

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

<b>Part I Reporting Issuer</b>		
1 Issuer's name  First Business Financial Services, Inc.	2 Issuer's employer identification number (EIN)  39-1576570	
3 Name of contact for additional information  James F. Ropella	4 Telephone No. of contact  608-232-5970	5 Email address of contact  jropella@firstbusiness.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  401 Charmany Drive		7 City, town, or post office, state, and Zip code of contact  Madison, WI 53719
8 Date of action  August 28, 2015	9 Classification and description  2-for-1 Stock Split effected in the form of a dividend	
10 CUSIP number  319390100	11 Serial number(s)	12 Ticker symbol  FBIZ
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 August 7, 2015, the Board of Directors of First Business Financial Services Inc. declared a 2-for-1 stock split of the Corporation's common shares effected in the form of a dividend. Each shareholder of record on the close of the business on the record date received one additional share of common stock for each share held. The 2-for-1 stock split was payable on August 28, 2015 to shareholders of record as of the close of business on August 18, 2015.

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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 ▶

As a result of the 2-for-1 stock split, shareholders received one additional share for each share owned. In accordance with Internal Revenue Code Section 307(a), each shareholder is required to allocate the aggregate tax basis in his or her shares held immediately prior to the 2-for-1 stock split among the shares held immediately after the 2-for-1 stock split. As a result, the number of shares held by each shareholder doubled, but each shareholder's total basis and proportionate interest in the Company remained the same.

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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 ▶ **\*We caution that this is not tax advice and is provided only as guidance. Investors should consult their tax advisor.**

A shareholder will multiply the basis in each share held before the stock split by 50% to determine the basis, after the stock split, in that share and the additional shares distributed in the stock split.

The record date for the split was August 18, 2015, and the distribution date was August 28, 2015. The data that supports this calculation is each shareholder's basis immediately before the distribution and the number of shares issued in the distribution.

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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 ►  
The applicable Internal Revenue Code sections upon which the tax treatment is based are IRC Sections 305(a) and 307(a).  
Under IRC Section 305(a), the distribution is not taxable to shareholders. Under IRC 307(a), each shareholder's basis in his or her old stock must be allocated between the old stock and the new stock that was distributed in the stock split.

18 Can any resulting loss be recognized? ►  
Under current law, for U.S. Federal income tax purposes, there will be no U.S. taxable income, gain or loss to U.S. resident shareholders in connection with the 2-for-1 split.  
The laws and jurisdictions other than the United States may impose income taxes on the receipt of additional shares. As such, investors should consult their tax advisors with respect to the potential consequences in light of their individual circumstances.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►  
The reportable tax year is 2015 for stockholders reporting taxable income on a calendar year basis.  
For stockholders reporting taxable income on a basis other than calendar year, the reportable year is the stockholder's year that includes August 28, 2015.

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:  Date: 10/6/15  
Print your name ► James F. Ropella Title ► Senior VP/Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.