

MUNICIPAL SECONDARY MARKET DISCLOSURE
MATERIAL EVENT NOTICE
INFORMATION COVER SHEET

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Obligor: Geisinger Health System

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Material Event Notice: Definitive agreement to merge

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Material Event Notice
Comprehensive Integration Agreement
July 19, 2011

Geisinger Health System Foundation (“Geisinger”), Danville, Pennsylvania and Community Medical Center Healthcare System (“CMCHS”), Scranton, Pennsylvania have entered into a Comprehensive Integration Agreement whereby CMCHS, Community Medical Center, Mountain View Care Center and all other CMCHS affiliates (collectively the “CMC System”) will become controlled entities of Geisinger on the closing date. As part of the transaction, Geisinger Health System¹ has committed to invest \$158.6 million over seven years to enhance clinical programs, increase physician recruitment, expand and improve facilities, and implement new information systems, including Geisinger’s electronic health record technology.

Pending approval by the state Attorney General’s Office, the Pennsylvania Department of Health and federal regulators, the CMC System will join Geisinger Health System, resulting in the Scranton area’s most comprehensive and integrated health system. The organizations anticipate finalizing the merger pending regulatory approvals, estimated to take six months.

No changes to the employment status of CMCHS’ workforce are expected as a result of this agreement. Community Medical Center intends to maintain its open medical staff that includes both employed and independent, community physicians. Two members of CMCHS’ Board of Directors will be added to the Geisinger Board of Directors.

About the CMC System

The CMC System’s audited financial statements for the fiscal year ended June 30, 2010 reflect assets totaling \$136.6 million, liabilities of \$90.7 million and net assets of \$46.0 million. The unrestricted revenue for the same fiscal year totaled \$179.9 million.

¹ Throughout this document, the term “Geisinger Health System” shall refer to the entire healthcare system comprised of Geisinger Health System Foundation as parent and all subsidiary corporate entities comprising Geisinger Health System.