

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

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Heartland Financial USA, Inc.		42-1405748	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Jacquie Manternach	563-589-1993	jmanternach@htlf.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1398 Central Ave		Dubuque, IA 52001	
8 Date of action		9 Classification and description	
November 30, 2015		Common Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
42234Q102		HTLF	

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 ▶ Effective as of the close of business, 5:00 P.M. Pacific time, on November 30, 2015, Premier Valley Bank ("PVB") merged with and into PV Acquisition Bank, with PV Acquisition Bank as the surviving entity, pursuant to the terms and conditions of the Agreement and Plan of Merger dated May 28, 2015. Simultaneously, PV Acquisition Bank changed its name to Premier Valley Bank.

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 ▶ Pursuant to the Agreement and Plan of Merger, each share of PVB common stock outstanding at closing, was cancelled and converted, at shareholder election, to either cash or Heartland ("HTLF") common stock, subject to adjustment if shareholders elected to receive more than 70% in HTLF common stock or more than 30% in cash. The shareholders electing to receive HTLF common stock, and the shareholders making no election, received 0.2042 shares of HTLF common stock for each share of PVB common stock, with cash paid for any fractional share interests. As a result of adjustment, shareholders electing to receive cash received 0.01088 shares of HTLF common stock and cash of \$7.31 for each share of PVB common stock. The aggregate tax basis of the HTLF common stock received by PVB shareholders (excluding fractional share interests deemed received and redeemed for cash) will be the same as the aggregate tax basis of PVB shares surrendered in the exchange. Actual tax basis will differ with respect to each shareholder, and tax basis may differ with respect to separate and distinct blocks of shares owned by a former PVB shareholder. With regards to cash received for a fractional HTLF share, a portion of the total tax basis must be allocated to the fractional share and such fractional share deemed received and then exchanged for cash. The holding period of HTLF stock received generally will include the holding period of the PVB stock exchanged.

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 ▶ As a result of the merger, all the outstanding shares of PVB common stock were converted into either cash or shares of HTLF common stock. The number of shares of HTLF common stock issued for each share of PVB common stock was equal to the quotient of (a) the total consideration of \$95,050,000 divided by (b) the total number of PVB common shares outstanding on the closing date, which was 12,304,025, divided by the volume weighted average closing price of HTLF common stock on Nasdaq for the 20 trading days ending five days prior to completion of the merger, which was \$37.82. Based on the formula outlined above, PVB shareholders electing to take HTLF common stock for their shares of PVB common stock received 0.2042 shares of HTLF common stock for each share of PVB common stock owned. Since PVB shareholders elected to receive less than 70% of the total consideration in HTLF common stock, those shareholders making no election received 0.2042 share of HTLF common stock for each share of PVB common stock owned, and those shareholders electing to receive cash received 0.01088 shares of HTLF common stock and cash of \$7.31 for each share of PVB common stock owned to get the percentage of consideration paid in HTLF stock to be in accordance with the merger agreement.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► _____
 Shareholders of PVB hold their common stock as capital assets within the meaning of Internal Revenue Code (IRC) section 1221.
 The merger is intended to qualify as a reorganization within the meaning of IRC section 368(a).

Under IRC section 1032, HTLF and PV Acquisition Bank will not recognize gain or loss on the property received in the reorganization. Under IRC section 362(b), PV Acquisition Bank will take a carryover basis in the property, increased by any gain recognized by PVB.
 Under IRC section 1223(2), PV Acquisition Bank's holding period in the assets will include PVB's respective holding periods in the assets.
 Under IRC section 361(a), PVB will not recognize any gain or loss on the transfer of property to HTLF and PV Acquisition Bank.

Under IRC section 356(a)(1), a PVB shareholder generally will recognize gain, but not loss, equal to the lesser of (1) the excess, if any, of the fair market value of HTLF common stock and the amount of cash received over the shareholder's adjusted basis in PVB stock exchanged in the merger or (2) the amount of cash received by the shareholder. The cash received would not be treated as a distribution under IRC section 356(a)(2) and 302(b)(2). Under IRC section 358(a), PVB's shareholders take a basis in the HTLF common stock equal to their basis in the PVB stock, decreased by the amount of cash and property they received and loss they recognize on the transaction, and increased by the amount of gain they recognize on the transaction. PVB's shareholders holding period should be tracked in accordance with IRC section 1223(1).

18 Can any resulting loss be recognized? ► PVB shareholders generally will not recognize loss by reason of the merger, except with respect to cash received for PVB shares redeemed or cash received in lieu of a fractional share of HTLF common stock. If a PVB shareholder receives cash in lieu of a fractional share of HTLF common stock, the PVB shareholder will be treated as having received a fractional share of HTLF common stock pursuant to the merger and then as having exchanged the fractional share of HTLF common stock for cash in a redemption by Heartland. As a result, the PVB shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the PVB shareholder's basis in the fractional share of HTLF common stock.

The merger is intended to qualify as a reorganization within the meaning of IRC section 368(a). PVB and Heartland will not recognize any gain or loss for U.S. federal income tax purposes.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► _____
 The reportable year is the tax year ended December 31, 2015. See Form S-4 amendment filed with the SEC on September 24, 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 ► Jacquie Mantemach Date ► 1-14-16
 Print your name ► Jacquie Mantemach Title ► SVP

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Janssen	<i>Jacquie Mantemach</i>	1/13/16		P00452528
	Firm's name ► KPMG LLP			Firm's EIN ►	13-5565207
	Firm's address ► 666 Grand Avenue, Ste. 2500, Des Moines, IA 50309			Phone no.	515-288-7465