seibel met with Messrs. Ritter and Helt. The meeting was largely social, although the cultures, footprints and clients of each institution were discussed, as well as issues facing the banking industry in general. Also discussed at this meeting was ACNB's desire to expand into Maryland, and to capitalize on a merger with New Windsor as a platform with which to engage in further expansion into Maryland, the potential synergies of combining ACNB and New

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Windsor, and the financial attractiveness of a transaction between ACNB and New Windsor. Following this meeting, social issues relating to a potential transaction were also discussed.

On June 21, 2016, at the regularly scheduled board meeting of New Windsor, Messrs. Seibel and Rasmussen discussed their meeting with representatives of ACNB, and the board of directors authorized New Windsor to engage in preliminary diligence and investigations into a potential transaction with ACNB.

That same day, Messrs. Ritter and Helt reported on the discussions at the meeting on previous day with New Windsor to the board of directors of ACNB at its regular meeting. Following the meeting, Mr. Ritter contacted ACNB's special counsel, Bybel Rutledge LLP ("Bybel Rutledge"), to provide legal representation in this matter.

On July 6, 2016, Frank Elsner, III, Chairman of the board of ACNB had an informal lunch with Mr. Seibel for general discussions.

On July 19, 2016, at a regular meeting of ACNB's board of directors, Mr. Ritter and Nicholas Bybel, Jr. of Bybel Rutledge discussed with the board of directors issues to be considered in connection with a transaction such as the proposed combination with New Windsor. The board of directors reviewed certain historical financial information and recent mergers and acquisitions data regarding financial institutions, as well as selective publically-available financial information regarding New Windsor and an analysis of a potential transaction and its effect on ACNB. Following review and discussion of the presentation materials, the board of directors authorized management to submit a confidential non-binding indication of interest to acquire New Windsor. In addition, Bybel Rutledge reviewed the board's and management's fiduciary duties.

On July 21, 2016, Messrs. Ritter and Helt met with Messrs. Rasmussen and Seibel and delivered a confidential non-binding indication of interest dated July 19, 2016, to acquire all of the issued and outstanding shares of New Windsor for approximately $25.00 per share or $25.1 million in the aggregate. Shares of New Windsor common stock would be exchanged for shares of ACNB common stock at a fixed exchange ratio of 0.998. The proposal indicated that 80% of the consideration would be paid in ACNB common stock and 20% in cash.

Following the meeting, Messrs. Rasmussen and Seibel, along with Thomas J. Paholsky, Senior Vice President and Chief Financial Officer of New Windsor and New Windsor State Bank, discussed this indication with representatives of Sandler O'Neill and BuckleySandler. Following these consultations, Messrs. Rasmussen and Seibel advised ACNB that they would present the indication of interest at the next meeting of the Board of Directors, although they did not believe that the consideration offered was sufficient to obtain board approval.

On July 28, 2016, Mr. Ritter received a telephone call from Mr. Rasmussen regarding the confidential non-binding indication of interest dated July 19, 2016. Among other things, Mr. Rasmussen indicated that New Windsor did not consider the pricing sufficient and insisted that New Windsor's core processing system could be retained.

On August 9, 2016, ACNB's Strategic Planning Committee held a meeting which Mr. Bybel of Bybel Rutledge attended. Mr. Ritter reported on the July 28 telephone call from Mr. Rasmussen and New Windsor's response to the indication of interest. Following discussion, the committee directed Messrs. Ritter and Helt to contact Mr. Rasmussen in order to determine New Windsor's desired objectives for a potential transaction. In addition, the committee reaffirmed that New Windsor's core processing system would not ultimately be retained in a potential transaction.

On August 16, 2016, at its regularly scheduled meeting, New Windsor's board of directors met with representatives of Sandler O'Neill and BuckleySandler to discuss ACNB's indication of interest. The board discussed with Sandler O'Neill the market for bank merger and acquisition activity, as well as the

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financial aspects of ACNB's proposal, and the financial aspects of New Windsor maintaining its status as an independent entity. The discussion with Sandler O'Neill included possible transactions with certain other potential acquirors, including those which had previously indicated an interest in considering a transaction with New Windsor. Sandler O'Neill reviewed with the board of directors the amount of consideration that each potential merger partner could have the financial capacity to offer, and the potential impact of a transaction on stockholder liquidity and dividends. The board of directors also discussed the potential impact of alternative transactions on the employees and customers of New Windsor.

During the course of the meeting, New Windsor's board of directors considered that while New Windsor had made significant strides in asset quality and earnings over the past several years, it was finding that significant organic growth, hiring of quality personnel to permit that growth, and increased operating efficiencies were turning out to be more difficult to achieve as a result of limitations on the size and economic growth of New Windsor's primary market areas, salary structures in adjoining markets, increased regulatory burdens, difficulties in raising the additional capital needed to support growth, and high levels of competition for customer and personnel from other community banking organizations and regional and nationwide banks operating in New Windsor's markets and adjoining markets. As such, the board of directors considered that continued independence would not be in the best long-term interests of New Windsor and its stockholders.

The board of directors considered that a transaction with ACNB could be highly attractive based upon: ACNB's performance; its attractive dividend; the greater trading liquidity of ACNB's stock and its inclusion in the Russell 3000; the similar corporate cultures and markets of the two companies; the contiguous nature of ACNB's and New Windsor's market areas; the expectation that ACNB would utilize an acquisition of New Windsor as a platform for continued expansion in Maryland and the potential impact that Maryland expansion could have on the value of ACNB's stock; ACNB's willingness to continue use of the New Windsor name; and the relatively lower adverse impact on employees and the communities New Windsor serves as compared to the impact that could be expected in a transaction with another party, although it also believed that the consideration proposed by ACNB in its July 19, 2016 letter was inadequate. However, based upon the foregoing factors, and the board's consideration as to the capacity of ACNB to pay an increased level of consideration; the levels of consideration which other likely potential interested acquirors had the financial capacity to offer; the expected impacts on the customers, employees and communities served by New Windsor; and the anticipated impact a combination with the other potential acquirors could have on the value of a transaction to New Windsor's stockholders, the board of directors believed that it was in the best interests of New Windsor, its stockholders, and the other constituencies served by New Windsor that New Windsor continue to pursue a transaction only with ACNB, to see if an adequate proposal could be obtained. As such, the board of directors directed Mr. Rasmussen to decline the proposal, while continuing discussions with ACNB to seek to obtain a higher proposal.

Also, on August 16, 2016, at a regular meeting of the ACNB board of directors, the board discussed the status of conversations regarding a potential acquisition of New Windsor and New Windsor's desire to remain independent.

During the next several weeks Messrs. Rasmussen and Seibel consulted frequently with representatives of ACNB, and ACNB conducted further due diligence and refined its financial analyses of a potential transaction with New Windsor. Messrs. Rasmussen and Seibel advised ACNB that the board of directors was not prepared to go forward with a proposed transaction unless the transaction promised to provide consideration equal to at $30.00 per share, or more, at signing.

On September 13, 2016, ACNB's Strategic Planning Committee met to review the status of negotiations with New Windsor. Also present at the meeting were representatives of Bybel Rutledge. At the meeting, the committee discussed negotiations with New Windsor to date. Mr. Bybel discussed with the committee certain cultural and organizational aspects of the proposed transaction and the impact to ACNB of a "fixed" exchange ratio. Commonwealth Advisors, Inc. ("Commonwealth Advisors") provided a financial analysis based upon certain transaction cost savings and certain analyses for the potential financial impacts for the combined institution including earnings per share, capital ratios, and book value pursuant to a combination of stock and cash consideration. The committee discussion included efficiency ratio impacts, viability of other and/or future acquisition opportunities, significance of combined cost savings, and future dividends to shareholders. In addition, the committee discussed the core benefits of the proposed transaction including enhanced scale for rising infrastructure costs, increased income potential, and positive loan growth. The committee agreed that a revised confidential non-binding indication of interest be submitted to the board of directors and considered at the special meeting of the board of directors.

Immediately following the conclusion of the Strategic Planning Committee meeting, ACNB held a special meeting of the board of directors to discuss and act on the submission of a revised confidential non-binding indication of interest to acquire New Windsor. Messrs. Elsner and Ritter presented a chronology of events and the status of negotiations regarding the potential acquisition of New Windsor since the last board meeting and management's recommendations. Commonwealth Advisors presented an overview of the financial aspects of the proposed transaction, and Bybel Rutledge reviewed a revised confidential non-binding indication of interest with the board. In addition, Bybel Rutledge reviewed the board's and management's fiduciary duties. Following discussion of the revised indication of interest, the board authorized management to submit the revised indication of interest to acquire New Windsor.

Following the meeting, ACNB submitted a revised confidential non-binding indication of interest dated September 13, 2016, to acquire all of the issued and outstanding shares of New Windsor offering a fixed exchange ratio of 1.10 shares of ACNB common stock for each share of New Windsor common stock, or a transaction value as of the date of the letter of approximately $29.78 per share, or $29.9 million in the aggregate. The proposal indicated that 85% of the consideration would be paid in ACNB common stock and 15% in cash.

New Windsor's board of directors met to discuss the revised proposal at its regularly scheduled meeting on September 20, 2016. Also present at the meeting were representatives of Sandler O'Neill and BuckleySandler. Sandler O'Neill reviewed financial aspects of the proposal, and the alternative merger transactions which might be available to New Windsor. A representative of BuckleySandler provided a review of the fiduciary duty of the directors. Following an extensive discussion of the proposal and merits and demerits of seeking additional proposals from other parties, the board of directors directed Messrs. Rasmussen and Seibel to respond to ACNB's proposal, and to seek a minimum signing date value of $31.00, and to address certain other clarifications and additions to the indication of interest regarding certain social and employee related issues.

Also, on September 20, 2016, at a regular meeting of the board of directors of ACNB, management reviewed with the board the status of discussions with New Windsor.

Over the next several weeks, ACNB, New Windsor, their respective legal counsel and Sandler O'Neill continued to negotiate the terms of the indication of interest and proposed transaction.

On October 6, 2016, ACNB's board of directors held a special meeting to discuss the potential acquisition of New Windsor. At the meeting, Messrs. Elsner and Ritter updated the board regarding the chronology of events and status of negotiations with New Windsor since the last board meeting. Representatives of Commonwealth Advisors presented an overview of the updated financial aspects of the proposed acquisition of New Windsor. The board discussed certain aspects of the potential acquisition of New Windsor including, but not limited to, assumptions in the financial analysis, necessary cost savings, due diligence requirements and priorities, core processing early termination and deconversion fees, initial transaction costs, stock price concerns and retention of certain key officers. Following discussion, the board authorized management to submit a revised indication of interest to

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New Windsor and negotiate a definitive agreement subject to due diligence and final approval of the definitive agreement by the board. Bybel Rutledge reviewed the terms of a proposed revised indication of interest with the board.

Based on the discussions at the October 6 special board meeting, ACNB submitted a revised confidential non-binding indication of interest dated October 7, 2016, which provided for consideration of at least $30.00 per share of New Windsor common stock, with a minimum exchange ratio of 1.10 shares of ACNB common stock for each share of New Windsor common stock, and a maximum exchange ratio, subject to the achievement of certain financial conditions, of 1.15 shares of ACNB common stock for each share of New Windsor common stock.

At a special meeting of the New Windsor board of directors on October 11, the board of directors discussed a revised indication of interest dated October 7, 2016. Following extensive discussion of the exchange ratio, including consultation with Sandler O'Neill, and discussion of certain social and employee related aspects of the transaction, the board of directors directed Messrs. Rasmussen and Seibel and counsel to make additional revisions to the indication of interest, and authorized Mr. Rasmussen to execute the indication of interest as revised. Following additional discussions with ACNB and its counsel, an executed indication of interest was delivered on October 13, 2016.

On October 14, 2016, ACNB commenced formal due diligence on New Windsor through the launch of a virtual data room.

On October 18, 2016, ACNB's board of directors held a regular meeting. At the meeting, Mr. Ritter provided the board with copies of the signed confidential non-binding indication of interest dated October 13, 2016, and updated the board on discussions with New Windsor since the last board meeting.

On October 20, 2016, Bybel Rutledge sent the initial draft of the reorganization agreement and certain ancillary documents to BuckleySandler, counsel for New Windsor.

Following review of the initial drafts of the reorganization agreement and receipt of the initial comments and markup of the draft agreement from counsel, Messrs. Rasmussen, Seibel and Paholsky engaged in discussions with representatives of BuckleySandler and Sandler O'Neill to discuss the proposed response to the draft agreement. After discussing the amount and structure of the offer, which were consistent with the prior discussions with ACNB, the participants focused on the provisions regarding the appointment of New Windsor representatives to ACNB's board of directors, certain restrictions on the operations of New Windsor and New Windsor State Bank pending closing, provisions relating to employee and severed employee compensation, and certain termination provisions and termination payments as the areas of primary concern.

Over the next several weeks, Messrs. Rasmussen and Seibel, BuckleySandler and Sandler O'Neill conferred frequently as they reviewed and discussed revisions to the draft reorganization agreement and ancillary agreements. Comments were communicated to ACNB and Bybel Rutledge, and the terms of the agreements negotiated.

On November 2, 2016, ACNB management conducted due diligence on New Windsor which included management interviews of the senior officers of New Windsor.

On November 8, 2016, the Executive Committee of the ACNB and ACNB Bank boards of directors held a meeting, which was attended by ACNB's executive officers and ACNB Bank executive staff members. Mr. Ritter provided the committee with an update regarding the negotiations with New Windsor including the key issues of senior management retention, necessary cost savings, and the significant early termination fees associated with the core processing system.

On November 11, 2016, Messrs. Elsner and Seibel met for lunch to discuss potential New Windsor directors to be nominated to the ACNB board of directors in connection the merger.

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From November 11 through November 21, 2016, Bybel Rutledge and BuckleySandler LLP exchanged comments and revised drafts of the reorganization agreement and the exhibits and ancillary documents including the bank plan of merger, employment agreements, change of control and noncompetition agreements, and affiliate agreements.

On November 15, 2016, a special meeting of the New Windsor board of directors was held, at which the board of directors discussed the proposed transaction with New Windsor's management and financial and legal advisors. At the meeting, (i) Sandler O'Neill and BuckleySandler reviewed the process effected to date, the status of the negotiations and changes to the definitive reorganization agreement since the initial draft and to the ancillary agreements; (ii) BuckleySandler provided a review of the fiduciary duties of the directors; (iii) the board of directors discussed with BuckleySandler and the executive officers who participated in the reverse due diligence on ACNB, information about ACNB and its activities learned during the reverse due diligence examination. Following this discussion, the board of directors provided Messrs. Rasmussen and Seibel and counsel with directions to seek further changes to certain provisions of the agreement, if possible.

Also, on November 15, 2016, the boards of directors of ACNB and ACNB Bank held a joint regular meeting, which was attended by ACNB's and ACNB Bank's executive officers, Bybel Rutledge and Commonwealth Advisors to review the current status of the draft reorganization agreement and the schedules, exhibits and annexes thereto, as well as their duties under the law. The boards heard reports from ACNB's management regarding the proposed transaction including a report on the due diligence review of New Windsor by the executive officers of ACNB, and Commonwealth Advisors reported with respect to certain financial analyses which included a transaction and pro forma transaction overview, material transaction terms, transaction rationale, pro forma market share, pro forma deposit mix, pro forma loan portfolio mix, pro forma net interest margin, expected financial impact, pro forma capital ratios, and a comparable transactions analysis. Bybel Rutledge reviewed the terms of the reorganization agreement and the ancillary agreement with the boards of directors. Bybel Rutledge also reviewed fiduciary duties with the boards of directors.

Over the next several days, Messrs. Rasmussen and Seibel, BuckleySandler and Sandler O'Neill conferred frequently as they reviewed, analyzed, and discussed revisions to the draft reorganization agreement and ancillary agreements, including the employment agreement to be entered into by Mr. Rasmussen, and the waiver and change in control agreements to be entered into by Ms. Monthley and a senior lender. Comments were communicated to ACNB and counsel for ACNB, and the terms of the agreements negotiated.

On November 17, 2016, New Windsor and its advisors conducted on-site due diligence at the executive offices of ACNB.

On November 18, 2016, the New Windsor board of directors again met in a special meeting to discuss the status of the transaction. At the meeting, Sandler O'Neill and BuckleySandler reviewed the status of the negotiations and changes to the definitive reorganization agreement and ancillary agreements since the prior draft. The board of directors discussed with BuckleySandler and the executive officers who participated in the on-site reverse due diligence, information about ACNB and its activities learned during the examination. Sandler O'Neill provided an update on the financial terms of the proposed merger, including a comparison of the terms of the merger with other announced merger transactions, a discussion of the potential financial capacity of other companies to effect an acquisition of New Windsor; and a comparison of the price performance of ACNB's common stock with comparable companies, and informed the board of directors that it believed that assuming no material changes in the relevant circumstances, Sandler O'Neill would be in a position to provide a favorable opinion regarding the fairness, from a financial point of view, of the consideration to be received by New Windsor's stockholders. After a lengthy discussion of the terms of the definitive reorganization agreement and related documents, including discussion and consideration of questions posed to New Windsor's financial and legal advisors, the meeting was adjourned.

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On November 21, 2016, the New Windsor board of directors convened a special meeting to consider the approval of the reorganization agreement. After a brief discussion, and delivery by Sandler O'Neill of its oral opinion to New Windsor's board of directors, which was subsequently confirmed in writing on November 21, 2016, to the effect that, as of such date, the merger consideration provided for in the reorganization agreement was fair to the holders of New Windsor common stock from a financial point of view, the board of directors unanimously approved the proposed merger and the definitive reorganization agreement in its final form, and authorized Mr. Rasmussen to execute and deliver the definitive reorganization agreement on behalf of New Windsor and the subsidiary bank merger agreement on behalf of New Windsor State Bank.

On November 21, 2016, the boards of directors of ACNB and ACNB Bank held a joint special meeting at which time Commonwealth Advisors reviewed updated presentation materials, Bybel Rutledge discussed revisions to the reorganization agreement and ancillary documents, and Commonwealth Advisors delivered its fairness opinion. Following the presentations, the boards of directors discussed, considered, approved and adopted the terms of the transaction and the reorganization agreement and the schedules, exhibits and annexes thereto and the bank plan of merger and the exhibits and schedules thereto.

Following their respective boards of directors meetings, ACNB and New Windsor executed the reorganization agreement and the schedules, exhibits and annexes thereto.

On November 22, 2016, ACNB and New Windsor publically announced the transaction before the markets opened.

Certain Non-Public, Unaudited, Forward-Looking Information Exchanged by ACNB and New Windsor

In the course of their merger discussions, ACNB and New Windsor each provided copies of certain internal financial projections for future periods prepared by senior management to the other and to Sandler O'Neill and Commonwealth Advisors, financial advisors for New Windsor and ACNB, respectively, for them to use in preparing the analyses performed in connection with their respective fairness opinions.

ACNB, Sandler O'Neill and Commonwealth Advisors obtained from New Windsor a copy of New Windsor's internal 2016 profit plan, which included forecasted operating results for 2016. New Windsor and Sandler O'Neill obtained from ACNB a copy of ACNB's internal 2016 profit plan, which included forecasted operating results for 2016, ACNB's draft strategic plan (2016-2019), dated December 31, 2015, and capital plan, dated December 31, 2015. Further, Sandler O'Neill and Commonwealth Advisors obtained additional projections for ACNB and New Windsor prepared by the senior management of each company.

New Windsor's internal 2016 profit plan provided to ACNB, which had been prepared in 2015 and updated to reflect 2016 actual results through June 30, 2016, included projected net income for the year ending December 31, 2016 of approximately $1.588 million. Projections through the year ending December 31, 2017 was based on the strategic plan provided by management of New Windsor, which projected net income for the year ending December 31, 2017 of $1.715 million. Management guidance for the years ending December 31, 2018 through December 31, 2020 included a 6.0% growth in net income per annum, resulting in projected net income of $1.818 million, $1.927 million and $2.043 million, respectively. There was no assumed change to the current dividend rate.

ACNB's internal 2016 profit plan provided to New Windsor, which had been prepared in 2015 and updated to reflect 2016 actual results through June 30, 2016, included projected net income for the year ending December 31, 2016 of approximately $10.6 million. ACNB management provided guidance for the years ending December 31, 2016 through December 31, 2020 that was used to derive net income for the projected years. Those assumptions provided by management of ACNB to Sandler O'Neill was balance sheet growth of 6.0% per annum; loan growth of 5.0% per annum; NIM of 3.36%

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for the year ending December 31, 2016, 3.26% for the year ending December 31, 2017 and 3.23% for the year ending December 31, 2018; noninterest expense growth of 3.5% per year; noninterest growth of 2.5% per year; and estimate net charge-offs equal to 5 bps on average loans per year. Using these assumptions resulted in net income for the years ending December 31, 2017 through December 31, 2020 of $11.952 million, $12.782 million and $13.729 million, respectively. There was no assumed change to the current dividend rate.

The foregoing projections are provided for the sole purpose of describing certain projections exchanged between the parties. The inclusion of the projections in this document should not be interpreted as an indication that either New Windsor or ACNB considers this information to be necessarily predictive of actual future results of operations for New Windsor, ACNB or the combined company, and this information should not be relied upon for that purpose. For factors and other matters that could cause actual results to differ, please see the sections entitled "Risk Factors" and "A Warning About Forward Looking Information" in this proxy statement/prospectus.

The referenced plans and projections involve significant assumptions regarding, among other things, interest rates, projected loan, deposit and asset growth, dividends, asset quality and allowance for loan losses, loan-to-deposit ratios and return on assets which were based on historical data, trends and interim results along with any known information that would potentially cause future results to differ from prior results. Because the projections were based on numerous variables and assumptions, including factors related to general economic and competitive conditions, which are inherently uncertain; accordingly, actual results could vary significantly from those set forth in the projections.

The senior management of both companies developed their 2016 operating budgets prior to and without regard for the proposed merger, and New Windsor and ACNB do not publicly disclose internal management projections of the type provided to Sandler O'Neill and Commonwealth Advisors, or any other earnings guidance or financial projections. As a result, such projections were not prepared with a view towards public disclosure.

Further, such projections are not intended to comply with the guidelines for financial forecasts established by the American Institute of Certified Public Accountants or any other established guidelines regarding projections or forecasts.

The reports of the independent registered public accounting firms of ACNB and New Windsor included in or incorporated by reference into this document relate solely to the historical financial information of the respective companies as referred to therein. Such reports do not extend to the above discussion of the ACNB and New Windsor projections and should not be read as doing so.

New Windsor's Reasons for the Merger

In reaching the conclusion that the reorganization agreement and merger are in the best interests of and advisable for New Windsor and its stockholders, and in approving the reorganization agreement and merger, New Windsor's board of directors considered, and reviewed with management and New Windsor's financial and legal advisors a number of factors, including the following:

- The consideration offered by ACNB, at 1.10 shares of ACNB common stock for 85% of New Windsor's common stock, valued at $33.66 as of the close of trading on November 21, 2016, and $30.00 in cash for 15% of New Windsor's common stock, equals or exceeds the prices paid in recent comparable transactions for institutions similar to New Windsor that were reviewed by the board of directors, and as of that date, the stock portion of the consideration represented a 70% premium over the market value of New Windsor's common stock as of November 15, 2016, the date of the most recent trade reported prior to the date of the reorganization agreement and the cash portion of the consideration represented a 51.5% premium over the most recent trade price.

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New Windsor stockholders will receive ACNB common stock for a portion of their shares of New Windsor common stock, enabling them to participate in any growth opportunities of the combined company.

Information concerning the business, financial condition, results of operations and prospects of New Windsor and ACNB.

The belief of the New Windsor board of directors that the relative market valuation of ACNB common stock was reasonable compared to peer companies, offering the potential for increased value in respect of the stock portion of the consideration.

The belief of the New Windsor board of directors that the consideration offered by ACNB likely equals or exceeds the value which New Windsor could reasonably expect to achieve if it maintained independent operations.

The belief of the New Windsor board of directors that the consideration offered by ACNB likely equals or exceeds the price which could be expected to be offered by other likely acquirors.

The estimated impact which a merger of New Windsor with ACNB could have on the resulting company and its valuation, as compared to the impact a merger of New Windsor could have on other companies.

The risks to stockholder value in continued independent operations, including risks relating to the inherent uncertainties about future growth, performance and economic conditions, management and board succession, the ability of New Windsor to raise additional capital, and to attract qualified personnel, and the impact and costs of increased regulatory compliance obligations.

The illiquidity and relatively low market valuation of New Windsor common stock, and the improbability of any events which would result in an increase in liquidity or market valuation in the foreseeable future.

The condition of the capital markets for community banking companies, and the ability of New Windsor to raise additional capital, other than from existing significant stockholders, on terms which are not highly dilutive.

ACNB common stock is traded on The NASDAQ Stock Market, and has substantially greater liquidity than that of New Windsor common stock.

ACNB common stock is included in the Russell 3000 index, and has potential to see increased demand for its common stock as additional institutional investors seek to invest in companies in that index.

ACNB common stock currently pays a dividend at a rate of $0.80 per year (or approximately $0.88 per share of New Windsor common stock), as compared to $0.24 on New Windsor common stock.

ACNB's earnings potential and current level of dividend payout, which provides potential for further increases in dividends.

The belief of the New Windsor board of directors that a merger with ACNB makes strategic sense for New Windsor and its customers, in light of the higher lending limits, wider array of products and services, and the increasingly competitive environment in which New Windsor operates.

The banking philosophy and community orientation of ACNB and New Windsor are very similar, and the markets of the two companies are geographically contiguous.

ACNB is a stable, profitable, well managed, community bank.

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- ACNB expects to retain substantially all customer contact employees, enabling customers to continue banking with the same people, while enjoying a wider and more diversified array of products than New Windsor State Bank offers; and ACNB has a backlog of unfilled positions which will enable them to minimize terminations of other employees.

- The agreement of ACNB to continue to use the New Windsor name in Maryland.

- Sandler O'Neill's opinion, dated November 21, 2016, to the effect that, as of such date, the consideration to be received by the holders of New Windsor common stock was fair from a financial point of view to such holders, as more fully described under "Opinion of New Windsor's Financial Advisor."

- The merger will generally allow stockholders to defer recognition of taxable gain, to the extent they receive ACNB common stock.

- The three year employment agreement between ACNB and Mr. Rasmussen, and the retention in positions of authority in New Windsor's market of Ms. Monthley and a senior lender, which will maximize the ability of ACNB to retain existing customers and employees of New Windsor.

- The interests of officers and directors that are different from, or in addition to, the interest of stockholders generally.

- The fact that Mr. Seibel is the brother of Douglas Seibel, the chief lending and revenue officer of ACNB Bank.

- The likelihood of the merger being approved by regulatory authorities without burdensome conditions or delay and in accordance with the terms proposed.

The New Windsor board of directors also considered potential risks associated with the merger in connection with its consideration of the proposed transaction, including:

- The challenges of combining the businesses of the two companies, which could affect the post-merger success of the combined company, and the ability to achieve anticipated cost savings and other potential synergies.

- The interests of certain executive officers and directors of New Windsor with respect to the merger apart from their interest as holders of New Windsor common stock, and the risk that these interests might influence their decision with respect to the merger.

- The risk that the terms of the reorganization agreement, including the provisions generally prohibiting New Windsor from soliciting, engaging in discussions or providing information with respect to alternative transactions, and those relating to the payment of a termination fee under specified circumstances, which were required by ACNB as a condition to its willingness to enter into the transaction, could have the effect of discouraging other parties that might be interested in a transaction with New Windsor from proposing such a transaction.

The above discussion of the information and factors considered by New Windsor's board of directors is not intended to be exhaustive, but indicate the material matters considered by New Windsor's board of directors. In reaching its determination to approve the reorganization agreement, New Windsor's board of directors did not quantify, rank or assign any relative or specific weight to, the foregoing factors, and individual directors may have considered various factors differently. New Windsor's board of directors did not undertake to make any specific determination as to whether any factor, or particular aspect of any factor, supported or did not support its ultimate determination. New Windsor's board of directors based its determination on the totality of the information presented.

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Recommendation of the New Windsor Board of Directors

The New Windsor board of directors has unanimously determined that the reorganization agreement and the merger is in the best interests of New Windsor and its stockholders. Accordingly, the New Windsor board of directors recommends that New Windsor stockholders vote "**FOR**" approval and adoption of the reorganization agreement and the merger and "**FOR**" approval of the proposal to adjourn or postpone the special meeting, if necessary, to allow the solicitation of additional votes in favor of the reorganization agreement.

Opinion of New Windsor's Financial Advisor

New Windsor retained Sandler O'Neill to act as financial advisor to New Windsor's board of directors in connection with New Windsor's consideration of a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to New Windsor in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the reorganization agreement. At the November 18, 2016 meeting at which New Windsor's board of directors considered and discussed the terms of the reorganization agreement and the merger, Sandler O'Neill informed the board of directors that it believed that assuming no material changes in the relevant circumstances, Sandler O'Neill would be in a position to provide a favorable opinion regarding the fairness, from a financial point of view, of the consideration to be received by New Windsor's stockholders. On November 21, 2016, Sandler O'Neill delivered its oral opinion to New Windsor's board of directors, which was substantially confirmed in writing on November 21, 2016, to the effect that, as of such date, the merger consideration provided for in the reorganization agreement was fair to the holders of New Windsor common stock from a financial point of view**. The full text of Sandler O'Neill'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 O'Neill 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 New Windsor common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to New Windsor's board of directors in connection with its consideration of the reorganization agreement and the merger and is directed only to the fairness, from a financial point of view, of the merger consideration to the holders of New Windsor's common stock and does not address the allocation of the merger consideration between cash and ACNB Common Stock or the relative fairness of the per share stock consideration and the per share cash consideration. Sandler O'Neill's opinion does not constitute a recommendation to any shareholder of New Windsor as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the reorganization agreement and the merger or what election to make regarding the per share stock consideration, the per share cash consideration or any combination thereof. Sandler O'Neill's opinion does not address the underlying business decision of New Windsor to engage in the merger, the form or structure of the merger or any other transactions contemplated in the reorganization agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for New Windsor or the effect of any other transaction in which New Windsor might engage. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any of New Windsor's or ACNB's officers, directors or employees, or any class of such persons, if any, relative to the compensation to be received

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in the merger by any other shareholder, including the merger consideration to be received by the holders of New Windsor common stock. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.

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

- an execution copy of the reorganization agreement;
- certain financial statements and other historical financial information of New Windsor and New Windsor State Bank that Sandler O'Neill deemed relevant;
- certain publicly available financial statements and other historical financial information of ACNB and ACNB Bank that Sandler O'Neill deemed relevant;
- certain internal financial projections for New Windsor as provided by the senior management of New Windsor;
- certain internal financial projections for ACNB as provided by the senior management of ACNB;
- the pro forma financial impact of the merger on ACNB based on certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as provided by the senior management of ACNB;
- the publicly reported historical price and trading activity for New Windsor common stock and ACNB common stock, including a comparison of certain stock market information for New Windsor common stock and ACNB 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 New Windsor and ACNB 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 the banking environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neill also discussed with certain members of the senior management of New Windsor the business, financial condition, results of operations and prospects of New Windsor and held similar discussions with certain members of the senior management of ACNB regarding the business, financial condition, results of operations and prospects of ACNB.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by Sandler O'Neill from public sources, that was provided to Sandler O'Neill by New Windsor or ACNB, or their respective representatives, or that was otherwise reviewed by Sandler O'Neill, and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O'Neill relied on the assurances of the respective managements of New Windsor and ACNB that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. Sandler O'Neill was not asked to and did not undertake an independent verification of any of such information, and

Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or

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the liabilities (contingent or otherwise) of New Windsor or ACNB or any of their respective subsidiaries, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of New Windsor or ACNB or any of their respective subsidiaries. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of New Windsor or ACNB, or of the combined entity after the merger, and Sandler O'Neill did not review any individual credit files relating to New Windsor or ACNB. Sandler O'Neill assumed, with New Windsor's consent, that the respective allowances for loan losses for both New Windsor and ACNB are adequate to cover losses inherent in the respective loan portfolios and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O'Neill used certain internal financial projections for New Windsor as provided by the senior management of New Windsor, as well as certain internal financial projections for ACNB as provided by the senior management of ACNB. Sandler O'Neill also received and used in its pro forma analyses certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as provided by the senior management of ACNB. With respect to the foregoing information, the respective senior managements of New Windsor and ACNB confirmed to Sandler O'Neill that such information reflected the best currently available estimates and judgments of those respective senior managements as to the future financial performance of New Windsor and ACNB, respectively, and the other matters covered thereby, and Sandler O'Neill assumed that the future financial performance reflected in such information would be achieved. Sandler O'Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O'Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of New Windsor or ACNB since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that New Windsor and ACNB would remain as going concerns for all periods relevant to its analyses.

Sandler O'Neill also assumed, with New Windsor's consent, that (i) each of the parties to the reorganization agreement would comply in all material respects with all material terms and conditions of the reorganization 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 each of 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 New Windsor, ACNB or the merger or any related transaction; (iii) the merger and any related transactions would be consummated in accordance with the terms of the reorganization 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; and (iv) the merger would qualify as a tax-free reorganization for federal income tax purposes. Finally, with New Windsor's consent, Sandler O'Neill relied upon the advice that New Windsor 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 reorganization agreement. Sandler O'Neill expressed no opinion as to any such matters.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its opinion. Events occurring after the date of the opinion could materially affect Sandler O'Neill's opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O'Neill expressed no opinion as to the trading values of New Windsor common stock or ACNB common stock at any time

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or what the value of ACNB common stock would be once shares of ACNB common stock are actually received by the holders of New Windsor common stock.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The summary below is not a complete description of the analyses underlying Sandler O'Neill's opinion or the presentation made by Sandler O'Neill to New Windsor's board of directors, but is a summary of all material analyses performed and presented by Sandler O'Neill. 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 O'Neill 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 O'Neill's comparative analyses described below is identical to New Windsor or ACNB 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 New Windsor and ACNB and the companies to which they are being compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill 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 O'Neill 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 O'Neill 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 New Windsor, ACNB and Sandler O'Neill. The analyses performed by Sandler O'Neill 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 O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to New Windsor's board of directors at its November 18, 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 O'Neill's analyses do not necessarily reflect the value of New Windsor common stock or the prices at which New Windsor common stock or ACNB common stock may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by New Windsor's board of directors in making its determination to approve the reorganization agreement, and the analyses described below should not be viewed as determinative of the decision of New Windsor's board of directors or management with respect to the fairness of the merger.

Summary of Proposed Merger Consideration and Implied Transaction Metrics. Sandler O'Neill reviewed the financial terms of the proposed merger. Sandler O'Neill calculated an implied transaction price per share of $32.64, or an aggregate implied transaction value of approximately $32.8 million, consisting of (i) the implied value of the per share stock consideration of 1.10 shares of ACNB common stock based on the closing price of ACNB common stock on November 18, 2016 multiplied by 85% and (ii) the per share cash consideration of $30.00 multiplied by 15%. Based upon financial

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information for New Windsor as of or for the last twelve months ("LTM") ended September 30, 2016, Sandler O'Neill calculated the following implied transaction metrics:

Implied Transaction Price Per Share / LTM Earnings Per Share:	20.5x
Implied Transaction Price Per Share / Book Value Per Share:	143.3%
Implied Transaction Price Per Share / Tangible Book Value Per Share:	143.3%
Core Deposit Premium(1):	4.5%
Market Premium as of November 18, 2016:	64.9%

(1) Tangible book premium to core deposits calculated as deal value less tangible common equity, as a percentage of core deposits (defined as total deposits less time deposits with balances over $100,000).

Stock Trading History. Sandler O'Neill reviewed the historical share price performance of New Windsor common shares and ACNB common shares for both the year-to-date and three-year period ended November 18, 2016. Sandler O'Neill then compared the relationship between the share price performance of New Windsor's common shares and ACNB's common shares, respectively, to share price movements in their respective peer groups (as described below) as well as certain share indices.

New Windsor Year-to-Date Share Price Performance

	Beginning January 1, 2016	Ending November 18, 2016
New Windsor	100%	128.57%
New Windsor Peer Group	100%	102.52%
NASDAQ Bank Index	100%	124.46%
S&P 500 Index	100%	106.75%

New Windsor Three-Year Share Price Performance

	Beginning November 18, 2013	Ending November 18, 2016
New Windsor	100%	148.50%
New Windsor Peer Group	100%	120.51%
NASDAQ Bank Index	100%	143.71%
S&P 500 Index	100%	121.79%

ACNB Year-to-Date Share Price Performance

	Beginning January 1, 2016	Ending November 18, 2016
ACNB	100%	141.31%
ACNB Peer Group	100%	113.49%
NASDAQ Bank Index	100%	124.46%
S&P 500 Index	100%	106.75%

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ACNB Three-Year Share Price Performance

	Beginning November 18, 2013	Ending November 18, 2016
ACNB	100%	162.79%
ACNB Peer Group	100%	119.57%
NASDAQ Bank Index	100%	143.71%
S&P 500 Index	100%	121.79%

Comparable Company Analyses. Sandler O'Neill used publicly available information to compare selected financial information for New Windsor with a group of financial institutions selected by Sandler O'Neill (the "New Windsor Peer Group"). The New Windsor Peer Group consisted of publicly-traded banks headquartered in Maryland, Washington D.C., and Virginia with assets between $250 million and $400 million and non-performing assets/total assets less than 4.34%, excluding announced merger targets and Delmarva Bancshares, Inc., which was excluded due to lack of liquidity. The New Windsor Peer Group consisted of the following companies:

Glen Burnie Bancorp	PSB Holding Corporation
Frederick County Bancorp, Inc.	Harford Bank
Farmers and Merchants Bancshares, Inc.	DCB Bancshares, Inc.
Southwest Virginia Bankshares, Inc.	Blue Ridge Bankshares, Inc.
Citizens Bancorp of Virginia, Inc.	Harbor Bankshares Corporation
Bank of Botetourt	

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The analysis compared financial information for New Windsor provided by New Windsor as of or for the twelve months ended September 30, 2016 with the corresponding publicly available data for the New Windsor Peer Group as of or for the twelve months ended September 30, 2016 (unless otherwise noted), with pricing data as of November 18, 2016. The table below sets forth the data for New Windsor and the median, mean, high and low data for the New Windsor Peer Group.

New Windsor Comparable Company Analysis

	New Windsor	New Windsor Peer Group Median	New Windsor Peer Group Mean	New Windsor Peer Group High	New Windsor Peer Group Low
Total assets (in millions)	$ 311	$ 353	$ 340	$ 392	$ 252
Loans/Deposits	96.1%	91.2%	85.4%	100.0%	62.7%
Non-performing assets(1)/Total assets(2)	0.79%	1.94%	1.82%	4.34%	0.17%
Tangible common equity/Tangible assets(3)	7.35%	9.52%	9.79%	13.63%	7.87%
Leverage ratio(4)	9.39%	9.79%	9.89%	13.74%	7.85%
Total risk-based capital ratio(4)	12.01%	13.13%	15.03%	26.59%	11.35%
CRE/Total risk based capital(5)	252.1%	148.7%	163.5%	446.8%	22.5%
LTM Return on average assets(3)	0.52%	0.56%	0.56%	1.21%	(0.35)%
LTM Return on average equity(3)	7.11%	6.42%	5.46%	11.40%	(3.50)%
LTM Net interest margin(3)	3.70%	3.64%	3.62%	4.13%	2.94%
LTM Efficiency ratio(3)	81.8%	73.2%	77.3%	112.2%	56.5%
Price/Tangible book value(6)	87%	94%	93%	134%	65%
Price/LTM Earnings per share(7)	12.5x	15.4x	16.4x	24.9x	9.8x
Current Dividend Yield	1.2%	2.0%	1.8%	3.9%	0.0%
LTM Dividend ratio	15.1%	27.4%	28.7%	73.2%	0.0%
Market value (in millions)	$ 20	$ 30	$ 29	$ 50	$ 2

Note: Financial data for Farmers and Merchants Bancshares, Inc., Southwest Virginia Bankshares, Inc., PSB Holding Corporation, DCB Bancshares, Inc., Blue Ridge Bankshares, Inc., and Harbor Bankshares Corporation is as of or for the twelve months ended June 30, 2016.

(1) Non-performing assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned.

(2) Bank level regulatory data used for New Windsor, Citizens Bancorp of Virginia, Inc., Blue Ridge Bankshares, Inc., and Harbor Bankshares Corporation.

(3) Bank level regulatory data used for Harbor Bankshares Corporation.

(4) Information not available for Blue Ridge Bankshares, Inc. Bank level regulatory data used for New Windsor and Harbor Bankshares Corporation.

(5) Information not available for Blue Ridge Bankshares, Inc. Bank level regulatory data used for all other institutions except Bank of Botetourt and Harford Bank.

(6) Information not available for Harbor Bankshares Corporation.

(7) Information not available for Southwest Virginia Bankshares, Inc. and Harbor Bankshares Corporation.

Sandler O'Neill used publicly available information to perform a similar analysis for ACNB and a group of financial institutions as selected by Sandler O'Neill (the "ACNB Peer Group"). The ACNB Peer Group consisted of U.S. banks and thrifts located in Pennsylvania and Maryland whose securities

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are traded on the NASDAQ, NYSE, or NYSE MKT with total assets between $1.0 billion and $1.5 billion, excluding announced merger targets. The ACNB Peer Group consisted of the following companies:

Orrstown Financial Services, Inc.	Shore Bancshares, Inc.
Penns Woods Bancorp, Inc.	AmeriServ Financial, Inc.
First United Corporation	Norwood Financial Corp.
Community Financial Corporation	Mid Penn Bancorp, Inc.
Citizens & Northern Corporation	Howard Bancorp, Inc.

The analysis compared financial information for ACNB provided by ACNB as of or for the twelve months ended September 30, 2016, with pricing data as of November 18, 2016. The analysis also reviewed market price to 2016 earnings per share and market price to 2017 earnings per share multiples of the ACNB Peer Group. The table below sets forth the data for ACNB and the median, mean, high and low data for the ACNB Peer Group.

ACNB Comparable Company Analysis

	ACNB	ACNB Peer Group Median	ACNB Peer Group Mean	ACNB Peer Group High	ACNB Peer Group Low
Total assets (in millions)	$ 1,209	$ 1,202	$ 1,205	$ 1,354	$ 1,015
Loans/Deposits	90.3%	89.1%	88.5%	104.0%	74.7%
Non-performing assets(1)/Total assets	0.88%	1.22%	1.37%	2.73%	0.17%
Tangible common equity/Tangible assets	9.46%	8.61%	9.27%	14.48%	6.31%
Leverage ratio	10.13%	9.49%	10.03%	14.17%	6.70%
Total risk-based capital ratio	16.32%	14.42%	14.94%	23.56%	10.71%
CRE/Total risk based capital(2)	150.0%	188.9%	211.8%	327.7%	75.2%
LTM Return on average assets	0.96%	0.67%	0.71%	1.27%	0.22%
LTM Return on average equity	9.52%	6.44%	6.81%	10.66%	2.41%
LTM Net interest margin	3.40%	3.52%	3.52%	3.87%	3.11%
LTM Efficiency ratio	68.4%	69.2%	70.8%	85.0%	56.9%
Price/Tangible book value	160%	121%	123%	179%	75%
Price/LTM Earnings per share	16.4x	19.0x	19.0x	26.9x	7.8x
Price/Median Analyst 2016E Earnings per share(3)	NA	18.8x	19.0x	24.3x	16.0x
Price/Median Analyst 2017E Earnings per share(3)	NA	16.0x	16.8x	19.4x	14.5x
Current Dividend Yield	2.7%	1.8%	2.1%	4.3%	0.0%
LTM Dividend ratio	43.5%	34.3%	40.6%	102.5%	0.0%
Market value (in millions)	$ 182	$ 121	$ 142	$ 294	$ 66

(1) Non-performing assets defined as nonaccrual loans and leases, renegotiated loans and leases, and real estate owned.

(2) Bank level regulatory data used for Mid Penn Bancorp, Inc. and Howard Bancorp, Inc.

(3) Based on median analyst earnings per share estimates as reported by FactSet. Information not available for ACNB, Penns Woods Bancorp, Inc., First United Corporation, AmeriServ Financial, Inc., Norwood Financial Corp., and Mid Penn Bancorp, Inc.

Selected Merger Transactions Analyses. Sandler O'Neill reviewed a nationwide group of selected merger and acquisition transactions (the "Nationwide Precedent Transactions"). The Nationwide Precedent Transactions group consisted of transactions with announced deal values announced between January 1, 2016 and November 18, 2016 involving commercial banks and thrifts where the target had

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total assets between $200 million and $400 million, excluding bankruptcy transactions. The Nationwide Precedent Transactions group was composed of the following transactions:

Buyer	**Target**
Little Bank Inc.	Union Banc Corp.
Glacier Bancorp Inc.	TFB Bancorp Inc.
Trustmark Corp.	RB Bancorp.
T Acquisition Inc.	T Bancshares Inc.
Carolina Financial Corp.	Greer Bancshares Inc.
Seacoast Banking Corp. of FL	GulfShore Bancshares Inc.
Bay Banks of Virginia Inc.	Virginia BanCorp Inc.
First Bancshares Inc.	Iberville Bank
Salem Five Bancorp	Georgetown Bancorp Inc.
HomeTrust Bancshares Inc.	TriSummit Bancorp Inc.
United Community Financial Corp.	Ohio Legacy Corp
National Commerce Corp.	Private Bancshares Inc.
Stonegate Bank	Insignia Bank
First Defiance Financial	Commercial Bancshares Inc.
Monona Bankshares Inc.	MCB Bankshares Inc.
Middlefield Banc Corp.	Liberty Bank NA
Arbor Bancorp Inc.	Birmingham Bloomfield Bancshares
United Community Bancorp Inc.	Illini Corp.
Prudential Bancorp Inc.	Polonia Bancorp, Inc.
RCB Holding Co.	Cornerstone Alliance Ltd.
First Citizens BancShares Inc.	Cordia Bancorp Inc.
Sunshine Bancorp Inc.	FBC Bancorp Inc.
Stonegate Bank	Regent Bancorp Inc.
First Interstate BancSystem	Flathead Bank of Bigfork Montana
State Bank Financial Corp.	NBG Bancorp Inc.
DNB Financial Corp.	East River Bank
Independent Bank Corp.	New England Bancorp Inc.
Norwood Financial Corp.	Delaware Bancshares Inc.
County Bank Corp	Capac Bancorp Inc.
Lakeland Bancorp	Harmony Bank
State Bank Corp	Country Bank

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics (to the extent publicly available): transaction price to last-twelve-months earnings per share, transaction price to book value per share, transaction price to tangible book value per share, core deposit premium, and, in the case of 13 transactions involving publicly-traded targets, 1-day market premium. Sandler O'Neill compared the indicated transaction multiples for the merger to the median, mean, high and low multiples of the Nationwide Precedent Transactions group (excluding, as not meaningful, the transaction price to last-twelve-months earnings per share multiples for two transactions, the transaction price to book value

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per share and transaction price to tangible book value per share multiples for another transaction and the core deposit premium of another transaction).

	ACNB/ New Windsor	Nationwide Precedent Transactions Median	Nationwide Precedent Transactions Mean	Nationwide Precedent Transactions High	Nationwide Precedent Transactions Low
Transaction price/LTM earnings per share:	20.5x	20.1x	22.5x	47.5x	0.8x
Transaction price/Book value per share:	143%	137%	137%	177%	72%
Transaction price/Tangible book value per share:	143%	138%	141%	179%	90%
Core deposit premium(1):	4.5%	6.0%	6.6%	15.1%	0.3%
1-Day market premium:	64.9%	25.2%	28.1%	79.7%	0.8%

(1) Bank level regulatory data used for two transactions.

Sandler O'Neill also reviewed a regional group of selected merger and acquisition transactions (the "Regional Precedent Transactions"). The Regional Precedent Transactions group consisted of transactions with announced deal values announced between January 1, 2015 and November 18, 2016 involving commercial banks and thrifts where the target had total assets between $100 million and $500 million and was located in Maryland, Washington D.C., or Virginia. The Regional Precedent Transactions group was composed of the following transactions:

Buyer	Target
Bay Banks of Virginia Inc.	Virginia BanCorp Inc.
First Citizens BancShares Inc.	Cordia Bancorp Inc.
Blue Ridge Bancshares Inc.	River Bancorp Inc.
Summit Financial Group Inc.	Highland County Bankshares Inc.
Bay Bancorp Inc.	Hopkins Bancorp Inc.
Southern BancShares (NC)	Heritage Bankshares Inc.
Revere Bank	BlueRidge Bank
Hamilton Bancorp Inc.	Fraternity Community Bancorp
Old Line Bancshares Inc.	Regal Bancorp Inc.
Delmarva Bancshares Inc.	Easton Bancorp Inc.
Howard Bancorp Inc.	Patapsco Bancorp Inc.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last twelve months earnings per share, transaction price to book value per share, transaction price to tangible book value per share, core deposit premium, and, in the case of six transactions involving publicly-traded targets, 1-day market premium (discount). Sandler O'Neill compared the indicated transaction multiples for the merger to the median, mean, high and low multiples of the Regional Precedent Transactions group (excluding, as not meaningful, the transaction price to last-twelve-months earnings per share multiples for five transactions, the transaction price to book value per share and transaction price to

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tangible book value per share multiples for another transaction and the core deposit premium of another transaction).

	ACNB/ New Windsor	Regional Precedent Transactions Median	Regional Precedent Transactions Mean	Regional Precedent Transactions High	Regional Precedent Transactions Low
Transaction price/LTM earnings per share:	20.5x	13.2x	17.0x	38.8x	0.8x
Transaction price/Book value per share:	143%	117%	119%	145%	98%
Transaction price/Tangible book value per share:	143%	117%	120%	145%	98%
Core deposit premium:	4.5%	2.2%	3.9%	13.5%	0.0%
1-Day market premium:	64.9%	30.5%	86.7%	464.6%	(88.7)%

Net Present Value Analyses. Sandler O'Neill performed an analysis that estimated the net present value per share of New Windsor common stock assuming New Windsor performed in accordance with internal financial projections of New Windsor as provided by the senior management of New Windsor. To approximate the terminal value of New Windsor common stock at December 31, 2020, Sandler O'Neill applied price to 2020 earnings per share multiples ranging from 9.0x to 16.5x and multiples of December 31, 2020 tangible book value per share ranging from 70% to 120%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 14.0% which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of New Windsor common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of New Windsor common shares of $11.21 to $23.16 when applying multiples of earnings per share and $12.62 to $24.51 when applying multiples of tangible book value per share.

Earnings Per Share Multiples

Discount Rate	9.0x	10.5x	12.0x	13.5x	15.0x	16.5x
10.0%	$ 12.99	$ 15.03	$ 17.06	$ 19.09	$ 21.12	$ 23.16
11.0%	12.52	14.47	16.43	18.38	20.34	22.29
12.0%	12.06	13.94	15.83	17.71	19.59	21.47
13.0%	11.63	13.44	15.25	17.06	18.88	20.69
14.0%	11.21	12.96	14.70	16.45	18.19	19.94

Tangible Book Value Per Share Multiples

Discount Rate	70%	80%	90%	100%	110%	120%
10.0%	$ 14.63	$ 16.61	$ 18.58	$ 20.56	$ 22.53	$ 24.51
11.0%	14.09	15.99	17.89	19.79	21.70	23.60
12.0%	13.58	15.41	17.24	19.07	20.90	22.73
13.0%	13.09	14.85	16.61	18.37	20.13	21.90
14.0%	12.62	14.31	16.01	17.71	19.41	21.10

Sandler O'Neill also considered and discussed with the New Windsor board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming New Windsor's net income varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for New Windsor common stock, applying the price

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to 2020 earnings per share multiples range of 9.0x to 16.5x referred to above and a discount rate of 12.63%.

Earnings Per Share Multiples

Annual Budget Variance	9.0x	10.5x	12.0x	13.5x	15.0x	16.5x
(15.0)%	$ 10.13	$ 11.69	$ 13.26	$ 14.82	$ 16.38	$ 17.94
(10.0)%	10.68	12.34	13.99	15.64	17.30	18.95
(5.0)%	11.23	12.98	14.73	16.47	18.22	19.96
0.0%	11.78	13.62	15.46	17.30	19.14	20.98
5.0%	12.34	14.27	16.20	18.13	20.06	21.99
10.0%	12.89	14.91	16.93	18.95	20.98	23.00
15.0%	13.44	15.55	17.67	19.78	21.89	24.01

Sandler O'Neill also performed an analysis that estimated the net present value per share of ACNB common stock assuming that ACNB performed in accordance with internal financial projections of ACNB as provided by the senior management of ACNB. To approximate the terminal value of ACNB common stock at December 31, 2020, Sandler O'Neill applied price to 2020 earnings per share multiples ranging from 12.0x to 20.0x and multiples of December 31, 2020 tangible book value per share ranging from 100% to 175%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of ACNB common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of ACNB common shares of $18.67 to $34.14 when applying earnings per share multiples and $16.84 to $31.98 when applying multiples of tangible book value per share.

Earnings Per Share Multiples

Discount Rate	12.0x	14.0x	16.0x	18.0x	20.0x
9.0%	$ 21.58	$ 24.72	$ 27.86	$ 31.00	$ 34.14
10.0%	20.80	23.82	26.84	29.86	32.88
11.0%	20.06	22.96	25.87	28.78	31.69
12.0%	19.35	22.15	24.95	27.74	30.54
13.0%	18.67	21.37	24.06	26.76	29.45

Tangible Book Value Per Share Multiples

Discount Rate	100%	115%	130%	145%	160%	175%
9.0%	$ 19.44	$ 21.95	$ 24.46	$ 26.96	$ 29.47	$ 31.98
10.0%	18.75	21.16	23.57	25.98	28.39	30.80
11.0%	18.08	20.40	22.72	25.04	27.36	29.68
12.0%	17.45	19.68	21.91	24.15	26.38	28.61
13.0%	16.84	18.99	21.14	23.29	25.44	27.59

Sandler O'Neill also considered and discussed with the New Windsor board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming ACNB's net income varied from 15% above estimates to 15% below estimates. This analysis resulted in the

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following range of per share values for ACNB common stock, applying the price to 2020 earnings per share multiples range of 12.0x to 20.0x referred to above and a discount rate of 12.63%.

Earnings Per Share Multiples

Annual Budget Variance	**12.0x**	**14.0x**	**16.0x**	**18.0x**	**20.0x**
(15.0)%	$ 16.46	$ 18.78	$ 21.10	$ 23.43	$ 25.75
(10.0)%	17.28	19.74	22.20	24.66	27.12
(5.0)%	18.10	20.69	23.29	25.89	28.48
0.0%	18.92	21.65	24.38	27.12	29.85
5.0%	19.74	22.61	25.48	28.35	31.21
10.0%	20.56	23.56	26.57	29.58	32.58
15.0%	21.38	24.52	27.66	30.80	33.95

Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the merger closes at the end of the second calendar quarter of 2017. In performing this analysis, Sandler O'Neill utilized the following information and assumptions: (i) certain internal financial projections for New Windsor as provided by the senior management of New Windsor; (ii) certain internal financial projections for ACNB as provided by the senior management of ACNB; and (iii) certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as provided by the senior management of ACNB. The analysis indicated that the merger could be accretive to ACNB's earnings per share (excluding one-time transaction costs and expenses) in the years ending December 31, 2017 through 2020, dilutive to ACNB's estimated tangible book value per share at closing and at December 31, 2017 and December 31, 2018, and accretive to ACNB's estimated tangible book value per share at December 31, 2019 and December 31, 2020.

In connection with this analysis, Sandler O'Neill considered and discussed with the New Windsor board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O'Neill's Relationship. Sandler O'Neill has acted as financial advisor to New Windsor in connection with the merger and will receive a fee for such services in an amount equal to 1.25% of the aggregate purchase price, which fee is currently estimated to be approximately $400,000 and is contingent upon the closing of the merger. Sandler O'Neill also received a $125,000 fee upon rendering its fairness opinion to the New Windsor Board of Directors, which opinion fee will be credited in full towards the transaction fee becoming due and payable to Sandler O'Neill on the day of closing of the merger. New Windsor has also agreed to reimburse Sandler O'Neill for its reasonable out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and disbursements of its legal counsel. New Windsor has also agreed to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees and agents against certain expenses and liabilities, including liabilities under applicable federal or state law. In connection with its engagement, Sandler O'Neill was not asked to, and did not, solicit indications of interest in a potential transaction with New Windsor from other parties.

Sandler O'Neill has not provided any investment banking services to New Windsor or ACNB in the two years preceding the date of its opinion. In the ordinary course of Sandler O'Neill's business as

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a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to New Windsor and its affiliates. Sandler O'Neill may also actively trade the equity and debt securities of New Windsor and ACNB and their respective affiliates for its own account and for the accounts of Sandler O'Neill's customers.

ACNB's Reasons for the Merger

ACNB's board of directors considered the terms of the reorganization agreement, the long-term and short-term strategic and economic benefits of the proposed merger, the short and long-term *pro forma* financial impact and the *pro forma* ownership percentages of the and potential effects on the outstanding common stock of the combined company which would be held by the present holders of ACNB and New Windsor common stock and determined that it is advisable and in the best interests of ACNB for ACNB to enter into the reorganization agreement with New Windsor.

In the course of making its decision to approve the transaction with New Windsor, ACNB's board of directors evaluated the transaction in consultation with ACNB's executive management and ACNB's financial and legal advisors. ACNB's board of directors considered, among other things, the following factors:

- ACNB's board of directors reviewed its own strategic opportunities, business, operations, financial condition, earnings, and prospects and also reviewed New Windsor's business, operations, financial condition, earnings, and prospects, including geographic positions. After concluding its review, ACNB concluded that the merger would enhance its competitive strategic position, potential prospective business opportunities, operations, management, prospective financial condition, future earnings and business prospects. Specifically, ACNB believes that the merger will enhance its business opportunities in Northern Maryland due to the combined company having a greater market share, market presence and the ability to offer more diverse (i.e. Trust Services) and more profitable products, as well as a broader based and geographically diversified branch system to enhance deposit collection and potentially improve funding costs. The greater market share, market diversity and enhanced products and services in the target's market should lead to prospects of enhancing customer relationships, lower operating costs, increased earnings, and enhanced profitability from better and more diversified sources and higher yielding products in target's market with lower funding costs elsewhere in the branch system which should enhance overall performance and profitability. The board of directors of ACNB viewed these items as favorable factors, supporting the decision to proceed with the merger;

- The similarity of the Northern Maryland market to the Gettysburg and Adams County market for efficiency of integration, continuity of current marketing strategies through the extension of the banking franchise into contiguous market with a strong market shares were seen as favorable;

- Its understanding of the current and prospective environment in which ACNB and New Windsor operate, including regional and local economic conditions, the competitive environment for financial institutions generally, and continuing prospects for mergers in the financial services industry, and the likely effect of these factors on ACNB and New Windsor, in light of, and in absence of, the proposed business combination;

- The board's review with its legal and financial advisors of the structure of the merger, the financial and other terms of the merger and related documents including the board's assessment of merger consideration and the impact thereof on the combined company;

- The acquisition is expected to lead to EPS accretion of greater than 6% in 2017 and 13% in 2018, which is above ACNB's expected ordinary EPS growth rate of single digits;

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The combination could result in potential annualized cost savings of nearly 27%, as well as the potential for incremental revenue opportunities enabling a potential material increase in long-term future earnings accretion, improving long-term investor value, and creating a stronger franchise. The potential cost savings are expected to be derived from the reconfiguration of duplicate internal operations and administrative functions and the elimination of redundant external contractual services. The board of directors of ACNB viewed these items as favorable factors, supporting the decision to proceed with the merger;

The review by the ACNB board of directors of the structure and terms of the merger, including the merger consideration and the expectation that the merger would qualify as a type of transaction that is generally tax-free to shareholders for United States federal income tax purposes. The board of directors of ACNB reviewed the tax-free treatment for federal income tax purposes as favorable because the board believes that it would provide the shareholders of New Windsor with more value than a taxable transaction on similar terms and the merger consideration resulting company with clarity of tax status;

The fact that certain provisions of the reorganization agreement prohibit or limit New Windsor from soliciting or responding to proposals for alternative transactions, New Windsor's obligation to pay a termination fee if the reorganization agreement is terminated due to New Windsor accepting another offer, and New Windsor's obligation to pay damages in the event that the reorganization agreement is terminated due to New Windsor's breach;

The merger aligns with ACNB's acquisition strategy of prudent and selective growth into markets with similar demographics and with companies and managements with similar philosophies, culture and business models;

The fact that, pursuant to the reorganization agreement, New Windsor must generally conduct its business in the ordinary course and New Windsor is subject to a variety of other restrictions on the conduct of its business prior to the completion of the merger or termination of the reorganization agreement;

The financial information and analyses presented by Commonwealth Advisors to the board of directors, and the presentation and opinion of Commonwealth Advisors to the effect that, as of the date of such opinion, based upon and subject to the factors and assumptions set forth in such opinion, the merger consideration in the proposed merger was fair to the shareholders of ACNB from a financial point of view;

The likelihood that the regulatory approvals necessary to complete the merger would be obtained; and

The merger will not result in any immediate branch closures by either ACNB or New Windsor because the market areas are tangential and not overlapping. This was viewed as a positive factor by the ACNB board of directors.

The board of directors of ACNB also considered the fact that the combined institution would result in a financial institution with more than $1.52 billion in assets, total deposits of $1.24 billion, and loans of $1.11 billion.

ACNB's board of directors also considered the following:

The fact that ACNB shares to be issued to holders of New Windsor stock to complete the merger will result in ownership dilution to existing ACNB shareholders;

The fact that capital charges are expected to be greater than in most deals of a similar size was considered a matter of concern, but it is anticipated that ACNB will earn back such charges in five years or less;

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- The addition of two current members of New Windsor's board to the ACNB board following consummation of the merger;
- The potential challenges associated with obtaining regulatory approvals required to complete the transaction in a timely manner;
- The fact that, pursuant to the reorganization agreement, ACNB must generally conduct its business in the ordinary course and will commit sufficient resources to the merger and subsequent integration, which may delay or prevent ACNB undertaking business opportunities which may arise pending completion of the merger;
- The risk that integration of ACNB and New Windsor will not occur as desired and the potential impact of integration if not successful on the expected benefits of the merger;
- The risk that potential benefits (strategic, operational, financial) cost benefits and other 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 ACNB and New Windsor;
- The risk that certain tax attributes of ACNB and New Windsor may be affected by the transaction; and
- The potential for diversion of management and employee attention during the period prior to the completion of the merger and the potential effect on ACNB's business and relations with customers, service providers and other stakeholders whether or not the merger is consummated.

The foregoing discussion of the factors considered by the ACNB board of directors in evaluating the reorganization agreement is not intended to be exhaustive, but, rather, includes all material factors considered by the ACNB board of directors. ACNB's board of directors evaluated the factors described above, including asking questions of ACNB's legal and financial advisors. In reaching its decision to approve the agreement and the merger, the ACNB board of directors did not quantify or assign relative values to the factors considered, and individual directors may have given different weights to different factors.

ACNB board of directors realizes that there can be no assurance about future results, including results expected or considered in the factors listed above. The ACNB board of directors considered all of the above factors as a whole, and on an overall basis considered them to be favorable to, and support, its determination to enter into the reorganization agreement.

Terms of the Merger:

Effect of the Merger

Upon completion of the merger, New Windsor will merge with and into a subsidiary of ACNB. ACNB and New Windsor will use their commercially reasonable best efforts to cause New Windsor State Bank to merge with and into ACNB Bank. The articles of incorporation and the bylaws of ACNB will continue to govern ACNB.

Merger Consideration

New Windsor Common Stock

Stockholders of New Windsor will receive 1.10 fully paid and non-assessable shares of ACNB common stock or $30.00 in cash for each share of New Windsor common stock they own immediately prior to the effective time of the merger. See "Proposal 1: The Merger Terms of the Merger Election and Exchange Procedures."

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The exchange ratio will be appropriately adjusted if there is a stock dividend, stock split, reverse stock split, common stock reclassification, or other similar event regarding ACNB common stock before completion of the merger. By way of illustration, if ACNB declares and pays a stock dividend of 5% on or prior to the effective time of the merger, the exchange ratio will be adjusted upward by 5%. Under this hypothetical, New Windsor stockholders entitled to receive ACNB common stock pursuant to the reorganization agreement would receive 1.155 shares of ACNB common stock, adjusted up from 1.10 shares, for each share of New Windsor common stock they owned immediately prior to the effective time of the merger.

ACNB will not issue fractional shares of its common stock in connection with the merger. Each holder of New Windsor common stock who otherwise would have been entitled to a fraction of a share of ACNB common stock will receive cash in lieu of the fractional share of ACNB common stock (without interest) in an amount calculated pursuant to the reorganization agreement. The reorganization agreement calculates the cash amount by multiplying the fractional share to which the holder would otherwise be entitled (after taking into account all shares of New Windsor common stock owned by the holder at the effective time of the merger) by $30.00.

ACNB Common Stock

Each share of ACNB common stock outstanding immediately prior to completion of the merger will remain outstanding after the merger.

Election and Exchange Procedures

ACNB shall appoint Computershare as its exchange agent for the payment of the merger consideration or another agent experienced in providing such services that is also independent of and unaffiliated with ACNB and New Windsor (the "exchange agent").

Subject to the allocation process described in the next section, each New Windsor stockholder may elect to receive with respect to his or her shares of New Windsor common stock, all ACNB common stock, all cash or a combination of ACNB common stock and cash.

Stock Election Shares. New Windsor stockholders who validly elect to receive 1.10 shares of ACNB common stock for some or all of their shares will receive the per share stock consideration for that portion of the stockholder's shares of New Windsor common stock equal to the stockholder's stock election subject to the allocation process discussed below. In our discussion below, we refer to shares held by stockholders who have made stock elections as "stock election shares."

Cash Election Shares. New Windsor stockholders who validly elect to receive cash for some or all of their shares will receive $30.00 in cash per share for that portion of the stockholder's shares of New Windsor common stock equal to the stockholder's cash election, subject to the allocation process described below. In our discussion below, we refer to shares held by New Windsor stockholders who have made cash elections as "cash election shares."

No-Election Shares. Shares held by New Windsor stockholders (i) who do not submit a properly completed election form before the election deadline; (ii) who revoke an election form prior to the election deadline and do not resubmit a properly completed election form prior to the election deadline; or (iii) who fail to perfect his, her or its appraisal rights shall be deemed "No Election Shares." No Election Shares will be converted into stock consideration, cash consideration or a mix of stock and cash consideration, depending on the elections of other New Windsor stockholders.

A limited amount of ACNB common stock and cash consideration will be paid to New Windsor stockholders, as described above. Accordingly, there is no assurance that a New Windsor stockholder will receive the form of merger consideration that such stockholder elects to receive with respect to any

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or all of his or her shares of New Windsor common stock. If the stock consideration or the cash consideration elections of New Windsor stockholders would exceed the specified limits, then the procedures for allocating ACNB common stock and cash to be received by New Windsor stockholders will be followed by ACNB's exchange agent. See "Proposal: The Merger Allocation of ACNB Common Stock and Cash" below.

Election Form. Not less than forty-five (45) business days prior to the anticipated completion of the merger, or on such other date as agreed to by ACNB and New Windsor, the exchange agent will mail to New Windsor stockholders an election form with instructions on electing to receive ACNB common stock or cash or a combination of stock and cash for their New Windsor common stock. The deadline for making your election will be 5:00 p.m. on the day that is thirty-three (33) days after the materials are first mailed. You must carefully follow the instructions from ACNB's exchange agent. Your election will be properly made only if by the deadline date, you have submitted to ACNB's exchange agent at its designated office, a properly completed and signed election form. If your election is not properly made, your shares of New Windsor common stock will be treated as "No Election Shares." Neither ACNB nor its exchange agent will be under any obligation to notify any person of any defects in an election form.

As soon as reasonably practicable after the effective time (and in any case no later than five (5) business days thereafter), ACNB shall cause the exchange agent to mail to each record holder of a certificate representing shares of New Windsor common stock (a "New Windsor certificate") a letter of transmittal which shall specify that delivery of the New Windsor certificates shall be effected, and risk of loss and title to the New Windsor certificates shall pass, only upon delivery of the New Windsor certificates to the exchange agent, and which letter shall be in customary form and have such other provisions as ACNB may reasonably specify and instructions for effecting the surrender of such New Windsor certificates in exchange for the merger consideration. Upon surrender of a New Windsor certificate to the exchange agent together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and such other documents as may reasonably be required by the exchange agent, the holder of such New Windsor certificate shall be entitled to receive in exchange therefor (A) a certificate representing, in the aggregate, the whole number of shares of ACNB common stock that such holder has the right to receive and/or (B) a check in the amount equal to the aggregate amount of cash that such holder has the right to receive. No interest will be paid or will accrue on any cash payment.

As soon as reasonably practicable after the effective date of the merger, ACNB's exchange agent will mail certificates representing shares of ACNB common stock and/or checks representing the merger consideration for shares of New Windsor common stock, together with cash in lieu of fractional share interests, to former stockholders of New Windsor who have timely submitted an effective transmittal form along with their New Windsor stock certificates.

Certificates representing shares of ACNB common stock will be dated the effective date of the merger and will entitle the holders to dividends, distributions and all other rights and privileges of an ACNB shareholder from the effective date. Until the certificates representing New Windsor common stock are surrendered for exchange after completion of the merger, holders of such certificates will not receive the cash and/or stock consideration or dividends or distributions on the ACNB common stock into which such shares have been converted. When the certificates are surrendered to the exchange agent, any unpaid dividends or other distributions will be paid without interest. ACNB has the right to withhold dividends or any other distributions on its shares until the New Windsor stock certificates are surrendered for exchange.

Until surrendered, each New Windsor stock certificate, following the effective date of the merger, is evidence solely of the right to receive the merger consideration. In no event will ACNB, New Windsor, or the exchange agent be liable to any former New Windsor stockholder for any amount paid

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in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law.

ACNB will not issue fractional shares of ACNB common stock to New Windsor stockholders. Any former New Windsor stockholder who would otherwise be entitled to receive a fraction of a share of ACNB common stock shall receive cash in lieu of the fractional share of ACNB's common stock (without interest) in an amount calculated by multiplying $30.00 and the fractional share, calculated to the nearest ten-thousandth of the share of ACNB common stock, to which the holder would otherwise be entitled. For purposes of determining any fractional share interest, all shares of New Windsor common stock owned by a New Windsor stockholder shall be combined so as to calculate the maximum number of whole shares of ACNB common stock issuable to such New Windsor stockholders. (See "Proposal: The Merger Allocation of ACNB Common Stock and Cash" below.)

Allocation of ACNB Common Stock and Cash

Notwithstanding the election of New Windsor stockholders to receive cash, ACNB common stock or a combination of stock and cash in the merger (i) the number of shares of New Windsor common stock to be converted into the right to receive ACNB common stock on the completion of the merger shall be equal to eighty five percent (85%) of the total number of shares of New Windsor common stock issued and outstanding on the completion of the merger and (ii) the number of shares of New Windsor common stock to be converted into the right to receive the cash consideration on the completion of the merger shall be equal to fifteen percent (15%) of the total number of shares of New Windsor common stock issued and outstanding at the completion of the merger, minus (x) the number of dissenting New Windsor shares, if any, and (y) the aggregate number of shares with respect to which cash is paid in lieu of fractional shares.

Aggregate Stock Consideration Overelected. If the number of stock election shares exceeds eighty five percent (85%) of the total number of shares of New Windsor common stock issued and outstanding on the effective time, then:

- All cash election shares and No Election Shares shall be converted into the right to receive the cash consideration;
- The exchange agent shall convert, on a pro rata basis described below, a sufficient number of stock election shares into cash election shares ("Reallocated Cash Shares") such that the number of stock election shares, excluding the Reallocated Cash Shares, shall equal eighty five percent (85%) of the total number of shares of New Windsor common stock issued and outstanding on the effective time, and the Reallocated Cash Shares will be converted into the right to receive the cash consideration; and
- The stock election shares which are not Reallocated Cash Shares shall be converted into the right to receive the stock consideration.

Aggregate Cash Consideration Overelected. If the number of cash election shares, including any dissenting New Windsor shares, plus the aggregate number of shares with respect to which cash is paid in lieu of fractional shares exceeds fifteen percent (15%) of the total number of shares of New Windsor common stock issued and outstanding on the effective time, then:

- All stock election shares and No Election Shares shall be converted into the right to receive the stock consideration;
- The exchange agent shall convert, on a pro rata basis described below, a sufficient number of cash election shares, excluding dissenting New Windsor shares, into stock election shares ("Reallocated Stock Shares") such that the number of cash election shares, excluding the Reallocated Stock Shares, plus the aggregate number of shares with respect to which cash is paid

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in lieu of fractional shares, shall equal fifteen percent (15%) of the total number of shares of New Windsor common stock issued and outstanding at the effective time, and the Reallocated Stock Shares will be converted into the right to receive the stock consideration; and

The cash election shares which are not reallocated common stock shares shall be converted into the right to receive the cash consideration.

Pro Rata Reallocations. If the exchange agent is required to convert some stock election shares into Reallocated Cash Shares, each holder of stock election shares shall be allocated a pro rata portion of the total Reallocated Cash Shares in accordance with the number of stock election shares held by such holder. If the exchange agent is required to convert some cash election shares into Reallocated Stock Shares, each holder of cash election shares shall be allocated a pro rata portion of the total Reallocated Stock Shares in accordance with the number of cash election shares held by such holder.

Because the United States federal income tax consequences of receiving ACNB common stock, cash, or both ACNB common stock and cash will differ, New Windsor stockholders are urged to read carefully the information included under the caption "Proposal 1: The Merger Material U.S. Federal Income Tax Consequences" and to consult their tax advisors for a full understanding of the merger's tax consequences to them. In addition, because ACNB common stock can fluctuate in value during the election period, the economic value per share received by New Windsor stockholders who receive stock may, as of the date of receipt by them, be more or less than the $30.00 cash per share received by New Windsor stockholders who receive cash.

Effective Time

Subject to the provisions of the reorganization agreement, the statement of merger shall be duly prepared, executed and delivered for filing with the Pennsylvania Department of State and the Maryland State Department of Assessments and Taxation, as required, on the closing date of the merger. The merger shall become effective at such time, on such date, as the statement of merger is filed with the Pennsylvania Department of State and the Maryland State Department of Assessments and Taxation, or at such date and time as may be specified in the statement of merger. See "Proposal 1: The Merger Terms of the Merger Conditions to the Merger" and "Proposal 1: The Merger Terms of the Merger Regulatory Approvals."

Representations and Warranties

The reorganization agreement contains customary representations and warranties relating to, among other things, the following:

Organization of ACNB and New Windsor and their respective subsidiaries;

Capital structures of ACNB and New Windsor;

Due authorization, execution, delivery, performance, and enforceability of the reorganization agreement;

Receipt of consents or approvals of governmental entities or third parties necessary to complete the merger;

Preparation of regulatory reports and financial statements consistent with generally accepted accounting principles ("GAAP");

Filing of tax returns and payment of taxes;

Absence of a material adverse effect (as defined in the reorganization agreement) since December 31, 2014, for either ACNB or New Windsor;

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- Material contracts;
- Quality of title to assets and properties;
- Maintenance of adequate insurance;
- Absence of undisclosed material pending or threatened litigation;
- Compliance with applicable laws and regulations;
- Employee and director benefit plans;
- Labor matters;
- Brokers, finders and financial advisors;
- Environmental matters;
- Allowance for loan losses;
- Absence of certain related party transactions;
- Validity and binding nature of loans reflected as assets in the financial statements of ACNB and New Windsor;
- Deposits;
- Quality of information regarding ACNB and New Windsor for the registration statement and regulatory applications;
- ACNB Bank and New Windsor State Bank as "well capitalized";
- ACNB having sufficient financing;
- Quality of investment securities;
- Absence of undisclosed equity plans and agreements;
- Receipt of a fairness opinion from ACNB's and New Windsor's financial advisors;