

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

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name GERMAN AMERICAN BANCORP, INC.		2 Issuer's employer identification number (EIN) 35-1547518	
3 Name of contact for additional information TERRI A. ECKERLE	4 Telephone No. of contact 812-482-1314	5 Email address of contact TERRI.ECKERLE@GERMANAMERICAN.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 711 MAIN STREET, BOX 810		7 City, town, or post office, state, and Zip code of contact JASPER, IN 47547-0810	
8 Date of action APRIL 21, 2017		9 Classification and description COMMON STOCK OF GERMAN AMERICAN BANCORP, INC.	
10 CUSIP number 373865104	11 Serial number(s)	12 Ticker symbol GABC	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 MARCH 27, 2017, GERMAN AMERICAN BANCORP, INC. ("GABC") APPROVED A 3-FOR-2 STOCK SPLIT ("SPLIT") OF THE COMPANY'S AUTHORIZED AND OUTSTANDING COMMON SHARES. EACH SHAREHOLDER OF RECORD ON THE CLOSE OF BUSINESS ON THE RECORD DATE RECEIVED ONE ADDITIONAL HALF SHARE FOR EACH SHARE OF COMMON STOCK HELD. THE RECORD DATE OF THE SPLIT WAS APRIL 6, 2017 WITH THE SHARES DISTRIBUTED ON APRIL 21, 2017. FRACTIONAL SHARES WERE PAID OUT BASED UPON A CASH IN LIEU VALUE OF \$47.34 PER SHARE.

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 WILL BE GOVERNED BY INTERNAL REVENUE CODE (IRC) SECTION 305(a). ACCORDINGLY, EACH SHAREHOLDER'S STOCK BASIS WILL BE ADJUSTED UNDER IRC SECTION 307(a). GABC SHAREHOLDERS WILL ALLOCATE THE AGGREGATE TAX BASIS IN THE GABC COMMON SHARES OWNED IMMEDIATELY BEFORE THE SPLIT RATABLY AMONG THE TOTAL NUMBER OF GABC COMMON SHARES OWNED IMMEDIATELY FOLLOWING THE SPLIT (INCLUDING ANY FRACTIONAL SHARE INTERESTS TO WHICH THE SHAREHOLDER MAY BE ENTITLED). BASED ON APPLICATION OF THIS APPROACH, THE COST BASIS OF EACH SHARE OF GABC COMMON STOCK WILL DECREASE BY 33.33% AS A RESULT OF THE STOCK SPLIT. STATED DIFFERENTLY, THE POST-SPLIT PER-SHARE COST BASIS WILL BE EQUAL TO 66.67% OF THE PRE-SPLIT PER-SHARE COST BASIS.

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 ▶ EXAMPLE 1:
A SHAREHOLDER HOLDS 100 SHARES OF GABC COMMON STOCK WITH A BASIS OF \$10 PER SHARE BEFORE THE SPLIT FOR A TOTAL BASIS IN THE SHARES OF \$1,000. THE SHAREHOLDER WOULD BE ISSUED 50 ADDITIONAL SHARES. EACH OF THE 150 SHARES OWNED BY THE SHAREHOLDER AFTER THE SPLIT WOULD HAVE A NEW BASIS OF \$6.66 PER SHARE. TOTAL BASES OF ALL SHARES WOULD REMAIN \$1,000.

EXAMPLE 2:
SHAREHOLDER OWNED 75 SHARES WITH A BASIS OF \$10 PER SHARE BEFORE THE SPLIT FOR A TOTAL BASIS IN THE SHARES OF \$750 AND WOULD BE ISSUED 37 ADDITIONAL SHARES. THE SPLIT RESULTS IN 37.50 SHARES, AND THE SHAREHOLDER WOULD OWN 112.50 SHARES. THE \$750 BASIS IN THE SHARES WILL BE ALLOCATED TO SHARES (112.00/112.50*\$750) FOR A BASIS OF \$746.66 OR A TAX BASIS IN EACH OF THE 112 SHARES OF \$6.66. THE 0.50 SHARES WILL BE PAID IN LIEU OF FRACTIONAL SHARES AT A CASH IN LIEU VALUE OF \$47.34 PER SHARE FOR A GROSS PAYMENT OF \$23.67 FOR THE 0.50 FRACTIONAL SHARE AND THE TAX BASIS OF THE FRACTIONAL SHARE IS (0.5/112.50*\$750) OR \$3.33.

For Paperwork Reduction Act Notice, see the separate instructions.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► PURSUANT TO IRC SECTION 305(a), THE 3-FOR-2 STOCK SPLIT IS A NONTAXABLE EVENT TO THE SHAREHOLDER (EXCEPT TO THE EXTENT OF ANY CASH RECEIVED IN LIEU OF FRACTIONAL SHARES). ACCORDINGLY, THE TAX BASIS TREATMENT FOR SHAREHOLDERS RECEIVING THE 3-FOR-2 STOCK SPLIT DESCRIBED IN ITEMS 15 AND 16 OF THIS FORM IS BASED UPON IRC SECTION 307(a). ASSUMING THAT THE GABC COMMON SHARES CONSTITUTE CAPITAL ASSETS IN THE HANDS OF A SHAREHOLDER, THE HOLDING PERIOD FOR NEW SHARES RECEIVED IN THE SPLIT WILL INCLUDE THE HOLDING PERIOD OF THE OLD SHARES, IN ACCORDANCE WITH IRC SECTION 1223(4).

THE RECEIPT OF CASH IN LIEU OF FRACTIONAL SHARES SHOULD BE TREATED AS IF THE SHAREHOLDER RECEIVED THE FRACTIONAL SHARES AS PART OF THE STOCK DISTRIBUTION AND, THEREAFTER, GABC REDEEMED THE FRACTIONAL SHARES FROM THE SHAREHOLDER, CONSISTENT WITH TREAS. REG. 1.305-3(c)(2). THESE CASH PAYMENTS SHOULD BE TREATED AS HAVING BEEN RECEIVED AS DISTRIBUTIONS IN FULL PAYMENT IN EXCHANGE FOR THE STOCK REDEEMED UNDER IRC SECTION 302(a) (AS OPPOSED TO A DIVIDEND DISTRIBUTION), AS THEY ARE NON-PRO RATA DISTRIBUTIONS THE PURPOSE OF WHICH IS THE MERE MECHANICAL ROUNDING OFF OF FRACTIONAL INTERESTS [REV. RUL. 69-34, REV. PROC. 77-41]. ACCORDINGLY, SHAREHOLDERS RECEIVING CASH IN LIEU OF FRACTIONAL SHARES SHOULD COMPUTE GAIN OR LOSS MEASURED BY THE DIFFERENCE BETWEEN THE CASH IN LIEU VALUE RECEIVED AND THE ADJUSTED BASIS OF THE FRACTIONAL SHARE REDEEMED, IN ACCORDANCE WITH THE PRINCIPLES OF IRC SECTION 1001.

18 Can any resulting loss be recognized? ► GENERALLY, NO LOSS WILL BE RECOGNIZED BY SHAREHOLDERS IN CONNECTION WITH THE 3-FOR-2 STOCK SPLIT. HOWEVER, SHAREHOLDERS RECEIVING ANY CASH IN LIEU OF FRACTIONAL SHARES WILL RECOGNIZE GAIN OR LOSS BASED ON THE DIFFERENCE BETWEEN THE AMOUNT OF CASH RECEIVED AND THE SHAREHOLDERS' ADJUSTED BASIS IN THE FRACTIONAL SHARES, AS DISCUSSED IN ITEMS 16 AND 17 ABOVE.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE 3-FOR-2 STOCK SPLIT OCCURRED ON APRIL 21, 2017. AS A RESULT, THE BASIS ADJUSTMENTS IN THE COMMON SHARES OF GABC SHOULD BE REPORTED IN THE TAXABLE YEAR THAT INCLUDES THIS DATE. IN THE CASE OF SHAREHOLDERS WHO ARE CALENDAR YEAR TAXPAYERS, THE DISTRIBUTION IS REPORTABLE IN THE TAX YEAR ENDING DECEMBER 31, 2017.

THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND PROVIDES A DESCRIPTION OF COMMON TAX CONSEQUENCES, BUT DOES NOT PURPORT TO DESCRIBE ALL TAX CONSEQUENCES THAT MAY APPLY TO ALL TYPES OF SHAREHOLDERS. GABC SHAREHOLDERS SHOULD CONSULT A QUALIFIED TAX ADVISER FOR ANY SPECIFIC QUESTIONS RELATED TO THEIR SPECIFIC TAX TREATMENT.

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 ► 4/3/17
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>	2017.06.03 09:14:37 -04'00'	06/03/2017	P00027983
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