

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name ACNB Corporation		2 Issuer's employer identification number (EIN) 23-2233457	
3 Name of contact for additional information Lynda L. Glass	4 Telephone No. of contact 717-339-5085	5 Email address of contact lglass@acnb.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 3129		7 City, town, or post office, state, and Zip code of contact Gettysburg, PA 17325	
8 Date of action July 1, 2017		9 Classification and description Merger: Exchange of Shares of New Windsor Bancorp, Inc.	
10 CUSIP number 000868109	11 Serial number(s)	12 Ticker symbol ACNB	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 July 1, 2017 ACNB Corporation (ACNB) completed its acquisition of the New Windsor Bancorp, Inc. (New Windsor) through merger of New Windsor into ACNB, as described herein and pursuant to the Reorganization Agreement. On that date, pursuant to the Reorganization Agreement, New Windsor was merged with and into ACNB South Acquisition Subsidiary LLC (Acquisition Subsidiary) a wholly owned subsidiary of ACNB and a disregarded entity for Federal Income Tax purposes. On July 1, 2017, the outstanding shares of New Windsor common stock automatically converted pursuant to the Reorganization Agreement into the right to receive (i) 1.10 shares of ACNB common stock, or (ii) \$30.00 in cash, subject to adjustment and proration under the Reorganization Agreement to maintain a ratio of 85% stock and 15% cash in the aggregate.

Each New Windsor shareholder otherwise entitled to a fractional share of ACNB common stock will receive cash for such fractional 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 ▶ New Windsor shareholders receiving ACNB common stock for New Windsor common stock in the merger will have a tax basis in the shares of ACNB common stock received equal to the tax basis in their shares of New Windsor common stock, plus the amount of gain recognized in the exchange (if any), less the amount of cash (if any) they received in the merger.

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 ▶ Basis will be determined under Section 358. The market values of the securities and valuation dates are as set forth above (7/1/17).

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The federal income tax consequences to the New Windsor shareholders should be determined under the Internal Revenue Code Sections 368(a)(1)(A), 354, 356, 358 and 1001.

18 Can any resulting loss be recognized? ▶ Loss should not be recognized in this transaction under Section 356(c).

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the tax year of the New Windsor shareholder which includes July 1, 2017.

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 ▶ *D. W. Cathell* Date ▶ August 10, 2017

Paid Preparer Use Only	Print your name ▶ <u>David W. Cathell</u>	Preparer's signature ▶ <u><i>[Signature]</i></u>		Title ▶ <u>Executive Vice President</u>
	Print/Type preparer's name <u>Glenn Richard James</u>	Date <u>9 Aug 2017</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00445161</u>
	Firm's name ▶ <u>BDO USA LLP</u>	Firm's EIN ▶ <u>13-5381590</u>		Phone no. <u>215 564 1900</u>
	Firm's address ▶ <u>1801 Market Street, Philadelphia, PA 19103</u>			