

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

<b>Part I Reporting Issuer</b>			
1 Issuer's name  <b>First State Corporation</b>		2 Issuer's employer identification number (EIN)  <b>**.....655</b>	
3 Name of contact for additional information  <b>Allen Hodo</b>	4 Telephone No. of contact  <b>601-735-3124</b>	5 Email address of contact  <b>fsb_info@firststatebnk.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>P. O. Box 506</b>		7 City, town, or post office, state, and Zip code of contact  <b>Waynesboro, MS 39367</b>	
8 Date of action  <b>December 1, 2014</b>		9 Classification and description  <b>100 for 1 Stock Split</b>	
10 CUSIP number  <b>N/A</b>	11 Serial number(s)  <b>All Common Stock</b>	12 Ticker symbol  <b>N/A</b>	13 Account number(s)  <b>N/A</b>

**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 December 1, 2014 First State Corporation completed a 100 for 1 stock split of its authorized shares of common stock. Shareholders of record were issued 99 shares for every 1 share of common stock.

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 ▶ The effect of the stock split was not dilutive to any shareholder, but was executed to make the outstanding shares more negotiable in price.

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 ▶ Each shareholders basis per share would be reduced to 1.00% of the cost basis per share prior to the split occurring.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRS Section 26, Subsection 305: Gross income does not include the amount of any distribution of the stock of a corporation made by such corporation to its shareholders with respect to its stock.

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18 Can any resulting loss be recognized? ▶ This action did not result in any taxable events for the shareholders.

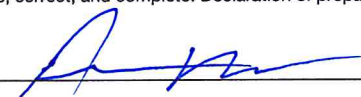
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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ \_\_\_\_\_

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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 ▶ January 15, 2016

Print your name ▶ Allen Hodo Title ▶ CFO

**Paid Preparer Use Only**

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