

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Penns Woods Bancorp, Inc.		2 Issuer's employer identification number (EIN) 23-2226454	
3 Name of contact for additional information Brian L. Knepp	4 Telephone No. of contact (570) 320-2030	5 Email address of contact brian.knepp@jssb.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 300 Market Street		7 City, town, or post office, state, and Zip code of contact Williamsport, PA 17701	
8 Date of action June 1, 2013		9 Classification and description common stock	
10 CUSIP number 708430103	11 Serial number(s)	12 Ticker symbol PWOD	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On June 1, 2013, Penns Woods Bancorp, Inc. ("Penns Woods") completed a merger with Luzerne National Bank Corporation ("Luzerne"). Pursuant to the Agreement and Plan of Merger dated as of October 18, 2012 between Penns Woods and Luzerne (the "Merger Agreement"), Luzerne merged with and into Penns Woods with Penns Woods as the surviving corporation. In the merger, each share of Luzerne common stock was converted into either 1.5534 shares of Penns Woods common stock or \$61.86 cash, with no more than 10% of the Luzerne shares permitted to be exchanged for the cash consideration.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The aggregate tax basis of the Penns Woods common stock a former Luzerne shareholder received in the merger is generally the same as the former Luzerne shareholder's basis in the Luzerne stock surrendered in the merger, decreased by the amount of cash received by the shareholder in the merger (excluding cash received in lieu of fractional shares) and increased by the gain, if any, recognized by the shareholder (excluding gain with respect to cash received in lieu of fractional shares). The actual tax basis will differ with respect to each former Luzerne shareholder and therefore each shareholder must determine the specific quantitative effect of the merger on such shareholder's tax basis in the Penns Woods common stock received in the merger.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See Question 15 above.**

