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FIRST KEYSTONE CORP

Form 425

May 16, 2007

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2007

FIRST KEYSTONE CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	2-88927	23-2249083
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

(570) 752-3671

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

CURRENT REPORT ON FORM 8-K

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On May 10, 2007, First Keystone Corporation ("First Keystone"), First Keystone National Bank and Pocono Community Bank ("Pocono") entered into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which all of the outstanding shares of Pocono will be exchanged and converted by First Keystone, and Pocono will be merged with and into First Keystone National Bank, the wholly-owned subsidiary of First

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Keystone.

Pursuant to the terms of the agreement, Pocono shareholders may elect to receive either .8994 shares of First Keystone common stock or \$16.10 for each share of Pocono common stock. Shareholder elections will be subject to allocation procedures, which are intended to ensure that at a minimum 51% of the Pocono common stock will be converted into shares of First Keystone common stock and up to 49% (including cash to be paid for the value of outstanding warrants and options) of the Pocono common stock will be paid in cash. The total value of the merger is approximately \$33.6 million.

The transaction is subject to shareholder approval by Pocono shareholders, customary regulatory approvals and other conditions provided for in the Merger Agreement. Prior to the Pocono shareholders' meeting, First Keystone will file a registration statement with the Securities and Exchange Commission to register the shares to be issued in connection with the merger. The transaction is expected to close late third or early fourth quarter of 2007.

A copy of the Merger Agreement is attached hereto as Exhibit 2.1 and incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements of Businesses Acquired - NA
- (b) Pro Forma Financial Information - NA
- (c) Shell Company Transactions - NA
- (d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of May 10, 2007, by and among First Keystone Corporation, First Keystone National Bank and Pocono Community Bank.
99.1	Press release dated as of May 11, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST KEYSTONE CORPORATION
(Registrant)

Dated: May 15, 2007

/s/ J. Gerald Bazewicz

J. Gerald Bazewicz

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President and
Chief Executive Officer

<u>Exhibit Number</u>	<u>Description</u>
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