



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
SEE ATTACHED STATEMENT

18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
SEE ATTACHED STATEMENT

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.

Sign Here

Signature ▶ *Bradley M. Rust* Date ▶ 11/15/13

Print your name ▶ Bradley M. Rust Title ▶ EVP/CFO

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Charles A. Laetsch	<i>Charles A. Laetsch</i>	11/15/2013		P00027983
Firm's name ▶	CROWE HORWATH LLP		Firm's EIN ▶	35-0921680
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**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**  
**German American Bancorp, Inc.**  
**FEIN: 35-1547518**

For purposes of this attachment, GABC refers to the issuer, German American Bancorp, Inc. UCB refers to United Commerce Bancorp, Inc. (FEIN: 20-2277596).

**Part II, Line 14**

The organizational action was a reorganization for U.S. federal tax purposes in which UCB merged with and into GABC, with GABC surviving the merger and continuing under the name "German American Bancorp, Inc." The effective time of the merger was October 1, 2013 ("Merger Effective Time"). Shareholders of UCB common stock who held their shares of UCB common stock of record (directly or through their broker or nominee) as of the Merger Effective Time received a per share combination of cash and GABC common stock (or cash in lieu of a fractional share).

**Part II, Line 15**

Each UCB common shareholder of record as of the Merger Effective Time became entitled to receive from GABC 0.5456 shares of GABC common stock for each of their former shares of UCB common stock subject to surrender of the old UCB shares; plus a cash payment of \$1.51 per share; plus potentially a cash payment in lieu of the issuance of any fractional share of GABC common stock.

The basis of GABC shares received in the merger will be generally determined in accordance with IRC Section 358(a), as follows:

- The basis of UCB shares exchanged
- Reduced by the cash received in the merger (if any)
- Increased by any gain recognized in the exchange, computed on a per share basis

The following information is necessary to compute gain to be recognized in the exchange on a per share basis as to each share of UCB common stock that was held by a holder of record as of the Merger Effective Time:

- Cash consideration received per UCB common share: \$1.51 per share
- Fair market value of GABC shares received per UCB common share:  $\$24.78 \times 0.5456 \text{ shares} = \$13.52$  per share
- Total consideration received per UCB common share:  $\$1.51 + \$13.52 = \$15.03$  per share

To determine 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 the old basis, the following scenarios should be used to determine the per share gain to be recognized by a holder of record of a share of UCB common stock as of the Merger Effective Time. UCB shareholders should note that cash payments in lieu of fractional shares are expressly not considered in the scenarios described.

- If the adjusted basis in an individual share of UCB stock is greater than or equal to \$15.03, recognized gain should be \$0.
- If the adjusted basis in an individual share of UCB stock is greater than \$13.52 but less than \$15.03, recognized gain should equal the excess of \$15.03 over the UCB stock basis.
- If the adjusted basis in an individual share of UCB stock is less than or equal to \$13.52, recognized gain should equal \$1.51.

**Part II, Line 16**

The GABC Market Price per share was equal to the average closing price per share of GABC Common, rounded to the nearest cent, during the twenty (20) consecutive trading days ended on the trading day that was the second business day preceding the Closing Date, as reported by NASDAQ.

The basis of GABC shares received, once computed as per above, must be allocated to the individual GABC shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of GABC common stock were received than shares of UCB common stock surrendered, the basis of the UCB shares surrendered must be allocated to the shares of GABC stock received in a manner that reflects, to the greatest extent possible, that a share of GABC stock received is received in respect of UCB shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the UCB shares surrendered must be allocated to the shares of GABC stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular GABC share received. This could result in a single share of GABC stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle.

**Part II, Line 17**

Tax treatment of the merger is based on the following Internal Revenue Code (IRC) sections and subsections as more fully discussed below: 302(b), 318, 354, 356, 358(a), 368(a), and 1221. See also Treasury Regulation §1.358-2(a) and (c) and Proposed Treasury Regulation §1.358-2(b).

**Part II, Line 18**

Based upon the merger agreement and the facts and circumstances known by GABC, it is believed that no loss will be recognized for federal income tax purposes in this transaction by UCB shareholders.

**Part II, Line 19**

The reportable tax year of the adjustment to the basis of the securities as a result of the organizational action is the tax year including October 1, 2013. Further information is available in the following documents prepared as a result of this organizational action:

- Prospectus of GABC for the GABC common stock issued in the merger to the former UCB stockholders;
- GABC's Registration Statement on Form S-4 filed by GABC with the Securities and Exchange Commission (File No. 333-190723, effective August 20, 2013) in connection with this organizational action.
- GABC's Registration Statement Amendment on Form S-4/A filed by GABC with the Securities and Exchange Commission (File No. 333-190723, effective August 23, 2013) in connection with this organizational action.