



**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
**IRC SECTIONS 354, 356, 358, AND 1001.**

**18** Can any resulting loss be recognized? ▶

**No loss can be recognized upon the exchange of the Heartland common shares for shares of Horizon common stock and cash. If a taxable loss is calculated on the deemed sale of a fractional share of Horizon common stock deemed to have been received in the exchange, this loss can be recognized.**

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

**The transaction was consummated on July 17, 2012. Consequently, the reportable tax year of Heartland shareholders for reporting the tax effect of the share exchange is the tax year that includes the July 17, 2012, date. This is the 2012 calendar year for those shareholders who report taxable income on the basis of a calendar year.**

**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 ▶ \_\_\_\_\_

Print your name ▶ **Mark E. Secor** Title ▶ **Horizon Bancorp, Chief Financial Officer**

|                               |   |                      |      |  |                     |
|-------------------------------|---|----------------------|------|--|---------------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name  | Preparer's signature | Date | Check <input checked="" type="checkbox"/> if self-employed | PTIN                |
|                               | <b>Randal J. Kaltenmark</b>                                       |                      |      |  | <b>P01473312</b>    |
|                               | Firm's name ▶ <b>Barnes &amp; Thornburg LLP</b>                   |                      |      | Firm's EIN ▶   | <b>35-0900596</b>   |
|                               | Firm's address ▶ <b>11 S Meridian St., Indianapolis, IN 46204</b> |                      |      | Phone no.  | <b>317-236-1313</b> |

## **Horizon Bancorp**

**35-1562417**

### **Attachment to Form 8937**

#### REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

##### **Form 8937 Part I, Box 9:**

The securities subject to reporting include all shares of Horizon Bancorp ("Horizon") common stock issued in exchange for the outstanding common stock of Heartland Bancshares, Inc. ("Heartland") as a result of the merger of Heartland with and into Horizon on July 17, 2012.

##### **Form 8937 Part II, Box 14:**

The reportable organizational action involves the merger of Heartland with and into Horizon on July 17, 2012. As a result of this merger, each share of Heartland common stock was exchanged for 0.54 shares of Horizon common stock. To the extent that the exchange would have resulted in the issuance of a fractional share of Horizon common stock to a Heartland shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of Horizon common stock.

##### **Form 8937 Part 11, Box 15:**

The merger of Heartland with and into Horizon qualifies as a tax-free reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended. As a result, each Heartland shareholder who receives solely Horizon common stock in exchange for his or her shares of Heartland common stock will not recognize gain or loss except to the extent that cash is received in lieu of fractional shares of Horizon common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of Heartland common shares surrendered in the exchange having a common tax basis. A loss realized on one block of Heartland common shares may not be used to offset a gain realized on another block of Heartland common shares. Each Heartland shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each Heartland shareholder is required to determine the tax basis of the shares of Horizon stock received in the exchange by performing the following calculations separately for each identifiable block of Heartland common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the Heartland common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)

- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of Horizon common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of Horizon common stock received in the exchange for that identifiable block of Heartland common shares transferred. The tax basis of each individual share of Horizon common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of Horizon common shares that comprise this identifiable block.

Heartland shareholders who receive cash in lieu of a fractional share of Horizon common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These Heartland shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the Heartland common shares deemed to have been exchanged for the fractional share and the amount of cash received.

**Form 8937 Part 11, Box 16:**

Refer to the description of the basis calculation in Part II, Box 15 above. The July 16, 2012 closing price of a single share of Horizon common stock on the NASDAQ Global Market \$25.12.