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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ORRSTOWN FINANCIAL SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Orrstown Financial Services, Inc.

77 East King Street

Shippensburg, Pennsylvania 17257

April 7, 2008

Notice of Annual Meeting of Shareholders

The Annual Meeting of Shareholders of Orrstown Financial Services, Inc. will be held on Tuesday, May 13, 2008, at 9:00 a.m., at the Shippensburg University Conference Center located at 500 Newburg Road, Shippensburg, Pennsylvania, to consider and take action on the following matters:

1. Elect three directors to Class A for three year terms expiring in 2011; and

2. Transact such other business as may properly come before the meeting.

Your Board of Directors recommends a vote FOR the election as directors to Class A of the three nominees listed in the enclosed Proxy Statement.

This Notice of Annual Meeting of Shareholders, the Proxy Statement and the enclosed Proxy card are being sent to shareholders of record at the close of business on March 17, 2008.

/s/ Denver L. Tuckey
Denver L. Tuckey
Secretary

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ORRSTOWN FINANCIAL SERVICES, INC.

77 East King Street

Shippensburg, Pennsylvania 17257

PROXY STATEMENT

Annual Meeting Information

This proxy statement contains information about the Annual Meeting of Shareholders of Orrstown Financial Services, Inc. to be held Tuesday, May 13, 2008, beginning at 9:00 a.m., at the Shippensburg University Conference Center located at 500 Newburg Road, Shippensburg, Pennsylvania, and at any adjournments or postponements of the meeting. The proxy statement was prepared at the direction of the Company s Board of Directors to solicit your proxy for use at the Annual Meeting. It will be mailed to shareholders on or about April 7, 2008.

Who is entitled to vote?

Shareholders owning Company common stock on March 17, 2008 are entitled to vote at the Annual Meeting or any adjournment or postponement of the meeting. Each shareholder has one vote per share on all matters to be voted on. On March 1, 2008 there were 6,419,542 shares of Common Stock outstanding.

On what am I voting?

You will be asked to elect 3 directors to Class A for three year terms expiring in 2011. The Board of Directors is not aware of any other matters to be presented for action at the meeting. If any other matter requiring a vote of the shareholders would be presented at the meeting, the proxies will vote according to the directions of the Board of Directors.

How does the Board of Directors recommend I vote in the election?

The Board of Directors recommends a vote FOR the election of each of the three nominees as directors to Class A named in this proxy statement.

How do I vote?

Sign and date each proxy form you receive and return it in the postage-paid envelope provided. If you sign your proxy form but do not mark your choices, your proxies will vote for the three persons nominated for election as directors to Class A named in this proxy statement.

You may revoke your proxy at any time before it is exercised. To do so, you must give written notice of revocation to the Secretary, Orrstown Financial Services, Inc., 77 East King Street, Shippensburg, Pennsylvania 17257, submit another properly signed proxy with a more recent date, or vote in person at the meeting.

What is a quorum?

A quorum is the presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares. There must be a quorum for the meeting to be held. Abstentions are counted for purposes of determining the presence or absence of a quorum, but are not considered a vote cast under Pennsylvania law. Brokers holding shares in street name for their customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. Such shares for which brokers have not received voting instructions from their customers are called broker non-votes. Under Pennsylvania law broker non-votes will be counted to determine if a quorum is present with respect to any matter to be voted upon by shareholders at the meeting only if such shares have been voted at the meeting on another matter other than a procedural motion.

What vote is required to elect directors?

The three nominees for election as directors to Class A receiving the highest number of votes will be elected to the Board of Directors.

Who will count the vote?

The Judges of Election appointed by the Board of Directors will count the votes cast in person or by proxy at the Annual Meeting.

What is the deadline for shareholder proposals for next year s Annual Meeting?

Shareholders may submit proposals on matters appropriate for shareholder action at future annual meetings by following the rules of the Securities and Exchange Commission and the Company s By-laws. Proposals intended for inclusion in next year s proxy statement and proxy card must be received by the Company not later than December 8, 2008. All proposals should be addressed to the Secretary of the Company.

How are proxies being solicited?

In addition to solicitation by mail, the officers, directors and employees of the Company may, without additional compensation, solicit proxies by telephone or personal interview. Brokers and other custodians, nominees and fiduciaries will be requested to forward soliciting material to the beneficial owners of Common Stock held by such persons and will be reimbursed by the Company for their expenses. The cost of soliciting proxies for the Annual Meeting will be born by the Company.

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Share Ownership of Certain Beneficial Owners

The Company does not know of any person who beneficially owned more than 5% of the Company s Common Stock on March 1, 2008, except as shown in the following table:

Name and address of Beneficial Owner	Common Stock Beneficially Owned	Percent of Class
Orrstown Bank 77 East King Street Shippensburg, PA 17257	845,632(1)	13.17%

(1) Shares held directly by the Bank, or by way of its nominees, in its trust department as fiduciary for certain trusts, estates and agency accounts that beneficially own the shares. The Bank shares voting power as to 490,675 of these shares but, as a matter of policy, votes such shares solely in accordance with the directions, if any, of the persons with whom it shares voting power. The Bank has sole voting power as to 115,141 of these shares and, subject to the provisions of governing instruments and/or in accordance with applicable provisions of fiduciary law, may vote such shares in what it reasonably believes to be the best interest of the respective trust, estate or agency account for which it holds such shares. As a matter of policy, however, the Bank does not vote shares for which it has sole voting power. The Bank does not have the right to vote the remaining 239,816 shares and disclaims beneficial ownership of such shares.

Share Ownership of Management

The following table shows the number of shares of Company Common Stock beneficially owned by each incumbent director, each nominee and each executive officer named in the 2007 Summary Compensation Table appearing on page 19, and by all of the incumbent directors, nominees and executive officers of the Company as a group, as of March 1, 2008, based on information furnished by the persons named and the Company s records. Except as otherwise indicated, sole voting power and sole investment power with respect to the shares shown in the table are held either by the individual alone or by the individual together with his or her spouse.

Name	Common Stock(1)	Exercisable Stock Options(1)(2)
Anthony F. Ceddia	3,575	3,987
Jeffrey W. Coy	34,557(3)	4,582
Jeffrey W. Embly	5,156(4)	29,386
Bradley S. Everly	6,611(5)	28,974
Philip E. Fague	8,610	32,305
Stephen C. Oldt	20,418(6)	14,435
Andrea Pugh	18,875	4,582
Gregory Rosenberry	39,098(7)	4,582
Kenneth R. Shoemaker	21,647(8)	49,344

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Name	Common Stock[1]	Exercisable Stock Options[1][2]
Glenn W. Snoke	10,385[9]	4,582
Denver L. Tuckey	9,398	2,989
John S. Ward	2,816	4,582
Peter C. Zimmerman	2,559	1,000
Joel R. Zullinger	27,997[10]	4,582
Directors, nominees and executive officers as a group (18 persons including those named above)	452,659	

(1) On March 1, 2008, none of the individuals named in the above table may be deemed to beneficially own more than 1% of the outstanding shares of Company Common Stock, except Mr. Shoemaker who may be deemed to beneficially own 1.1% of the outstanding shares. On that date, all of the incumbent directors, nominees, and executive officers as a group beneficially owned approximately 6.8% of the outstanding shares of Company Common Stock. Fractional shares beneficially owned by such individuals have been rounded down to the number of whole shares beneficially owned.
(2) The amounts shown reflect the number of shares of Common Stock that the indicated individuals and group have the right to acquire within 60 days of March 1, 2008 through the exercise of stock options granted pursuant to the Company s stock option plans.
(3) Includes 5,607 shares held by Mr. Coy s spouse in her IRA.
(4) Includes 135 shares Mr. Embly holds jointly with his daughter.
(5) Includes 727 shares pledged to secure a line of credit loan obtained by Mr. Everly from a non-correspondent bank.
(6) Includes 2,205 shares held by Mr. Oldt s spouse in her IRA. Mr. Oldt retired December 31, 2007.
(7) Includes 27,635 shares held by family limited partnership with respect to which Mr. Rosenberry is the President and general partner.
(8) Includes 32 shares held by Mr. Shoemaker s spouse.
(9) Includes 133 shares held by Mr. Snoke s spouse as custodian for her son.
(10) Includes 210 shares held by Mr. Zullinger s spouse.

Section 16(a) Beneficial Ownership Reporting Compliance.

Based on our records, we believe that during 2007 our directors and executive officers complied with all SEC filing requirements applicable to them.

ELECTION OF DIRECTORS

The By-laws of the Company provide that the directors will serve in three classes, as nearly equal in number as possible, with each class of directors serving a staggered, three year term of office. At each annual meeting of shareholders, a class consisting of approximately one third of all of the Company s directors is elected to hold office for a term expiring at the annual meeting held in the third year following the year of their election and until their successors have

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been elected. At the Annual Meeting the shareholders will be asked to elect three directors to Class A to serve until the annual meeting of shareholders in 2011 or until their successor is elected.

The Board of Directors has nominated the following persons for election as directors to Class A:

Jeffrey W. Coy

John S. Ward

Joel R. Zullinger

All of the nominees are presently serving as directors of the Company and of Orrstown Bank.

Your shares of Company Common Stock represented by your proxy will be voted FOR the election of the three named nominees unless you mark the proxy form to withhold authority to vote for one or more of the nominees. If one or more of the nominees is unable or unwilling to serve as a director, the persons named in the proxy will vote for the election of such substitute nominee, if any, as will be named by the Board of Directors. The Company has no reason to believe that any of the nominees will be unable or unwilling to serve as a director. Each nominee has expressed a willingness to serve if elected.

The Board of Directors recommends a vote FOR the election of all three nominees as directors to Class A.

Nomination of Directors

The Executive Committee of Orrstown Bank s Board of Directors reviews the qualifications of and makes recommendations regarding potential candidates to be nominated by the Board of Directors for election to the Board. Those candidates recommended by the Executive Committee are then submitted to the Board of Directors for approval as nominees. In making its recommendations, the Executive Committee determines the appropriate qualifications, skills and characteristics desirable for the Board of Directors in the context of the strategic direction of the Company and the Bank. Although there are no stated minimum criteria for nominees, the Executive Committee considers a variety of factors including a candidate s integrity, independence, qualifications, skills, experience, including experience in finance and banking, compatibility with other members of the Board of Directors, and such other factors as it may deem to be in the best interest of the Company, its bank subsidiaries and its shareholders, which factors may change from time to time. The Executive Committee will consider candidates recommended to it by shareholders, other directors and other sources within the community, and the Bank s regional advisory boards.

In addition to recommending potential candidates to the Executive Committee, shareholders may nominate candidates for election to the Board of Directors of the Company in accordance with procedures set forth in the Company s By-laws. Shareholder nominations must be submitted not less than 30 days and not more than 50 days before the Annual Meeting of shareholders is scheduled to be held, and include a statement setting forth the background, education and business experiences of the nominee.

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Biographical Summaries of Nominees and Directors

Information about the nominees for election as directors to Class A at the Annual Meeting and information about the directors in Class B and Class C is set forth below.

CLASS A DIRECTORS TERM EXPIRES 2011

Name	Age	Principal occupation for last 5 years and position with the Company	Director Since
Jeffrey W. Coy (2)	56	Commissioner, Pennsylvania Gaming Control Board, 2005-present; former State Representative 89th District 1983-2004; Vice Chairman of the Company and Orrstown Bank	1984(1)
John S. Ward (3) (4)	70	President, Modern Transit Partnership, a non-profit organization created to support bringing commuter rail to Central Pennsylvania, 2003 to present; retired Chief Clerk, Cumberland County, Pennsylvania	1999
Joel R. Zullinger (2)	59	Attorney-at-Law; Chairman of the Board of the Company and Orrstown Bank	1981(1)

CLASS B DIRECTORS TERM EXPIRES 2010

Name	Age	Principal Occupation for last 5 years and position with the Company	Director Since
Gregory A. Rosenberry (4)	53	President and General Partner, Rosenberry Family Limited Partnership, a timber harvesting and wholesale business	1997
Glenn W. Snoke	59	President, Snokes Excavating & Paving, Inc.	1999
Denver L. Tuckey (2) , (3)	74	Retired businessman; Secretary of the Company and Orrstown Bank	1995
Peter C. Zimmerman	61	Executive Vice President of the Company and Executive Vice President and Senior Operations Officer of Orrstown Bank; President and Chief Executive Officer of The First National Bank of Newport, 2001- 2007	2006

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CLASS C DIRECTOR NOMINEES TERM EXPIRES 2009

Name	Age	Principal occupation for last 5 years and position with the Company	Director Since
Anthony F. Ceddia [3]	64	President Emeritus, Shippensburg University; President, 1981-2005; Leadership and Management Consultant and Visiting Professor	1996
Andrea Pugh [3]	55	President & Sole Member, PharmCare Consultants LLC, a pharmacy consulting business	1996
Kenneth R. Shoemaker [2]	61	President and Chief Executive Officer of the Company and Orrstown Bank	1986[1]

(1) Includes service as director of Orrstown Bank during period prior to 1988, when Orrstown Bank became a wholly-owned subsidiary of the Company.
(2) Member of the Executive Committee of Orrstown Bank.
(3) Member of the Audit Committee.
(4) Mr. Rosenberry and Mr. Ward s spouse are first cousins.

Director Independence

The Board of Directors of the Company has adopted the definition of an independent director as set forth in Rule 4200(a)(15) of the NASDAQ Stock Market and determined that each Director, other than Messrs. Shoemaker and Zimmerman, is an independent director under such definition. In making this determination, the Board of Directors was aware of and considered the loan and deposit relationships with directors and their related interests which the Company or its subsidiary bank enters into in the ordinary course of business.

Shareholder Communications with the Board of Directors

The Company does not have a formal process by which shareholders may send communications to the Board of Directors. As a matter of practice, shareholder communications received by the Company are included under the topic Correspondence with the Board meeting materials routinely furnished by management to Directors in connection with meetings of the Board of Directors. In addition, shareholder communications determined by the Chief Executive Officer, in his discretion, to require immediate attention, also are promptly furnished by him to the Chairman. When and as appropriate, the Company seeks to provide a timely response to shareholder communications it receives.

Board Committees and Meeting Attendance

During 2007 the Board of Directors of the Company met 14 times, the Board of Directors of Orrstown Bank met 12 times, and the Board of Directors of The First National Bank of Newport met 6 times prior to being merged with and into Orrstown Bank. Messrs. Shoemaker and Zimmerman served on The First National Bank of Newport Board of Directors. The Board of Directors of the Company has an Executive Committee that did not hold any meetings in 2007, and an Audit Committee. The Board of Directors of Orrstown Bank has an Executive Committee. During 2007 all of the Directors of the Company attended at least 75% of all meetings of the respective Boards and Committees on which they served. In addition, although the Company does not have a formal policy regarding the attendance by Directors at the Annual Meeting of Shareholders, it is generally expected that each Director will attend. All of the Company s Directors attended the Annual Meeting of Shareholders in 2007.

Executive Committee. The Executive Committee of the Orrstown Bank Board of Directors acts on matters between regular meetings of the Bank s Board of Directors. The Orrstown Bank Executive Committee also makes recommendations regarding compensation to the Bank s Board of Directors for officers holding the title of Vice President and above and, as described above under the heading Nomination of Directors, reviews the qualifications of and makes recommendations to the Board of Directors of the Bank regarding potential candidates to be nominated for election to the Board of Directors. The Executive Committee met 12 times during 2007. The members of the Executive Committee are Jeffrey W. Coy, Chairman, Kenneth R. Shoemaker, Denver L. Tuckey and Joel R. Zullinger. The same individuals also constitute the Executive Committee of the Board of Directors of the Company. Although they hold offices of the Company and Orrstown Bank, the Board of Directors has determined that Messrs. Coy, Tuckey and Zullinger are independent as defined in Rule 4200(a)(15) of the NASDAQ Stock Market because they hold such offices in their capacities as Directors and because they do not, except as Directors, perform a policy making function, and are not otherwise in charge of a principal business unit, division or function of the Company or its bank subsidiary. As President and Chief Executive Officer of the Company and Orrstown Bank, Mr. Shoemaker is not independent.

Audit Committee. The Audit Committee is responsible for providing independent oversight and review of the Company s accounting functions and financial reporting and internal control systems. The Audit Committee monitors the preparation of quarterly and annual financial reports by Company management, including reviewing with management and the Company s independent auditors the scope and results of the annual audit and recommendations made by the independent auditors and related management responses, and reviews prior to filing all annual and quarterly reports filed with the Securities and Exchange Commission (SEC). The Audit Committee also is responsible for matters concerning the relationship between the Company and its independent auditors including their appointment, compensation and retention; approval of their audit and permissible non-audit services prior to engagement; and determining whether the independent auditors are independent. In addition, the Audit Committee oversees management s implementation and reviews the effectiveness of the Company s internal control systems including reviewing policies relating to legal and regulatory compliance, ethics and conflicts of interest; and reviewing the activities and recommendations of the Company s internal auditing program.

The members of the Audit Committee are Andrea Pugh, Chair, Anthony F. Ceddia, Denver L. Tuckey and John S. Ward, each of whom the Board of Directors has determined to be independent as defined in Rule 4200(a)(15) of the NASDAQ Stock Market. In making this determination the Board of Directors considered the fact that Orrstown Bank paid to Mr. Ceddia $12,000 for consulting services in 2007.

The Audit Committee Charter provides that each member is to be independent as defined by applicable law and regulation, and also is to be free of any relationship that, in the opinion of the Board, could interfere with the exercise of their independent judgment. The Audit Committee Charter was revised in 2006 in order to permit directors of wholly-owned subsidiary banks of the Company who are not also Directors of the Company to serve on the Company s Audit Committee. The Board of Directors made this revision in connection with the Company s acquisition in 2006 of The First National Bank of Newport as a wholly-owned subsidiary of the Company believing that it would be appropriate to include a director of First National Bank as a member of the Audit Committee because, on a consolidated basis, an audit of the Company necessarily would include an audit of First National Bank. In connection with this revision, the Audit Committee Charter was further revised to provide that the Audit Committee must be composed of no less than three Directors of the Company, that a majority of the members of the Audit Committee must be Directors of the Company and that the actions of the Audit Committee must receive the affirmative vote of both a majority of the members of the Audit Committee and a majority of the members who are Directors of the Company in order to assure that the actions of the Audit Committee are controlled by members who are Directors of the Company. All of the members of the Audit Committee are Directors of the Company.

The Audit Committee Charter provides that at least one member of the Audit Committee must have accounting or related financial management expertise as the Board of Directors interprets such qualifications in its business judgment. Although the Board of Directors believes that it is appropriate for the Audit Committee to have at least one member with accounting or related financial management expertise, it also believes that there are a number of other important factors, discussed above with respect to the factors considered by the Executive Committee in connection with candidates for nomination for election to the Board of Directors, that affect Board composition. In accommodating each of these factors and composing a Board of Directors that is, as a whole, strong in its collective knowledge of and diversity of skills and experience with respect to the business of banking and the communities and markets in which the Bank competes, together with demonstrated qualities exhibiting leadership, vision and business judgment, it is possible that, from time to time, no member of the Board of Directors will fully satisfy all conditions of the definition of audit committee financial expert in SEC Regulation S-K.

The Board of Directors believes that John S. Ward has the requisite financial management expertise required by the Audit Committee Charter as a result of his experience as Chief Clerk of Cumberland County, Pennsylvania, from which he is retired, and as President of Modern Transit Partnership. In each of these positions Mr. Ward has had ultimate responsibility for overseeing and assessing the performance of the County and the Partnership in the preparation of their respective financial statements, providing him with an understanding of and familiarity with generally accepted accounting principles and internal controls over financial reporting. The Board of Directors, however, has determined that Mr. Ward is not an audit committee financial expert as defined in SEC Regulation S-K principally because his experience in these positions has not presented to him the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues raised by the Company s financial statements.

The Audit Committee Charter provides that the Audit Committee is to meet at least 4 times each year. The Audit Committee met 4 times during 2007.

The current version of the Audit Committee Charter was included as an Appendix to the Company s Proxy Statement in connection with the Annual Meeting of Shareholders held in 2007.

Audit Committee Report

The Audit Committee has reviewed and discussed with management the Company s audited financial statements for the year ended December 31, 2007. The Audit Committee also has discussed with Smith Elliott Kearns & Company, LLC, the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard AU Section 380, Communication with Audit Committees, and Rule 2-07 of Regulation S-X promulgated by the Securities and Exchange Commission; received from Smith Elliott Kearns & Company, LLC, the written disclosures and letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees); and, has discussed with Smith Elliott Kearns & Company, LLC, that firm s independence. In that regard, the Audit Committee has considered whether the provision by Smith Elliott Kearns & Company, LLC, of certain limited permissible non-audit services in addition to its audit services is compatible with maintaining that firm s independence and has determined that it is. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

Audit Committee:

Andrea Pugh, Chair

Anthony F. Ceddia

Denver L. Tuckey

John S. Ward

Compensation Committee Interlocks and Insider Participation

The Company does not have a compensation committee and no compensation was paid to executive officers of the Company by the Company in 2007. All compensation was paid by Orrstown Bank or, in the case of Mr. Zimmerman, by The First National Bank of Newport until it was merged with and into Orrstown Bank.

The Executive Committee of Orrstown Bank s Board of Directors functions as its compensation committee. The Executive Committee does not have a charter.

In 2007 the Executive Committee was composed of three non-employee Directors of the Bank, Jeffrey W. Coy, Chair; Denver L. Tuckey; Joel R. Zullinger; and Kenneth R. Shoemaker, President and Chief Executive Officer of the Company and Orrstown Bank. With respect to other executive officers, the Executive Committee considers the recommendations of Mr. Shoemaker before making final recommendations to the Bank s Board of Directors. Mr. Shoemaker does not participate in the Executive Committee s evaluation of his performance for purposes of his compensation. Mr. Shoemaker s compensation for 2007 was established based upon the same factors and policies used to establish compensation for executive officers generally.

There are no interlocking relationships, as defined by SEC regulations under the Securities Exchange Act of 1934, as amended, involving members of the Executive Committee.

Transactions with Management

During 2007 some of the directors and executive officers of the Company and the Banks, members of their immediate families and some of the companies with which they are associated, had banking transactions in the ordinary course of business with the Banks and may be expected to have similar transactions in the future. These transactions were made on substantially the same terms, including interest rates, collateral requirements and repayment terms, as those prevailing at the time for comparable transactions with non-affiliated persons and did not involve more than the normal risk of collectability or present other unfavorable features.

Any business dealing, including extensions of credit, between the Company or one of its subsidiary banks and a Director of the Company or of a subsidiary bank, or with any entity controlled by such a Director, other than a deposit, trust service or other product or service provided by a bank in the ordinary course of business is required to be reviewed and approved by a majority of the disinterested Directors. In considering a proposed insider transaction, the disinterested directors are to reasonably determine whether the transaction would be in the best interest of the Company or subsidiary banks and on the terms and conditions, including price, substantially the same as those prevailing at the time for comparable transactions with non-insiders.

Extensions of credit by one of the Company s subsidiary banks to a Director of the Company or of a subsidiary bank, or to a related interest of such a Director, are subject to Federal Reserve Board Regulation O. Although Regulation O requires the prior approval of such an extension of credit by the bank s disinterested Directors if the aggregate amount of all extensions of credit to such Director and the related interests of the Director would exceed $500,000, the Company requires prior approval of all such extensions of credit.

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Compensation of Directors

The following table sets forth compensation received by Directors of the Company in 2007.

2007 DIRECTOR COMPENSATION TABLE

Name [1]	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($) [2]	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) [3]	All Other Compensation ($)	Total ($)
Anthony F. Ceddia	37,100		2,271		16,788		56,159
Jeffrey W. Coy	51,600		2,271		9,339		63,210
Andrea Pugh	33,500		2,271		9,339		45,110
Gregory A. Rosenberry	34,800		2,271		7,896		44,967
Glenn W. Snoke	44,400		2,271		10,541		57,212
Denver L. Tuckey	50,900		2,271				53,171
John S. Ward	36,600		2,271		24,774		63,645
Peter C. Zimmerman	6,500						6,500
Joel R. Zullinger [4]	50,600		2,271		18,859		71,730

(1) Compensation paid to Mr. Shoemaker in 2007 in his capacities as a Director of the Company and Orrstown Bank is reported in the Summary Compensation Table and the All Other Compensation Table, below.

(2) For each Director, the aggregate number of shares underlying unexercised but exercisable option awards at December 31, 2007 was: Mr. Ceddia 3,987; Mr. Coy 4,582; Ms. Pugh 4,582; Mr. Rosenberry 4,582; Mr. Snoke 4,582; Mr. Tuckey 2,989; Mr. Ward 4,582; Mr. Zimmerman 1,000; and Mr. Zullinger 4,582. Mr. Zimmerman s options were awarded under the Company s Employee Stock Option Plan of 2000 with respect to his service as an Executive Officer of Orrstown Bank and not with respect to his service as a Director.

(3) Based on an October 1, 2006 to September 30, 2007 plan year for the Directors Retirement Plan.

(4) Change in Pension Value and Non-Qualified Deferred Compensation Earnings for Mr. Zullinger includes a $11,296 increase in the net present value of his accrued benefit under the Directors Retirement Plan, plus a $7,563 calendar year increase in the net present value of his accrued benefit under his brick plan.

Directors Fees. During 2007, each director of the Company was paid an annual retainer fee of $6,500 and each non-employee director of the Company received $600.00 for each meeting of the Company Board of Directors attended and $300.00 for each committee meeting attended, except that committee chairs received a fee of $400.00 for each committee meeting attended. Each director of Orrstown Bank was paid an annual retainer fee of $6,500.00 and each non-employee director of Orrstown Bank was paid a fee of $600.00 for each meeting attended. Non-employee directors of Orrstown Bank also received $300.00 for each committee meeting attended, except that committee chairs received a fee of $400 for each committee meeting

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attended. In addition, in 2007 the Chairman of the Board of Orrstown Bank received an annual fee of $13,000, the Vice Chairman received an annual fee of $11,000 and the Secretary received an annual fee of $10,000.

Deferred Compensation Plan. In 1995, the Company and Orrstown Bank established a non-qualified deferred compensation plan for directors. Participation in the plan is voluntary. Kenneth R. Shoemaker, President and Chief Executive Officer of the Company and the Bank, and Stephen C. Oldt, who retired December 31, 2007 from his position as Executive Vice President and Chief Operating Officer of the Bank, also participate in the Plan. Each participant may elect each year to defer all or a portion of his or her directors fees or, in the case of Messrs. Shoemaker and Oldt, base salary. Those deferring compensation must begin withdrawals from the plan by age 75. The amounts deferred are invested in a rabbi trust with the trust department of Orrstown Bank as trustee. The participants direct the investment of their own accounts among various publicly available mutual funds designated by Orrstown Bank s Trust Investment Committee. Growth of each participant s account is a result of investment performance and the public markets and is not a result of an interest factor or interest formula established by the participant or by the Company or its subsidiary bank. In 2007, Ms. Pugh deferred $33,500; Mr. Snoke deferred $14,000 and Mr. Zullinger deferred $27,800. Neither Mr. Shoemaker nor Mr. Oldt made any deferrals in 2007.

In addition, Mr. Zullinger and six of Orrstown Bank s former Directors participate in so-called brick plans that provide the director or his or her beneficiaries with a monthly cash benefit beginning at age 65. The change in the net present value of Mr. Zullinger s accrued benefit under his brick plan from 2006 is reported in the 2007 Directors Compensation Table above. Under the brick plan, Mr. Zullinger s annual benefit at age 65 would be $21,804. Mr. Zullinger s total accrued benefit at December 31, 2007 was $83,189 and the vested amount of his annual benefit is $7,563.

Directors Retirement Plan. In 1998 Orrstown Bank established a director s retirement plan which provides participating directors a $12,000 per year benefit (indexed for inflation by 4.00% per year until payments commence) for the lesser of ten years or the number of years served. This program encourages current directors to continue to serve as directors and enables the Bank to reward its long-serving directors for their valuable service.

Non-Employee Director Stock Option Plan of 2000. On January 27, 2000, the Board of Directors of the Company approved the Orrstown Financial Services, Inc. Non-Employee Director Stock Option Plan of 2000. The Directors Option Plan is a formula plan under which options to purchase shares of Company Common Stock are granted each year to directors in office on April 1. The number of options granted each year is based on the Company s return on average tangible equity for the most recent fiscal year. All options have a term of 10 years from the regular grant date, are fully exercisable from the regular grant date and have an exercise price equal to the fair market value of Company Common Stock as of the date of the grant of the option. As long as shares of Company Common Stock are traded over-the-counter and quotations for the shares appear on the NASD s OTC Bulletin Board service, fair market value will mean the average of the average of the daily high bid and low offer quotations for shares of Company Common Stock reported through the OTC Bulletin Board service for the 10 trading days immediately preceding the date of the grant of the option. If no bid or no offer quotations are available during the 10 day pricing period, then fair market value will mean the price of the last trade reported for the shares through the OTC Bulletin Board service. If a director retires, the options previously granted to the director will expire at their scheduled expiration date. If a director s service as a director terminates for any other reason, the options previously granted to the director will expire six months after the date of termination of service unless scheduled to expire sooner. In April 2007, each director, except for Messrs. Shoemaker and Zimmerman, was granted an option covering 441 shares of Company Common Stock at an exercise price of $35.68 per share.

Information about Executive Officers

In addition to Kenneth R. Shoemaker, President and Chief Executive Officer of the Company and Orrstown Bank, and Peter C. Zimmerman, Executive Vice President of the Company and Executive Vice President and Senior Operations Officer of Orrstown Bank, each of whom also serves as a Director of the Company, the Executive Officers of the Company and Orrstown Bank are:

Jeffrey W. Embly age 37; Executive Vice President of the Company; and Executive Vice President and Chief Commercial Officer of Orrstown Bank.

Philip E. Fague age 48; Executive Vice President and Treasurer of the Company; and Executive Vice President and Chief Retail Officer of Orrstown Bank.

Barbara E. Brobst age 49; Senior Vice President and Senior Trust Officer of Orrstown Bank.

Bradley S. Everly age 57; Senior Vice President, Chief Financial Officer and Assistant Secretary of the Company; and Senior Vice President and Chief Financial Officer of Orrstown Bank.

Jeffrey S. Gayman age 35; Senior Vice President and Chief Sales & Service Officer of Orrstown Bank.

Benjamin S. Stoops age 56; Senior Vice President and Chief Technology Officer of Orrstown Bank.

Stephen C. Caldwell age 59; Vice President and Director of Human Resources of Orrstown Bank.

Compensation Discussion and Analysis

In this section we provide an overview and analysis of our executive compensation programs and policies, the material decisions we have made under those programs and policies and the material factors that we considered in making those decisions.

Executive Compensation Objectives and Philosophy. The Company s compensation and benefits programs and policies are intended to provide fair, reasonable and competitive levels of

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compensation and benefits in order to recruit, motivate, reward and retain qualified executive officers and generate long term value for the Company s shareholders. A significant amount of compensation is dependent upon Company performance and individual contribution to Company success. Our goal is for our executive officers to prosper when the Company prospers, but for them to realize less personal income if the Company is less successful.

Compensation Structure. We compensate our executive officers through a combination of base salary, annual cash incentives, stock options and other benefits. Base salaries are set at levels competitive within the industry and the local market area in order to attract and retain executive officers who possess the knowledge, skills and abilities necessary to successfully execute their duties and responsibilities. A portion of annual cash bonuses are linked to annual Company performance in order to incent and reward such performance and a portion of annual cash bonuses are paid to incent and reward annual individual contributions to Company performance. Stock options are awarded annually to further link annual compensation to annual Company performance, but also to link the compensatory interests of executive officers to the interests of shareholders in the long term success and growth of the Company. Health and welfare benefit programs are provided to executive officers on the same terms and conditions as all other employees and are intended to be competitive within the industry and the local market area. We also provide our executive officers with certain supplemental retirement programs on a basis competitive within the industry.

Orrstown Bank has not entered into any formal employment or severance agreement with any of the executive officers identified in the Summary Compensation Table below. It has, however, entered into certain salary continuation and officer group term replacement plan agreements with the named executive officers and a change in control agreement with Mr. Shoemaker, all described in greater detail below.

Determination of Compensation. The Executive Committee of the Board of Directors of Orrstown Bank conducts a full review in the fall of each year of the Bank s executive compensation programs and is responsible for making recommendations to the Bank s Board of Directors. The Bank s Board of Directors considers and acts on upon such recommendations at its December meeting.

Base Salary. The Executive Committee determines base salaries for executive officers based upon competitive pay practices of other banks of similar size on a regional basis for similar positions and responsibilities. The Executive Committee obtains comparisons of base salaries paid by other banks from various sources, including L. R. Webber Associates, a Holidaysburg, Pennsylvania consulting firm, Clark Consulting, a benefits consulting firm that operates on a national level with headquarters in Minneapolis, Minnesota, and SNL Financial, an information and research firm serving the financial services industry with an emphasis on publicly traded banking companies from its headquarters in Charlottesville, Virginia. Using the median as a starting point, the Executive Committee recommends annual changes in base salaries of executive officers based on its evaluation of past performance, job duties, scope and responsibilities and expected future contributions. In determining the level of base salary, an individual s personal performance in achieving previously established goals is the most important factor. Consistently with this practice and policy, the Executive Committee recommended and Bank s Board of Directors approved at its December meeting increasing base salaries in 2008 to $270,000 for Mr. Shoemaker; $146,000 for Mr. Everly; $165,000 for Mr. Fague; and, $165,000 for Mr. Embly.

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Cash Bonuses. As noted above, a portion of annual cash bonuses are linked to annual Company performance and a portion are related to annual individual contributions to Company performance. As a guide for determining the amount of cash bonus to be awarded to an executive officer, the Executive Committee refers to Orrstown Bank s Executive Incentive Plan, established in 1998. The purpose of the Plan is to support and promote the pursuit of the Bank s organizational objectives and financial goals through the payment of annual cash bonuses to executive officers and other key employees based upon the percentage increase in earnings for the year, which is given a 75% weighting, and the percentage increase in funds (deposits and short-term purchased funds) for the year, which is given a 25% weighting. The resulting percentage factors are then added together, resulting in a bonus percentage factor to be applied to an executive s salary to determine the amount of his or her bonus. For example, a 10% increase in earnings and a 20% increase in funds would result in a 12.5% bonus percentage factor (10% x .75 = 7.5%, 20% x .25 = 5%; 7.5% + 5% = 12.5%). Assuming a base salary of $100,000, the amount of the bonus would be $12,500. Under the Plan, the Bank will pay out 50% of the bonus amount in the year to which the bonus relates, 25% in the next year and 25% in the second year. Thus, the amounts reported below in the Summary Compensation Table as paid in 2007 pursuant to the Executive Incentive Plan include 50% of the bonus amount earned in 2007, 25% of the bonus amount earned in 2006 and 25% of the bonus amount earned in 2005. The bonus amounts as to which payment is deferred to subsequent years are not vested and may be forfeited by an employee whose employment with the Bank is terminated prior to payment of the deferred amounts. In addition, in 2005, 2006 and 2007, the Board of Directors determined, within its discretion under the Plan, to actually fund bonuses under the Plan at the rate of 50% of the bonus amount calculated pursuant to the principles described above. The Executive Committee and the Board of Directors have complete discretion as to whom bonuses will be awarded under the Plan. In addition, the Executive Committee and the Board of Directors have further discretion to award cash bonuses in addition to amounts calculated pursuant to the Plan where individual contributions to Company performance merit further reward. Thus, the amounts reported as bonus in the Summary Compensation Table reflect amounts that the Executive Committee and the Board of Directors believe appropriately reward individual contributions to total Company performance.

Stock Options. On January 27, 2000, the Board of Directors of the Company unanimously approved and adopted the Employee Stock Option Plan of 2000. The Stock Option Plan was ratified by the shareholders at the 2000 Annual Meeting. The purpose of the Stock Option Plan is to promote the long term success of the Company and the creation of shareholder value by providing additional incentives to those officers and key employees who are in a position to contribute to the long term growth and profitability of the Company; assist the Company to attract, retain and motivate key personnel with experience and ability; and link employees receiving stock options directly to shareholder interests through increased stock ownership.

The Executive Committee, on behalf of the Board of Directors, administers the Stock Option Plan, and determines the number of shares to be covered by each option, the term of the option, the period of time for options to vest after grant, if any, and other terms and limitations applicable to the exercise of the option. All options awarded under the Stock Option Plan are exercisable at an option price equal to the fair market value of the Company s common stock at the date of grant of the option. As long as shares of Company common stock are traded over the counter and quotations for the shares appear on the NASD s OTC Bulletin Board service, fair market value shall mean the average of the daily high bid and low offer quotations for shares of Company common stock reported through the OTC Bulletin Board service for the 10 trading days immediately preceding the relevant date. If no bid or no offer quotations are available during the 10 day pricing period, then fair market value will mean the price of the last trade reported for the shares through the OTC Bulletin Board service. Grants to officers of the Company and other key employees are based on criteria established by the Executive Committee including, past performance, job duties, scope and responsibilities and contributions to overall Company performance.

The Executive Committee has total discretion over the number of shares covered by option grants. Option awards covered a larger number of shares in years prior to 2006, principally because changes in generally accepted accounting principles, that became effective in 2006 now require the Company to expense option awards when granted.

401(k) and Profit Sharing Plan. Orrstown Bank maintains a 401(k) plan for the benefit of eligible employees. The Bank makes annual matching contributions of up to 50 percent of employee contributions under the plan up to 3 percent of an employee s annual compensation. In addition, the Bank maintains a profit sharing plan covering all employees who have attained age 21, completed one year of service and have worked for 1,000 hours or more during the plan year. Upon becoming eligible to participate in the plan, an employee is fully vested. Contributions to the plan are based on the Bank s performance and are at the discretion of the Bank s Board of Directors. Substantially all of the Bank s employees are covered by the plan. The Bank s contribution to the plan on behalf of all participants may not be in excess of the maximum amount deductible for tax purposes under Section 404(a) of the Internal Revenue Code of 1986, as amended. In general, this amount cannot be more than 15 percent of compensation otherwise paid during the taxable year to all employees under the profit sharing plan.

Deferred Compensation and Supplemental Benefit Programs. Orrstown Bank has established salary continuation plans and group term replacement plans for certain of its executive officers. The purposes of these programs are to provide to those executive officers an economic incentive for long term service to the Company and the Bank. The Executive Committee believes that these programs are competitive with those offered by other banks of similar size on a regional basis.

Orrstown Bank has established salary continuation plans for certain of its executive officers including, without limitation, the executive officers named in the Summary Compensation Table below, in order to provide them with supplemental retirement income. The purpose of the plans is to provide an incentive to such persons to continue in the employ of the Bank.

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Orrstown Bank also has established an officer group term replacement plan for the benefit of Messrs. Shoemaker, Everly, Oldt and Fague. This plan provides participating officers with a life insurance benefit equal to two times current salary with no cap. Under the plan the officer receives the same coverage as he currently receives under the Bank s group term plan but at less cost to the Bank while the officer is employed. The officer receives continued coverage after retirement for a small annual charge. The post-retirement coverage will approximate two times annual salary (not to exceed the net coverage purchased).

As noted above in connection with Director Compensation, Messrs. Shoemaker and Oldt also participate in the non-qualified deferred compensation plan for directors, but neither of them made any deferrals in 2007.

Compensation Committee Report

We, the members of the Executive Committee of the Board of Directors of Orrstown Bank, have reviewed and discussed the Compensation Discussion and Analysis set forth above with the management of the Company and, based on such review and discussion, have recommended to the Board of Directors of the Company inclusion of the Compensation Discussion and Analysis in this Proxy Statement and, through incorporation by reference from this Proxy Statement, in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

Executive Committee:

Jeffrey W. Coy, Chair
Kenneth R. Shoemaker
Denver L. Tuckey
Joel R. Zullinger

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

Executive Compensation Tables

The following table sets forth information as to the compensation paid or accrued by the Company for the year ended December 31, 2007 for services rendered in all capacities by our principal executive officer, principal financial officer and for each and up to three other executive officers who received total compensation in excess of $100,000.

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2007 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (2)	All Other Compensation ($) (See Table Below)	Total ($)
Kenneth R. Shoemaker President &	2007	249,711	65,000		15,840		159,434	65,076	555,061
Chief Executive Officer	2006	235,000	60,000		19,170		169,424	62,162	545,756
	2005	210,000	50,000		60,130		56,170	66,494	442,794
Bradley S. Everly, Senior Vice	2007	138,865	20,000		12,672		35,151	25,470	232,158
President & Chief Financial Officer	2006	132,000	23,000		19,170		100,738	24,175	299,083
	2005	125,000	21,000		38,655		13,503	22,867	221,025
Philip E. Fague, Executive Vice	2007	157,846	25,000		12,672		21,766	28,727	246,011
President & Chief Sales & Service	2006	150,000	25,000		19,170		12,437	27,242	233,849
Officer	2005	137,500	23,000		38,655		3,802	25,002	227,959
Stephen C. Oldt, Executive Vice	2007	157,846	25,000		12,672		51,360	44,802	291,680
President & Chief Operating Officer	2006	150,000	20,000		15,975		47,600	27,886	261,461
(3)	2005	137,500	23,000		34,360		29,114	25,606	249,580
Jeffrey W. Embly, Senior Vice	2007	144,856	25,000		12,672		11,942	26,329	220,799
President & Chief Lending Officer	2006	137,500	25,000		19,170		4,769	24,750	211,189
	2005	125,000	21,000		38,655			22,500	207,155

(1) Option awards are valued based on the Black-Scholes model, used by the Company for financial reporting purposes pursuant to FAS 123R. There is no assurance the value realized by an executive officer will be at or near the value estimated by the Black-Scholes model. The actual value, if any, an executive officer may realize will depend upon the excess of the stock price over the exercise price on the date the option is exercised. The assumptions used in determining the Black-Scholes value are set forth in the 2007 Grant of Plan Based Annuals Table below.

(2) Based on an October 1 to September 30 plan year under executive officer Salary Continuation Agreements and, for Mr. Shoemaker only, also includes the annual change in the net present value of his accrued benefit under his Directors Retirement Plan (described below in the Compensation of Directors section) for corresponding plan years.

(3) Mr. Oldt retired December 31, 2007.

As indicated in the 2007 Summary Compensation Table, salary is the single most significant component of executive compensation, comprising approximately one-half or more of total compensation paid to an executive officer.

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The compensation represented by the amounts for 2007 set forth in the All Other Compensation column is detailed in the following table.

2007 ALL OTHER COMPENSATION TABLE

Name	Year	Perquisites and Other Personal Benefits ($)	Directors Fees ($)	Insurance Premiums ($)	Company Contributions to Retirement and 401(k) Plans	Total ($)
Kenneth R. Shoemaker	2007	10,582	13,000	975	40,519	65,076
	2006	10,650	11,000	912	39,600	62,162
	2005		27,800	880	37,814	66,494
Bradley S. Everly	2007			474	24,996	25,470
	2006			415	23,760	24,175
	2005			367	22,500	22,867
Philip E. Fague	2004			277	28,450	28,727
	2006			242	27,000	27,242
	2005			212	24,790	25,002
Stephen C. Oldt (1)	2007	15,192		992	28,618	44,802
	2006			886	27,000	27,886
	2005			851	24,755	25,606
Jeffrey W. Embly	2007			255	26,074	26,329
	2006				24,750	24,750
	2005				22,500	22,500

(1) Mr. Oldt retired December 31, 2007.

Except as to Mr. Shoemaker in 2007 and 2006, and Mr. Oldt in 2007, the total value of perquisites and personal benefits for a named executive officer is less than $10,000. In 2007 and 2006 perquisites and personal benefits for Mr. Shoemaker consisted of country club dues and automobile allowance. In 2007, perquisites and personal benefits for Mr. Oldt consisted of compensation for paid time off accrued through December 31, 2007 that was paid in connection with his retirement effective December 31, 2007.

Directors fees paid to Mr. Shoemaker are described above in connection with Directors Compensation generally. In 2006, the Company and Orrstown Bank discontinued their prior practices of paying meeting fees to employee directors, but continued to pay annual retainer fees to such directors.

The reported insurance premiums are the premiums paid by the Bank in connection with the officer group term replacement plans for the named executive officers described above in the Compensation Discussion and Analysis.

The Company fully funded its contribution to the profit sharing plan in each of the years indicated at 15 percent of compensation otherwise paid to all employees under the plan.

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2007 GRANTS OF PLAN-BASED AWARDS TABLE

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#) (1)	Exercise or Base Price of Option Awards ($ / Sh) (2)	Grant Date Fair Value of Stock and Option Awards ($) (3)
Kenneth R. Shoemaker	07/09/07	4,000	32.02	15,840
Bradley S. Everly	07/09/07	3,200	32.02	12,672
Philip E. Fague	07/09/07	3,200	32.02	12,672
Stephen C. Oldt (4)	07/09/07	3,200	32.02	12,672
Jeffrey W. Embly	07/09/07	3,200	32.02	12,672

(1) The awarded stock options were fully vested and immediately exercisable on the grant date. The options have a term of 10 years and will expire July 9, 2017, if not sooner exercised. The options may be exercised upon full payment of the exercise price in cash, by the surrender of certificates representing shares which already have been owned by the executive officer for more than 6 months and valued at their fair market value as defined by the Plan, or in a combination of stock and cash. Options may not be exercised for less than 100 shares unless the total number of shares then available for exercise under the award is less than 100.

(2) The exercise price is equal to the fair market value of Company common stock as of the grant date, defined by the Company s Employee Stock Option Plan of 2000 as the average of the daily high bid and low offer quotations for shares of the Company s common stock reported through the NASD s OTC Bulletin Board service for the 10 trading days immediately preceding the grant date.

(3) Option awards are valued based on the Black-Scholes model, used by the Company for financial reporting purposes pursuant to FAS 123R. There is no assurance the value realized by an executive officer will be at or near the value estimated by the Black-Scholes model. The actual value, if any, an executive officer will realize will depend upon the excess of the stock price over the exercise price on the date the option is exercised. In determining the Black-Scholes value, the following assumptions were used for the options awarded in 2007: (i) stock price volatility represents the standard deviation in stock prices for Company common stock during the 12 month period prior to grant of the option (11.19%); (ii) dividend yield represents the cumulative dividends per share for the 12 month period prior to grant of the option, divided by the average monthly price of Company common stock over the same period (2.50%); (iii) the risk- free rate of return represents the average monthly yield on US Treasury Notes maturing within 9 to 10 years after the date of grant (5.10%); and (iv) an expected time of exercise of five years.

(4) Mr. Oldt retired December 31, 2007.

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2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date
Kenneth R. Shoemaker	4,000	32.02	7/09/2017
	3,150	36.11	6/22/2016
	7,350	40.14	6/23/2015
	9,922	36.92	6/24/2014
	9,261	24.72	6/26/2013
	9,261	19.00	6/27/2012
	6,400	16.50	6/28/2011
Bradley S. Everly	3,200	32.02	7/09/2017
	3,150	36.11	6/22/2016
	4,725	40.14	6/23/2015
	4,410	36.92	6/24/2014
	3,307	24.72	6/26/2013
	2,892	19.00	6/27/2012
	2,429	16.50	6/28/2011
	4,861	15.43	6/22/2010
Philip E. Fague	3,200	32.02	7/09/2017
	3,150	36.11	6/22/2016
	4,725	40.14	6/23/2015
	4,961	36.92	6/24/2014
	4,961	24.72	6/26/2013
	5,208	19.00	6/27/2012
	4,861	16.50	6/28/2011
	1,239	15.43	6/22/2010
Stephen C. Oldt (1)	3,200	32.02	7/09/2017
	2,625	36.11	6/22/2016
	4,200	40.14	6/23/2015
	4,410	36.92	6/24/2014
Jeffrey W. Embly	3,200	32.02	7/09/2017
	3,150	36.11	6/22/2016
	4,725	40.14	6/23/2015
	4,410	36.92	6/24/2014
	4,410	24.72	6/26/2013
	4,630	19.00	6/27/2012
	4,861	16.50	6/28/2011

(1) Mr. Oldt retired December 31, 2007.

2007 OPTION EXERCISES AND STOCK VESTED TABLE

No options were exercised by any of the named executive officers during 2007.

2007 PENSION BENEFITS TABLE

Name	Plan Name	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Kenneth R. Shoemaker	Salary Continuation Agreement	740,744	
Bradley S. Everly	Salary Continuation Agreement	267,024	
Philip E. Fague	Salary Continuation Agreement	73,707	
Stephen C. Oldt (1)	Salary Continuation Agreement	363,015	
Jeffrey W. Embly	Salary Continuation Agreement	19,881	

(1) Mr. Oldt retired December 31, 2007.

A description of the Salary Continuation Agreement appears below under Potential Payments Upon Termination or Change in Control .

Potential Payments upon Termination or Change in Control

Salary Continuation Agreements. Orrstown Bank has entered into Salary Continuation Agreements with certain of its executive officers including, without limitation, the executive officers named in the Summary Compensation Table. The Agreements provide each executive officer with certain specified benefits upon a separation from service as a result of normal retirement, early termination, disability, death or a change in control.

Benefits are payable in monthly installments over a 15 year period beginning within 60 days following the executive officer s separation from service upon or after the executive reaching normal retirement age, within 60 days following the executive officer reaching normal retirement age in the cases of early termination and change in control, or within 60 days after separation from service in the case of disability.

Under the Agreements the amount of the normal retirement benefit when combined with Social Security and amounts available under the Bank s 401(k) and profit sharing plans is intended to provide the executive officer with retirement income equal in amount to 70 percent of final annual salary.

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In 2006, the Bank determined that due to changes over the years in the levels of annual salaries and changes in anticipated retirement ages for certain executive officers, the amounts of the benefits that would be payable under the Salary Continuation Agreements, when combined with Social Security and amounts available under the Bank s 401(k) and profit sharing plans, would not be sufficient to provide such executive officers with retirement income equal to 70 percent of their anticipated final annual salaries. Accordingly, the Bank re-projected annual final salaries for Messrs. Shoemaker, Everly and Fague from their annual salaries at October 1, 2005 at an annual rate of increase of 4 percent based upon normal retirement ages of 62 for Messrs. Shoemaker and Everly and 65 for Mr. Fague. In addition, the discount rate was changed from 7.5 percent to 6.0 percent. The result of these changes was to significantly increase the amount of the net present value of the accrued benefit for Messrs. Shoemaker and Everly for the 2006 plan year in relation to prior years as reflected in the 2006 Summary Compensation Table, and to increase the amounts of the annual normal retirement benefits payable to Mr. Shoemaker from $80,000 at age 62 to $100,000 at age 62; to Mr. Everly from $56,000 at age 65 to $62,000 at age 62; and to Mr. Fague from $25,000 at age 62 to $73,000 at age 65. The Bank entered into a Salary Continuation Agreement with Mr. Embly in 2006, providing for an annual normal retirement benefit of $90,000 at age 65, projecting a final annual salary from his annual salary at October 1, 2005 at an annual rate of increase of 4 percent and a discount rate of 6.0 percent. Because Mr. Oldt was to reach his normal retirement age of 65 in 2007, no changes were made to his Salary Continuation Agreement.

In the event of an early termination separation from service or a separation from service due to disability prior to normal retirement age, the amount of the benefit under the plan will be actuarily reduced from the normal retirement benefit. In the event of a change in control, the amount of the benefit will be the amount of the normal retirement benefit.

In the event an executive officer dies while in active service, the officer s beneficiary will be entitled to receive the normal retirement benefit payable in monthly installments over a 15 year period commencing within 60 days after receipt by the Bank of the officer s death certificate. In the event an executive officer dies after benefit distributions have commenced, the Bank will continue to distribute the remaining benefits to the officer s beneficiary at the same time and in the same amounts as would have been distributed to the executive officer had he survived.

Benefits under the Agreements will be forfeited by an executive officer who is terminated for cause, or if the executive officer commits suicide within 2 years after the effective date of the Agreement, or if an insurance company which issued a life insurance policy covering the executive officer and owned by the Bank denies coverage because of misstatements of fact made by the executive officer on an application for life insurance, or if the executive officer is subject to a final removal or prohibition order issued by a federal banking agency pursuant to the Federal Deposit Insurance Act, or the executive officer becomes interested as a sole proprietor, partner, substantial shareholder, officer, director, or employee in a competitor of the Bank within a 50 mile radius of the Bank s headquarters in Shippensburg, Pennsylvania.

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Change in Control Agreement. The Company and the Bank have entered into a change in control agreement with Mr. Shoemaker. The agreement generally provides that in the event of termination of Mr. Shoemaker s employment (other than for cause) with the Company or the Bank under certain circumstances following a change in control of the Company or the Bank, Mr. Shoemaker will be entitled to receive continued payment of his annual cash compensation for three years. If Mr. Shoemaker would obtain other employment at any time during the three year period, his compensation from his new employer would be offset against the amounts to be paid to him under the agreement. The agreement also provides that the Company will continue to provide Mr. Shoemaker with available insurance coverages in effect at the time of his termination pursuant to a change in control for a period of three years, offset by coverage for any subsequent employment, or until he reaches age 65. For purposes of the agreement a change in control is defined to include an acquisition of 20% or more of the outstanding voting securities of the Company; a merger or consolidation of the Company or the Bank if, as a result of the transaction, less than 50% of the voting securities of the surviving corporation are owned by the former shareholders of the Company; a sale of substantially all the assets of the Company; or the occurrence of any other event designated by a majority of the non-employee directors to constitute a change in control for purposes of the Agreement.

Independent Certified Public Accountants

The Board of Directors again has selected Smith Elliott Kearns & Company, LLC, as the Company s independent certified public accountants for 2007. Representatives of the firm are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

Audit Fees and Non-Audit Fees. Aggregate fees billed for professional services rendered for the Company and its subsidiaries by Smith Elliott Kearns & Company, LLC, as of and for the fiscal years ended December 31, 2007 and 2006 are set forth below:

	2007	2006
Audit Fees	$ 71,250	$ 68,225
Audit Related Fees	0	10,810
Tax Fees	1,145	1,700
TOTAL	$ 72,395	$ 80,735

Audit Fees for 2007 and 2006 were for professional services rendered for the audits of the consolidated financial statements of the Company, quarterly review of the financial statements included in the Company s Quarterly Reports on Form 10-Q, consents and other assistance required to complete the year-end audit of the consolidated financial statements, assessment of the Company s internal controls, and in the review of the Company s Annual Report on Form 10-K.

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Audit Related Fees for 2006 were for professional services rendered in connection with the preparation of the Company s SEC Registration Statement on Form S-4 relating to the Company s acquisition of The First National Bank of Newport and related SEC filings.

Tax Fees for 2007 and 2006 were for assistance in the preparation of IRS Forms 5500 relating to the Company s employee benefit plans.

Annual Report on Form 10-K

A copy of the Company s Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the Securities and Exchange Commission, is being mailed with this Proxy Statement to all shareholders of the Company. The Annual Report on Form 10-K also is available on the Securities and Exchange Commission website at http://sec.gov.

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[GRAPHIC APPEARS HERE]

This Proxy is solicited on behalf of the Board of Directors.

The undersigned hereby appoints Barbara A. Brobst and Wilma M. Rosenberry, or either of them, each with full power of substitution as attorneys and proxies of the undersigned to vote all Orrstown Financial Services, Inc. Common Stock of the undersigned at the Annual Meeting of Shareholders of the Company to be held on Tuesday, May 13, 2008, at 9:00 A.M., at the Shippensburg University Conference Center located at 500 Newburg Road, Shippensburg, Pennsylvania, and at any adjournment of such meeting, as fully and effectually as the undersigned could do if personally present, and hereby revokes all previous proxies for said meeting.

Where a vote is not specified, the proxies will vote shares represented by this Proxy FOR the election of all three nominees for director to Class A and will vote in accordance with the directions of the Board of Directors on such other matters that may properly come before the meeting.

Please mark your votes as indicated in this example x

Proxy Item 1 Election of three directors to Class A to serve for a three (3) year term. Nominees: Jeffrey W. Coy, John S. Ward, Joel R. Zullinger.

FOR all nominees listed herein	WITHHOLD AUTHORITY
(except as withheld) in space	to vote for all nominees listed
provided	herein
[ ]	[ ]

(Instructions: To withhold authority to vote for any individual nominee, write that nominee s name in the space provided below.)

Please date and sign exactly as name appears hereon. When signing as attorney, executor, administrator, trustee, guardian, etc., full title as such should be shown. For joint accounts, each joint owner should sign. If more than one trustee is listed, all trustees should sign, unless one trustee has power to sign for all.

______________________________ (Signature of Shareholder)

______________________________ (Signature of Shareholder)

Dated:__________, 2008