

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

|   |  |   |                      |
|---|--|---|----------------------|
| 1 Issuer's name<br><b>Penns Woods Bancorp, Inc.</b>   |  | 2 Issuer's employer identification number (EIN)<br><b>23-2226454</b>                          |                      |
| 3 Name of contact for additional information<br><b>Brian L. Knepp</b>   | 4 Telephone No. of contact<br><b>(570) 320-2030</b>                                    | 5 Email address of contact<br><b>brian.knepp@jssb.com</b>                                     |                      |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact<br><b>300 Market Street</b> |  | 7 City, town, or post office, state, and ZIP code of contact<br><b>Williamsport, PA 17701</b> |                      |
| 8 Date of action<br><b>September 30, 2019</b>   | 9 Classification and description<br><b>common stock one and one-half for one split</b> |   |                      |
| 10 CUSIP number<br><b>708430103</b>   | 11 Serial number(s)  | 12 Ticker symbol<br><b>PWOD</b>   | 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 ▶ **Penns Woods Bancorp, Inc. ("Penns Woods") declared a stock split effective at 11:59 p.m. on September 30, 2019 pursuant to which each share of Penns Woods common stock issued at the effective time was changed into one and one-half shares of Penns Woods common stock. No fractional shares were issued; instead, cash was issued in lieu of fractional shares.**

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 stock split is non-taxable under Section 305(a) of the Internal Revenue Code of 1986, as amended (the "Code"), except for the cash received in lieu of fractional shares. For federal income tax purposes, shareholders who receive cash in lieu of fractional shares will be treated as having received the fractional share and then had the fractional share redeemed for cash. Under Section 307(a) of the Code, the shareholder's basis in a share owned prior to the stock split will be allocated one-third to each new one-half share with the effect that a full share owned after the split will have a basis equal to two-thirds of the basis of the share owned prior to the split. See example on line 16 below.**

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 ▶ **The shareholder's basis in each share owned prior to the stock split must be allocated among the basis in the shares owned after the stock split (and prior to any deemed redemption of fractional shares) based upon their relative fair market values in accordance with Section 307(a) of the Code.**  
**Example: Before the stock split shareholder owns 75 shares with a basis of \$100 per share = \$7,500 total basis. As a result of the stock split, and prior to the deemed redemption of the fractional share, shareholder now owns 112.5 shares (one and one-half shares for each share owned before the stock split). Each full share has a basis of \$66.67 (two-thirds of the basis of a full share prior to the split). Thus, the total basis of the 112 full shares equals \$7,467.04. The fractional share has a basis of \$33.33 (one-third of the basis of a full share prior to the split) and the shareholder calculates gain or loss with respect to the fractional share based upon the amount by which the cash received for the fractional share is greater or less than the basis allocated to the fractional share.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
**Section 305(a) of the Code and Section 307(a) of the Code**

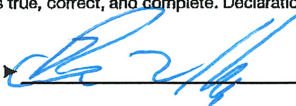
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18 Can any resulting loss be recognized? ▶ **No loss can be recognized with respect to the stock split, except for loss (if any) with respect to cash received in lieu of a fractional share.**

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
**The federal income tax effects of the stock split are effective for the 2019 tax year.**

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**Sign Here**  
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.  
Signature ▶  Date ▶ 9/30/19  
Print your name ▶ **Brian L. Knepp** Title ▶ **Chief Financial Officer**

|                               |  |   |                |   |                       |
|-------------------------------|--|---|----------------|---|-----------------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name   | Preparer's signature  | Date           | Check <input type="checkbox"/> if self-employed | PTIN                  |
|                               | <b>Harry T. Lamb</b>   |  | <b>9/30/19</b> |   | <b>P02142238</b>      |
|                               | Firm's name ▶ <b>Stevens &amp; Lee</b>   |   |                | Firm's EIN ▶                                    | <b>23-1886296</b>     |
|                               | Firm's address ▶ <b>620 Freedom Business Center, King of Prussia, PA 19406</b> |   |                | Phone no.                                       | <b>(610) 205-6035</b> |