

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 January 11, 2020	9 Classification and description Merger: Exchange of Shares of Fredrick County 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 January 11, 2020, ACNB Corporation (ACNB) completed its acquisition of Frederick County Bancorp, Inc (FCBI) through merger of FCBI into ACNB, as described herein, and pursuant to the Reorganization Agreement. On that date, pursuant to the Reorganization Agreement, FCBI was merged with and into ACNB South Acquisition Subsidiary LLC, (Acquisition Subsidiary), a wholly owned subsidiary of ACNB and a disregarded entity for Federal Tax purposes. On January 11, 2020, the outstanding shares of FCBI automatically converted, pursuant to the Reorganization Agreement, into the right to receive 0.9900 share of ACNB common stock for each share of FCBI common stock.
Each FCBI shareholder otherwise entitled to a fractional share will receive cash for such fractional shares.

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 ▶ FCBI shareholders receiving ACNB common stock for FCBI common stock in the merger will have a tax basis in the shares of ACNB stock received equal to the tax basis in their shares of FCBI 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 IRC Section 358. The market values of the securities and valuation dates are set forth above (1/11/2020).

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 merger of FCBI with and into ACNB qualifies as a tax free reorganization within the meaning of IRC 368(a).

Other relevant IRC sections include 354, 356, 358, and 1001.

18 Can any resulting loss be recognized? ▶ No loss can be recognized on the exchange of FCBI shares for ACNB shares. If a taxable loss is calculated on the deemed sale of fractional share of ACNB common shares 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 completed on January 11, 2020. Consequently, the reportable tax year for the FCBI shareholder is the year that includes the January 11, 2020 date. This is the 2020 calendar year for those stockholders who report taxable income on the basis of a calendar year.

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 ▶ *David W. Cathell* Date ▶ FEBRUARY 25, 2020

Paid Preparer Use Only	Print your name ▶ David W. Cathell	Preparer's signature	Title ▶ Executive Vice President	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name	<i>Raymond Kelly</i>	Date		P01387525
	Firm's name ▶ RSM US LLP		2/25/20	Firm's EIN ▶	42-0714325
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