

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

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>ESSA Bancorp, Inc.</b>		2 Issuer's employer identification number (EIN) <b>20-8023072</b>	
3 Name of contact for additional information <b>Suzie Farley, Investor Relations</b>	4 Telephone No. of contact <b>(570) 422-0182</b>	5 Email address of contact <b>sfarley@essabank.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>200 Palmer Street</b>		7 City, town, or post office, state, and Zip code of contact <b>Stroudsburg, PA 18360</b>	
8 Date of action <b>July 31, 2012</b>	9 Classification and description <b>ESSA Bancorp, Inc. Common Stock</b>		
10 CUSIP number <b>29667D104</b>	11 Serial number(s)	12 Ticker symbol <b>ESSA</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 July 31, 2012, ESSA Bancorp, Inc. ("ESSA") completed its acquisition of First Star Bancorp, Inc. ("First Star") through the merger of First Star Bank, a wholly-owned subsidiary of First Star with and into ESSA Bank & Trust, a wholly-owned subsidiary of ESSA ("Merger"). As a result of the Merger, First Star shareholders exchanged their First Star common stock ("First Star Stock") into a right to receive either 1.0665 shares of ESSA common stock or \$11.39 in cash, subject to 50% of First Star Stock being exchanged for ESSA common stock (the "Proration Provisions"). Based on the final election results of the First Star shareholders and applying the Proration Provisions, First Star shareholders received the following Merger Consideration: (i) First Star shareholders received 1.0665 shares of ESSA common stock for each share of First Star Stock for which they made a valid stock election; (ii) First Star shareholders received 81.1339477% of the value of their First Star Stock in cash and 18.8660523% in ESSA common stock for each share of First Star Stock for which they made a cash election; and (iii) First Star stockholders who expressed no preference or who did not make a valid election received 1.0665 shares of ESSA common stock for each share of First Star Stock tendered.**

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 ▶ **See Attachment 1**

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 Attachment 2**

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
Internal Revenue Code Sections 354, 356, 358 and 1001

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18 Can any resulting loss be recognized? ▶ A First Star shareholder who received ESSA common stock and cash in exchange for all of his or her First Star Stock cannot recognize any loss. A First Star shareholder who received solely cash in exchange for all of his or her First Star Stock or cash in lieu of fractional shares may recognize loss if the amount of cash received is less than the tax basis in his or her First Star Stock or fractional shares, as applicable.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any adjustment to the tax basis that causes gain or loss recognized by the First Star shareholder as a result of the completion of the Merger should be reported for the taxable year which includes July 31, 2012 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2012 calendar 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 ▶ Allan A. Muto Date ▶ 9-11-12

Print your name ▶ Allan A. Muto Title ▶ 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.

**ATTACHMENT 1 TO IRS FORM 8937, LINE 15**  
**ESSA BANCORP, INC.'S ACQUISITION OF FIRST STAR BANCORP, INC.**  
**ON JULY 31, 2012**

**Effect of the Action**

The Merger qualified as a tax-free reorganization within the meaning of Section 368(a) of the Code. As such, in general, the tax basis consequences to First Star shareholders would be determined under Section 358 of the Code. The effect of the Merger on the tax basis on First Star Stock held by First Star shareholders depends primarily on whether the shares were exchanged solely for ESSA Stock, or for a combination of ESSA Stock and cash and is summarized as follows:

**Shareholders Who Received Only Company Stock.** A First Star shareholder who received solely ESSA Stock in exchange for all of his or her shares of First Star Stock as result of the Merger will have a tax basis in the shares of ESSA Stock received in the Merger that is equal to the tax basis of the First Star Stock surrendered in exchange for the ESSA Stock, except for the basis attributable to any fractional shares of ESSA Stock which were exchanged for cash, as discussed below.

**Shareholders Who Received ESSA Stock and Cash.** The tax basis of the shares of ESSA Stock received by a First Star shareholder who receives a combination of ESSA Stock and cash in exchange for his or her First Star Stock will be the same as the basis of the shares of First Star Stock surrendered in exchange for the shares of ESSA Stock, plus any gain recognized by such shareholder in the Merger, and minus any cash received by the shareholder in the Merger.

**Shareholders Who Received Cash in Lieu of Fractional Shares.** A First Star shareholder who received cash in lieu of a fractional share interest in ESSA Stock will be treated as having received a fractional share and then exchanging such fractional share for cash in full payment for such fractional share of stock. Gain or loss generally will be recognized based on the difference between the cash received for the fractional share and the portion of the shareholder's basis allowable to the fractional share.

In general, any gain recognized should be reported by a First Star shareholder for the taxable year which includes July 31, 2012 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2012 calendar year).

**ATTACHMENT 2 TO IRS FORM 8937, LINE 15  
 ESSA BANCORP, INC.'S ACQUISITION OF FIRST STAR BANCORP, INC.  
 ON JULY 31, 2012**

The following examples illustrate the method by which a former First Star shareholder would determine his or her basis in ESSA common stock received in the Merger. The examples assume that the shareholder is an individual U.S. citizen or resident who acquired shares of First Star Stock in one block at the same price for cash and holds such shares as capital assets. The examples do not address any special rules that may apply to a particular shareholder (including shares received as compensation), nor does it address the consequences of any state, local or foreign tax laws.

**Example 1: Shareholders Who Made a Valid Stock Election or Who Expressed No Preference**

First Star shareholders who made a valid stock election or expressed no preference are receiving 1.0665 shares of ESSA common stock for each share of First Star common stock.

Number of shares of First Star Stock held prior to the Merger = 1,000 shares

Tax basis in each share of First Star Stock = \$5.00  
 (this is only an example; each shareholder has his or her own tax basis)

Aggregate tax basis in First Star Stock = \$5,000

Fair market value of each share of ESSA common stock received in the Merger = \$10.73 (average of the highest and lowest quoted selling prices on July 31, 2012)

Fair market value of ESSA common stock for purposes of determining fractional share payments = \$10.70 (average closing price of ESSA Stock for the thirty (30) consecutive trading days ended July 31, 2012)

1. Cost Basis in First Star Stock: (1,000 x \$5.00)	\$ 5,000.00
2. Total Merger Consideration:	
ESSA common stock received (1,066 shares x \$10.73)	\$ 11,438.12
Value of ESSA fractional share (.50 x \$10.70)	<u>\$ 5.35</u>
Total consideration	\$ 11,443.47
3. Realized Gain:	
Total Merger Consideration (see Line 2)	\$ 11,443.47
Less: Cost basis in First Star Stock (see above)	<u>\$ 5,000.00</u>
Realized Gain	\$ 6,443.47
4. Recognized Gain:	
Determined as the lesser of the Realized Gain or Cash Received (not including cash in lieu of fractional share)	\$ 0.00

5. Tax Basis in ESSA Stock Received in the Merger

Basis in First Star Stock	\$	5,000.00
Plus: Recognized Gain	\$	0.00
Initial Basis in ESSA Stock (including fractional share)	\$	5,000.00

6. Taxable Gain on Fractional Share

Cash paid in lieu of fractional share (0.50 x \$10.70)	\$	5.35
Less: Basis attributable to fractional share (0.50/1066.50 x \$5,000)	\$	2.34
Taxable Gain	\$	3.01

7. Final Adjusted Tax Basis in ESSA Stock

Basis in ESSA Stock received (including fractional share)	\$	5,000.00
Less: Basis attributable to fractional share	\$	2.34
Basis in ESSA Stock	\$	4,997.66
Per Share Basis (\$4,997.66/1,066)	\$	4.69

The calculations set forth above are for illustrative purposes only and should not be considered tax advice. You are urged to discuss your specific tax situation with your tax advisor.

**Example 2: Shareholders Who Made a Valid Cash Election**

First Star shareholders who elected to receive cash were subject to the allocation and proration procedures and are receiving 81.1339477% of their merger consideration in cash and the remaining 18.8660523% in the form of ESSA Common Stock.

Number of shares of First Star Stock held prior to the Merger = 1,000 shares

Tax basis in each share of First Star Stock = \$5.00  
(this is only an example; each shareholder has his or her own tax basis)

Aggregate tax basis in First Star Stock = \$5,000

Fair market value of each share of ESSA common stock received in the Merger = \$10.73 (average of the highest and lowest quoted selling prices on July 31, 2012)

Fair market value of ESSA common stock for purposes of determining fractional share payment = \$10.70 (average closing price of ESSA Stock for the thirty (30) consecutive trading days ended July 31, 2012)

1. Cost Basis in First Star Stock: (1,000 x \$5.00)	\$ 5,000.00
2. Total Merger Consideration:	
ESSA common stock received (201 shares x \$10.73) (18.8660523% x 1,000 shares = 188.660523 x 1.0665 = 201.206448) (fractional shares are valued below)	\$ 2,156.73
Value of fractional share (0.206448 x \$10.70)	\$ 2.21
Cash Merger Consideration received (811.339 shares x \$11.39) (81.1339477% x 1,000 shares)	\$ 9,241.16
Total Consideration	\$ 11,400.01
3. Realized Gain:	
Total Consideration (see Line 2)	\$ 11,400.01
Less: Cost basis in First Star Stock (see above)	\$ 5,000.00
Realized Gain	\$ 6,400.01
4. Recognized Gain:	
Determined as the lesser of Realized Gain or Cash Received (not including cash in lieu of the fractional share)	\$ 6,400.01
5. Tax Basis in ESSA Stock Received in the Merger	
Basis in First Star Stock	\$ 5,000.00
Less: Cash Amount Received	\$ -9,241.16
Plus: Recognized Gain	\$ 6,400.01
Basis in ESSA Stock Received (including fractional share)	\$ 2,158.85
6. Taxable Gain/Loss on Fractional Share	
Cash paid in lieu of fractional share (0.206448 x \$10.70)	\$ 2.21
Less: Basis attributable to fractional share (0.206448/201.206448= 0.00102605 x \$2,156.73)	\$ -2.21
Taxable Gain/Loss	\$ (0.00)

7. Final Adjusted Tax Basis in ESSA Stock

Basis in ESSA Stock received	\$	2,158.85
Less: Basis attributable to fractional share	\$	-2.21
Basis in ESSA Stock	\$	2,156.64
Per Share Basis (\$2,156.64/201)	\$	10.73

The calculations set forth above are for illustrative purposes only and should not be considered tax advice. You are urged to discuss your specific tax situation with your tax advisor.

Posted to the ESSA Bancorp, Inc. website on September 15, 2012.

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The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.