

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

OMB No. 1545-2224

► See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
GERMAN AMERICAN BANCORP, INC.		35-1547518	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
TERRI A. ECKERLE	(812) 482-1314	terri.eckerle@germanamerican.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
711 Main Street, Box 810		JASPER, IN 47546-0810	
<b>8</b> Date of action		<b>9</b> Classification and description	
01.01.2011		COMMON STOCK OF AMERICAN COMMUNITY BANCORP, INC.	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
373865104		ACBP	

**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 ► SEE ATTACHED STATEMENT

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**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 ► SEE ATTACHED STATEMENT

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**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 ATTACHED STATEMENT

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**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 ▶ 1/17/12

Print your name ▶ Bradley M. Rust

Title ▶ EVP/CFO

**Paid  
Preparer  
Use Only**Print/Type preparer's name  
Chuck Laetsch

Preparer's signature

*Chuck A. Laetsch*Date  
1/17/2012Check ☐ if  
self-employedPTIN  
P00027983

Firm's name ▶ CROWE HORWATH, LLP

Firm's EIN ▶ 35-0921680

Firm's address ▶ P.O. BOX 40977, INDIANAPOLIS, IN 46240-0977

Phone no. 317.569.8989

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054



**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.; and ACB refers to American Community Bancorp, Inc. (FEIN: 20-1541152).

**Part II, Line 14**

The organizational action was a reorganization for U.S. federal tax purposes in which ACB 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 January 1, 2011 ("Merger Effective Time"). Shareholders of ACB common stock who held their shares of ACB common stock of record (directly or through their broker or nominee) with ACB as of December 15, 2010 (the "Dividend Record Date") and continued to hold such shares through the Merger Effective Time received a combination of cash (in the form of a cash dividend payment from ACB of \$2.00 per share) and GABC common stock (or cash in lieu of a fractional share). Shareholders of ACB who held shares of ACB common stock as of the Merger Effective Time but who were not also shareholders of record of such shares of ACB Common Stock as of the Dividend Record Date were not entitled to receive the cash dividend from ACB but were entitled to receive the other consideration payable by GABC to former ACB shareholders of record as of the Merger Effective Time.

**Part II, Line 15**

Each ACB common shareholder of record as of the Merger Effective Time became entitled to receive from GABC 0.725 shares of GABC common stock for each of their former shares of ACB common stock subject to surrender of the old ACB shares, plus potentially a cash payment in lieu of the issuance of any fractional share of GABC common stock. Additionally, each ACB common shareholder of record at the close of business on the Dividend Record Date (regardless of whether such shareholder also happened to hold of record the same or different shares of ACB common stock as of the Merger Effective Time) was entitled to receive from ACB a special cash dividend of \$2.00 per ACB share, paid by ACB to such shareholders as of December 30, 2010 and which ACB and GABC intend to treat as merger consideration received in 2010.

Assuming that the \$2 per share payment received on December 30, 2010 qualifies as merger consideration for those shareholders who held their shares of ACB common stock of record through the Merger Effective Time, 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 ACB shares exchanged
- Reduced by the cash received in the merger, including the December 30 payment (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 ACB common stock that was held by a holder of record both as of the Dividend Record Date and the Merger Effective Time:

- Cash consideration received per ACB common share: \$2 per share
- Fair market value of GABC shares received per share:  $\$18.42 \times 0.725 \text{ shares} = \$13.35$  per share
- Total consideration received per ACB common share:  $\$2 + \$13.35 = \$15.35$  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 ACB common stock both as of the Dividend Record Date and the Merger Effective Time:

- If the basis in an individual share of ACB stock is greater than or equal to \$15.35, recognized gain should be \$0.



- If the basis in an individual share of ACB stock is greater than \$13.35 but less than \$15.35, recognized gain should equal the excess of \$15.35 over the ACB stock basis.
- If the basis in an individual share of ACB stock is less than or equal to \$13.35, recognized gain should equal \$2.

Again given the information listed above, a holder of record of a share of ACB common stock who was not the holder of record of such share as of the Dividend Record Date but who was a holder of record of such share as of the Merger Effective Time will not have gain recognized as to such individual share.

**Part II, Line 16**

The fair market value of GABC common stock at the effective time of the merger was \$18.42 per share, based on the closing price on the NASDAQ Global Select Market of GABC common stock on December 31, 2010.

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 ACB common stock surrendered, the basis of the ACB 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 ACB 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 ACB 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), and 368(a). 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 resulting loss may be recognized in this transaction by ACB 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 January 1, 2011. 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 ACB stockholders;
- GABC's Registration Statement on Form S-4 filed by GABC with the Securities and Exchange Commission (File No. 333-170068, effective November 17, 2010) in connection with this organizational action.