

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Codorus Valley Bancorp, Inc.</b>		2 Issuer's employer identification number (EIN) <b>23-2428543</b>	
3 Name of contact for additional information <b>Jann Allen Weaver</b>	4 Telephone No. of contact <b>717-747-1502</b>	5 Email address of contact <b>jweaver@peoplesbanknet.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>105 Leader Heights Road</b>		7 City, town, or post office, state, and Zip code of contact <b>York PA 17403</b>	
8 Date of action <b>December 11, 2012</b>	9 Classification and description <b>5% Stock Dividend Paid to Shareholders of Record as of close of business October 23, 2012</b>		
10 CUSIP number <b>192025104</b>	11 Serial number(s)	12 Ticker symbol <b>CVLY</b>	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 October 9, 2012, the Board of Directors of Codorus Valley Bancorp, Inc. declared a 5% stock dividend, payable on December 11, 2012, to shareholders of record at the close of business on October 23, 2012.**

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 number of shares owned should be increased by 5% and the cost basis for each share should be decreased by 5%. Fractional shares are only issued on shares that were purchased through the Dividend Reinvestment and Stock Purchase Plan. Cash in lieu of fractional shares was paid to shareholders based on \$14.20 per share and reported on a Form 1099-B in 2012.**

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 ▶ **See number 15 above**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 1016(a)(4)

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2012.  
See #15 above

**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 ▶ Jann Allen Weaver Date ▶ Dec. 18, 2012  
Print your name ▶ Jann Allen Weaver Title ▶ Treasurer and Assistant Secretary

<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.