

GERMAN AMERICAN BANCORP
Form S-4
July 19, 2005

As filed with the Securities and Exchange Commission on July 19, 2005.

Registration No. 333 -

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

German American Bancorp
(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of
incorporation or
organization)

6022
(Primary Standard Industrial
Classification Code Number)

35-1547518
(I.R.S. Employer
Identification Number)

711 Main Street, Box 810
Jasper, Indiana 47546
(812) 482-1314

(Address, including zip code, and telephone number,
including
area code, of registrant's principal executive offices)

Mark A. Schroeder
President and Chief Executive Officer
711 Main Street, Box 810
Jasper, Indiana 47546
(812) 482-1314

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies To:

Mark B. Barnes
Stacy S. Kilian
Ice Miller
One American Square, Box
82001
Indianapolis, Indiana 46204
(317) 236-2100
Facsimile: (317) 636-1507

Carl D. Smith
PCB Holding Company
819 Main Street
Tell City, Indiana 47586
(812) 547-7094
Facsimile: (812) 547-2400

Aaron M. Kaslow
Muldoon Murphy &
Aguggia LLP
5101 Wisconsin Avenue,
N.W.
Washington, D.C. 20016
(202) 686-4971
Facsimile: (202) 966-9409

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been

satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Stock, no par value, with accompanying preferred share purchase rights	257,150	Not Applicable	\$2,239,194	\$264.00

(1) This registration statement covers the maximum number of shares of common stock of the registrant which are expected to be issued in connection with the merger, including the preferred share purchase rights that are attached to and trade with the shares of common stock. Any value attributable to the preferred share purchase rights is reflected in the value of the shares of common stock.

(2) Pursuant to Rule 457(f) under the Securities Act of 1933, as amended, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to the aggregate book value as of March 31, 2005 of the estimated maximum number of shares of PCB Holding common stock to be received by German American in the merger, which was reduced by the stated amount of cash to be paid by German American for such shares (which is subject to adjustment).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**PCB Holding Company
Proxy Statement**

**German American Bancorp
Prospectus**

MERGER PROPOSAL — YOUR VOTE IS VERY IMPORTANT

Dear Shareholder of PCB Holding Company:

Your board of directors has unanimously agreed on a transaction that will result in the merger of PCB Holding Company with and into German American Bancorp. You are being asked to approve the merger through the adoption of the merger agreement at a special meeting of shareholders to be held on _____, 2005.

If the merger agreement is adopted at the special meeting, PCB Holding will be merged with and into German American. In connection with the merger, each share of PCB Holding common stock will be converted into the right to receive 0.7143 shares of German American common stock (plus cash in lieu of any fractional share) and \$9.00 in cash, without interest. The cash portion of the merger consideration is subject to possible downward adjustment based on PCB Holding's net worth at the time of the closing. Preferred share purchase rights are attached to and trade with shares of German American common stock. Any value attributable to the preferred share purchase rights is reflected in the value of the common stock.

German American common stock is listed and traded on the NASDAQ National Market and is listed under the trading symbol "GABC". On July , 2005, the closing price of a share of German American common stock was \$ _____. Based on the July , 2005 closing price for shares of German American common stock, and assuming no downward adjustment of the cash portion of the merger consideration, a PCB Holding shareholder would receive merger consideration with a value of \$ _____ for each share of PCB Holding common stock they own. There is no active public trading market in shares of PCB Holding common stock.

After careful consideration, the board of directors of PCB Holding has determined that the merger is in the best interests of its shareholders, and unanimously recommends that PCB Holding shareholders vote **"FOR"** the proposal to adopt the merger agreement. The board of directors of PCB Holding strongly supports this strategic combination between German American and PCB Holding and appreciates your prompt attention to this very important matter.

This proxy statement/prospectus contains information that you should consider in evaluating the merger agreement and the proposed merger. **In particular, you should carefully read the section captioned "RISK FACTORS" beginning on page 11 of the enclosed proxy statement/prospectus for a discussion of certain risk factors relating to the merger agreement and the merger.**

We cannot complete the merger unless PCB Holding's shareholders approve the merger agreement and we obtain all applicable regulatory approvals. Whether or not you plan to attend the special meeting of shareholders of PCB Holding, please complete and return the enclosed proxy card. **Your vote is important.** If you do not return your proxy card, the effect will be a vote against the proposed merger.

[signature]
James G. Tyler

Chairman of the Board of Directors
PCB Holding Company

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or completeness of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated _____, 2005 and is first being mailed to PCB Holding shareholders on or about _____, 2005.

AVAILABLE INFORMATION

As permitted by the rules of the U.S. Securities and Exchange Commission, this document incorporates certain important business and financial information about German American from other documents that are not included in or delivered with this document. These documents are available to you without charge upon your written or oral request. Your requests for these documents should be directed to the following:

German American Bancorp
711 Main Street, Box 810
Jasper, Indiana 47546
Attention: Terri A. Eckerle
Shareholder Relations
(812) 482-1314

In order to ensure timely delivery of these documents, you should make your request by _____, 2005 to receive them before the special meeting.

You can also obtain documents incorporated by reference in this document through the SEC's website at www.sec.gov. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 49.

All information concerning German American and its subsidiaries has been furnished by German American, and all information concerning PCB Holding has been furnished by PCB Holding.

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus to vote on the proposals to PCB Holding's shareholders in connection with the merger. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement/prospectus. This proxy statement/prospectus is dated _____, 2005. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing of this proxy statement/prospectus to shareholders nor the issuance of shares of German American common stock as contemplated by the merger agreement shall create any implication to the contrary.

PCB HOLDING COMPANY
819 Main Street
Tell City, Indiana 47586
Notice of Special Meeting of Shareholders
to be held _____, 2005

A special meeting of shareholders of PCB Holding Company, an Indiana corporation, will be held at p.m., local time, on _____, 2005 at the Hoosier Heights Country Club, located at Highway 237, Tell City, Indiana. Any adjournments or postponements of the special meeting will be held at the same location.

At the special meeting, you will be asked to:

1. Consider and vote upon a proposal to adopt the Agreement and Plan of Reorganization, effective as of May 23, 2005, by and among German American Bancorp, an Indiana corporation, PCB Holding Company, an Indiana corporation, Peoples Community Bank, a federal savings association and wholly-owned subsidiary of PCB Holding, and First State Bank, Southwest Indiana, an Indiana banking corporation and wholly-owned subsidiary of German American (including the Plan of Merger which is attached to the merger agreement as Exhibit A). A copy of the merger agreement is included as Annex A to the accompanying proxy statement/prospectus; and
2. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

The enclosed proxy statement/prospectus describes the merger agreement and the proposed merger in detail. We urge you to read these materials carefully. The enclosed proxy statement/prospectus forms a part of this notice.

The board of directors of PCB Holding unanimously recommends that PCB Holding shareholders vote "FOR" the proposal to adopt the merger agreement.

The board of directors of PCB Holding has fixed the close of business on _____, 2005 as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. Your proxy is being solicited by the PCB Holding board of directors. The proposal to adopt the merger agreement must be approved by the affirmative vote of holders of a majority of the issued and outstanding shares of PCB Holding common stock in order for the proposed merger to be consummated. Whether or not you plan to attend the special meeting in person, we urge you to complete and mail the enclosed proxy card, in the accompanying envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

Under Indiana law, if the merger is completed, PCB Holding shareholders of record who do not vote to adopt the merger agreement will be entitled to exercise dissenters' rights and obtain payment in cash of the fair value of their shares of PCB Holding common stock by following the procedures set forth in detail in the enclosed proxy statement/prospectus. A copy of the applicable Indiana statutory provisions is included as Annex C to the accompanying proxy statement/prospectus.

By Order of the Board of Directors

Clarke A. Blackford
Secretary

Tell City, Indiana
_____, 2005

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Annex A Agreement and Plan of Reorganization

Annex B Fairness Opinion of Keefe, Bruyette & Woods, Inc.

Annex C Chapter 44 of the Indiana Business Corporation Law (Dissenters' Rights)

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: *What am I being asked to vote on? What is the proposed transaction?*

A: You are being asked to vote on the approval of a merger agreement that provides for German American's acquisition of PCB Holding. As a result of the merger, PCB Holding will cease to exist and you will become a shareholder of German American.

Q: *What will I be entitled to receive in the merger?*

A: If the merger is completed, your shares of PCB Holding common stock will be converted into the right to receive shares of German American common stock and cash. Each share of PCB Holding common stock will be converted into the right to receive 0.7143 shares of German American common stock and \$9.00 in cash, without interest, subject to possible downward adjustment. German American will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of German American common stock that you would otherwise be entitled to receive. Preferred share purchase rights are attached to and trade with shares of German American common stock. Any value attributable to the preferred share purchase rights is reflected in the value of the shares of German American common stock. See "DESCRIPTION OF THE MERGER AGREEMENT—Consideration to be Received in the Merger" on page 29 and "DESCRIPTION OF GERMAN AMERICAN EQUITY SECURITIES" on page 37.

Q: *Can the merger consideration payable by German American be adjusted?*

A: Yes. The cash payment of \$9.00, or the "cash consideration," will be decreased in the event that the net worth of PCB Holding (as adjusted in accordance with the merger agreement) is less than \$4,825,000 as of the end of the month prior to the month in which the closing of the merger occurs. The adjustment to the cash consideration will be equal to the amount by which \$4,825,000 exceeds the adjusted net worth of PCB Holding, divided by the number of shares of PCB Holding common stock outstanding at the effective time of the merger. In the event that PCB Holding's adjusted net worth is equal to or more than \$4,825,000, there will not be any adjustment of the amount of the cash consideration. See "DESCRIPTION OF THE MERGER AGREEMENT - Consideration to be Received in the Merger" on page 29.

Q: *Can I receive fractional shares of German American common stock for my shares of PCB Holding common stock?*

A: No. You will not receive any fractional shares of German American common stock. Instead of fractional shares, you will receive a cash payment in an amount equal to the product of (i) the fraction of a share of German American common stock to which you are entitled, multiplied by (ii) the NASDAQ Official Closing Price of a share of German American common stock as provided by NASDAQ on the last trading day before the closing date of the merger.

Q: *Am I entitled to dissenters' rights?*

A: Yes. Indiana law provides you with dissenters' rights in the merger. This means that you are legally entitled to receive payment in cash of the fair value of your shares, excluding any appreciation in value that results from the merger. To exercise your dissenters' rights you must deliver written notice of your intent to demand payment for your shares to PCB Holding at or before the special meeting of PCB Holding shareholders and you must not vote in favor of the merger. Notices should be addressed to Carl D. Smith, PCB Holding Company, 819 Main Street, Tell City, Indiana 47586.

Your failure to follow exactly the procedures specified under Indiana law will result in the loss of your dissenters' rights. A copy of the dissenters' rights provisions of Indiana law is provided as Annex C to this document. See " RIGHTS OF DISSENTING SHAREHOLDERS" on page 16.

Q: *Why do PCB Holding and German American want to merge?*

A: PCB Holding believes that the proposed merger will provide PCB Holding shareholders with substantial benefits, and German American believes that the merger will further its strategic growth plans. As a larger company, German American can provide the capital and resources that PCB Holding needs to compete more effectively and to offer a broader array of products and services to better serve its banking customers. To review the reasons for the merger in more detail, see "DESCRIPTION OF THE MERGER—German American's Reasons for the Merger" on page 20 and "DESCRIPTION OF THE MERGER—PCB Holding's Reasons for the Merger and Recommendation of the Board of Directors" on page 19.

Q: *What vote is required to adopt the merger agreement?*

A: Holders of a majority of the issued and outstanding shares of PCB Holding common stock must vote in favor of the proposal to adopt the merger agreement. All of PCB Holding's directors who own shares of PCB Holding common stock have agreed to vote their shares in favor of the merger at the special meeting. The directors owned 26,611 of the outstanding shares of PCB Holding common stock, or approximately 8.1%, on the record date for the special meeting, not including shares that may be acquired upon the exercise of stock options. German American shareholders will not be voting on the merger agreement. See "DESCRIPTION OF THE MERGER—Interests of Certain Persons in the Merger" on page 27.

Q: *When and where is the PCB Holding special meeting?*

A: The special meeting of PCB Holding shareholders is scheduled to take place at the Hoosier Heights Country Club, located at Highway 237, Tell City, Indiana 47586, at p.m., local time, on _____, 2005.

Q: *Who is entitled to vote at the PCB Holding special meeting?*

A: Holders of shares of PCB Holding common stock at the close of business on _____, 2005, which is the record date, are entitled to vote on the proposal to adopt the merger agreement. As of the record date, 328,265 shares of PCB Holding common stock were outstanding and entitled to vote.

Q: *If I plan to attend the PCB Holding special meeting in person, should I still grant my proxy?*

A: Yes. Whether or not you plan to attend the PCB Holding special meeting, you should grant your proxy as described in this proxy statement/prospectus. The failure of a PCB Holding shareholder to vote in person or by proxy will have the same effect as a vote "AGAINST" adoption of the merger agreement.

Q: *What is the recommendation of the PCB Holding board of directors?*

A: The PCB Holding board of directors has determined that the merger agreement and the merger contemplated by the merger agreement are advisable, fair to, and in the best interests of, PCB Holding and its shareholders. Therefore, the PCB Holding board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement.

Q: *What do I need to do now to vote my shares of PCB Holding common stock?*

A: After you have carefully read and considered the information contained in this proxy statement/prospectus, please complete, sign, date and mail your proxy form in the enclosed return envelope as soon as possible. This will enable your shares to be represented at the special meeting. You may also vote in person at the special meeting. If you do not return a properly executed proxy form and do not vote at the special meeting, this will have the same effect as a vote against the adoption of the merger agreement. If you sign, date and send in your proxy form, but you do not indicate how you want to vote, your proxy will be voted in favor of adoption of the merger agreement. You may change your vote or revoke your proxy prior to the special meeting by filing with the Secretary of PCB Holding a duly executed revocation of proxy, submitting a new proxy form with a later date, or voting in person at the special meeting.

Q: *If my shares are held in "street name" by my broker, will my broker automatically vote my shares for me?*

A: No. Your broker will not be able to vote your shares of PCB Holding common stock on the proposal to adopt the merger agreement unless you provide instructions on how to vote. Please instruct your broker how to vote your shares, following the directions that your broker provides. If you do not provide instructions to your broker on the proposal to adopt the merger agreement, your shares will not be voted, and this will have the effect of voting against the adoption of the merger agreement. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

Q: *What are the tax consequences of the merger to me?*

A: German American and PCB Holding expect the merger to qualify as a "reorganization" for U.S. federal income tax purposes. If the merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes:

- PCB Holding shareholders will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received in the merger and (ii) the excess, if any, of (a) the sum of the amount of cash and the fair market value of the shares of German American common stock received in the merger over (b) the PCB Holding shareholder's aggregate tax basis in its shares of PCB Holding common stock surrendered in exchange for shares of German American common stock and cash; and
- PCB Holding shareholders will recognize gain or loss, if any, on any fractional shares of German American common stock for which cash is received.

To review the tax consequences of the merger to PCB Holding shareholders in greater detail, please see the section "DESCRIPTION OF THE MERGER—Tax Consequences of the Merger" beginning on page 24.

Q: *When is the merger expected to be completed?*

A: We will try to complete the merger as soon as possible. Before that happens, the merger agreement must be adopted by PCB Holding's shareholders and we must obtain the necessary regulatory approvals. Assuming shareholders vote at least a majority of the issued and outstanding shares of PCB Holding common stock in favor of the merger agreement and we obtain the other necessary approvals, we expect to complete the merger during the third quarter of 2005.

Q: Is completion of the merger subject to any conditions besides shareholder approval?

A: Yes. The transaction must receive the required regulatory approvals, and there are other customary closing conditions that must be satisfied. To review the conditions of the merger in more detail, see "DESCRIPTION OF THE MERGER AGREEMENT—Conditions to Completion of the Merger" on page 34.

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Q: How do I exchange my PCB Holding stock certificates?

A: Promptly following the merger, German American's transfer agent will send you a letter indicating how and where to surrender your stock certificates in exchange for the merger consideration. **Please do not send your PCB Holding stock certificates with your proxy card.**

Q: Who can answer my other questions?

A: If you have more questions about the merger, or how to submit your proxy, please contact Carl D. Smith, President of PCB Holding Company, at (812) 547-2400 or if you need additional copies of this proxy statement/prospectus or the enclosed proxy form, you should contact German American's officer in charge of Shareholder Relations, Terri A. Eckerle, at (812) 482-0703.

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SUMMARY

This summary highlights selected information in this proxy statement/prospectus and may not contain all of the information important to you. To understand the merger more fully, you should read this entire document carefully, including the annexes and the documents referred to in this proxy statement/prospectus. A list of the documents incorporated by reference appears on page 49.

The Companies

German American Bancorp (page 37)

711 Main Street, Box 810
Jasper, Indiana 47546
(812) 482-1314

German American Bancorp is a financial services holding company based in Jasper, Indiana. German American's common stock is listed on the NASDAQ National Market under the symbol "GABC." German American operates five affiliated community banks with 26 retail banking offices in the eight contiguous Southwestern Indiana counties of Daviess, Dubois, Gibson, Knox, Martin, Perry, Pike, and Spencer. German American also operates a trust, brokerage and financial planning subsidiary, which operates from the banking offices of the bank subsidiaries, and two insurance agencies with five insurance agency offices throughout its market area. German American's lines of business include retail and commercial banking, mortgage banking, comprehensive financial planning, full service brokerage and trust administration, title insurance, and a full range of personal and corporate insurance products. At March 31, 2005, German American's consolidated total assets were approximately \$912.5 million, its consolidated total deposits were approximately \$721.4 million and its consolidated total shareholder's equity was approximately \$83.1 million.

PCB Holding Company (page 38)

819 Main Street
Tell City, Indiana 47586
(812) 547-7094

PCB Holding Company, an Indiana corporation, is a savings and loan holding company headquartered in Tell City, Indiana. Its primary business is operating its subsidiary, Peoples Community Bank, a federal savings association with an office in Tell City, Indiana, which operates as a traditional savings association, specializing in single-family residential mortgage lending and savings deposits. The business consists primarily of attracting retail deposits from the general public and using those funds to originate real estate loans, which are held for long-term investment purposes. As of March 31, 2005, PCB Holding had consolidated total assets of approximately \$35.3 million, deposits of approximately \$28.7 million and shareholder's equity of approximately \$5.0 million.

Special Meeting of Shareholders; Required Vote (page 14)

The special meeting of PCB Holding shareholders is scheduled to be held at the Hoosier Heights Country Club, located at Highway 237, Tell City, Indiana 47586, at _____ p.m., local time, on _____, 2005. At the PCB Holding special meeting, you will be asked to vote on a proposal to adopt the merger agreement. Only PCB Holding shareholders of record as of the close of business on _____, 2005 are entitled to notice of, and to vote at, the PCB Holding special meeting and any adjournments or postponements of the PCB Holding special meeting.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the issued and outstanding shares of PCB Holding common stock. As of the record date, there were 328,265 shares of PCB Holding common stock outstanding. The directors and executive officers of PCB Holding (and their affiliates), as a group, beneficially owned 29,175 shares of PCB Holding common stock, representing approximately 8.9% of the outstanding shares of PCB Holding common stock as of the record date. This amount does not include shares that may be acquired upon the

exercise of stock options. The directors of PCB Holding, who collectively own 26,611 shares of PCB Holding common stock (or approximately 8.1% of the outstanding shares), have agreed to vote their shares in favor of the merger at the special meeting. No approval of the merger or merger agreement by German American shareholders is required.

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The Merger and the Merger Agreement (pages 18 and 29)

German American's acquisition of PCB Holding is governed by a merger agreement. The merger agreement provides that, if all of the conditions are satisfied or waived, PCB Holding will be merged with and into German American with German American surviving. **We encourage you to read the merger agreement, which is included as Annex A to this proxy statement/prospectus.**

What PCB Holding Shareholders Will Receive in the Merger (page 29)

If the merger is completed, shares of PCB Holding common stock that you own immediately before the completion of the merger will be converted into the right to receive shares of German American common stock and cash. For each share of PCB Holding common stock that you own, you will receive 0.7143 shares of German American common stock and \$9.00 in cash, subject to possible downward adjustment pursuant to the merger agreement. Preferred share purchase rights are attached to and trade with shares of German American common stock. Any value attributable to the preferred share purchase rights is reflected in the value of the shares of German American common stock. For a description of the preferred share purchase rights, see "DESCRIPTION OF GERMAN AMERICAN EQUITY SECURITIES" on page 37.

You will not receive fractional shares of German American common stock in the merger. Instead, you will receive a cash payment for any fractional shares in an amount equal to the product of (i) the fraction of a share of German American common stock to which you are entitled, multiplied by (ii) the NASDAQ Official Closing Price of a share of German American common stock on the last trading day before the closing date of the merger.

Opinion of PCB Holding's Financial Advisor (page 21)

In connection with the merger, the PCB Holding board of directors received an oral and a written opinion, dated May 23, 2005, from PCB Holding's financial advisor, Keefe, Bruyette & Woods, Inc., which we refer to as KBW, to the effect that, as of the date of the opinion and based on and subject to the various considerations described in the opinion, the consideration to be paid to holders of shares of PCB Holding common stock in the proposed merger was fair, from a financial point of view, to those holders. The full text of KBW's written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by KBW in rendering its opinion, is attached to this document as Annex B. We encourage you to read the entire opinion carefully. **The opinion of KBW is directed to the PCB Holding board of directors and does not constitute a recommendation to any PCB Holding shareholder as to how to vote at the PCB Holding special meeting or any other matter relating to the proposed merger.**

Recommendation of PCB Holding Board of Directors (page 19)

The PCB Holding board of directors has unanimously approved the merger agreement and the proposed merger. The PCB Holding board believes that the merger agreement, including the merger contemplated by the merger agreement, is advisable and fair to, and in the best interests of, PCB Holding and its shareholders, and therefore **unanimously recommends that PCB Holding shareholders vote "FOR" the proposal to adopt the merger agreement.** In its reaching this decision, PCB Holding's board of directors considered many factors, which are described in the section captioned "DESCRIPTION OF THE MERGER—PCB Holding's Reasons for the Merger and Recommendation of the Board of Directors" beginning on page 19.

Regulatory Approvals (page 27)

Under the terms of the merger agreement, the merger cannot be completed until German American receives the necessary regulatory approval, if any, of the Board of Governors of the Federal Reserve System. German American

submitted a notice to the Federal Reserve on July 18, 2005, seeking a waiver of the requirement to file an application under the Bank Holding Company Act. If the Federal Reserve does not grant the waiver, German American would be required to submit an application seeking Federal Reserve approval of the merger.

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In addition, a condition to the parties' respective obligations to consummate the merger is that First State Bank and Peoples Community Bank receive the necessary regulatory approvals for the merger of Peoples Community Bank with and into First State Bank. First State Bank and Peoples Community Bank submitted an application to the Federal Deposit Insurance Corporation on July 18, 2005. In addition, First State Bank also submitted an application to the Indiana Department of Financial Institutions on July , 2005.

Conditions to the Merger (page 34)

The completion of the merger is subject to the fulfillment of a number of conditions, including:

- adoption of the merger agreement at the special meeting by at a majority of the issued and outstanding shares of PCB Holding common stock;
- approval of the transaction by the appropriate regulatory authorities; and
- the representations and warranties made by the parties in the merger agreement must be true as of the closing date of the merger, except for such changes as have not had, and can not reasonably be expected to have, any effect that is material and adverse to the financial position, results of operations or business of the relevant party.

Termination (page 35)

The merger agreement may be terminated by mutual consent of German American or PCB Holding at any time prior to the effective time. Additionally, subject to conditions and circumstances described in the merger agreement, either German American or PCB Holding may terminate the merger agreement if, among other things, any of the following occur:

- the merger has not been consummated by March 31, 2006;
- PCB Holding shareholders do not adopt the merger agreement at the PCB Holding special meeting;
- there is a breach by the other party of any representation or warranty contained in the merger agreement (other than those breaches that do not have a material adverse effect on the other party), which cannot be cured, or has not been cured within 30 days after the giving of written notice to such party of such breach; or
- there is a breach by the other party in any material respect of any of the covenants or agreements contained in the merger agreement, which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach.

Termination Fee (page 36)

Under certain circumstances described in the merger agreement, German American may demand from PCB Holding a \$410,000 termination fee.

Interests of Officers and Directors in the Merger That are Different From Yours (page 27)

You should be aware that some of PCB Holding's directors and officers may have interests in the merger that are different from, or in addition to, the interests of PCB Holding's shareholders generally. PCB Holding's board of directors was aware of these interests and took them into account in approving the merger. For example, German American and PCB Holding have entered into agreements with Carl D. Smith and Clarke A. Blackford that terminate their existing employment agreements in exchange for a cash payment. First State Bank has also entered into an employment agreement with Mr. Smith that will take effect upon completion of the merger and German American has

entered into a non-compete agreement with Mr. Blackford under which he will receive payments over a period of three years. In addition, the merger agreement obligates First State Bank to appoint Daniel P. Lutgring, Mark L. Ress and James G. Tyler, all currently directors of PCB Holding, to the board of directors of First State Bank.

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German American is also obligated under the merger agreement to provide continuing indemnification to the directors and officers of PCB Holding and its subsidiaries as provided in their respective articles of incorporation or by-laws (or comparable organization documents), and to provide such directors and officers with directors' and officers' liability insurance for a period of six years, subject to certain conditions set forth in the merger agreement.

Accounting Treatment of the Merger (page 24)

The merger will be accounted for as a purchase transaction in accordance with U.S. generally accepted accounting principles.

Certain Differences in Shareholder Rights (page 41)

When the merger is completed, PCB Holding shareholders, whose rights are governed by Indiana law and PCB Holding's articles of incorporation and by-laws, will become German American shareholders and their rights will be governed by Indiana law, and by German American's articles of incorporation and by-laws.

Dissenters' Rights (page 16)

PCB Holding shareholders may dissent from the merger and, upon complying with the requirements of Indiana law, receive cash in the amount of the fair value of their shares instead of shares of German American common stock and cash.

A copy of the chapter of the Indiana Business Corporation Law pertaining to dissenters' rights is attached as Annex C to this proxy statement/prospectus. **You should read the statute carefully and consult with your legal counsel if you intend to exercise these rights.**

Tax Consequences of the Merger (page 24)

German American and PCB Holding expect the merger to qualify as a "reorganization" for U.S. federal income tax purposes. If the merger qualifies as a reorganization, then, in general, for U.S. federal income tax purposes:

- PCB Holding shareholders will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received in the merger and (ii) the excess, if any, of (a) the sum of the amount of cash and the fair market value of the shares of German American common stock received in the merger over (b) the PCB Holding shareholder's aggregate tax basis in its shares of PCB Holding common stock surrendered in exchange for shares of German American common stock and cash; and
- PCB Holding shareholders will recognize gain or loss, if any, on any fractional shares of German American common stock for which cash is received.

To review the tax consequences of the merger to PCB Holding shareholders in greater detail, please see the section "DESCRIPTION OF THE MERGER—Tax Consequences of the Merger" beginning on page 24.

SELECTED HISTORICAL FINANCIAL DATA OF GERMAN AMERICAN

German American is providing the following information to aid in your analysis of the financial aspects of the merger. This information was derived from the audited financial statements as of and for the fiscal years December 31, 2004 through 2000 and from the unaudited financial statements as of and for the three months ended March 31, 2005 and 2004. In the opinion of German American's management, the unaudited interim financial information reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of German American's results of operations and financial condition as of and for the three months ended March 31, 2005 and 2004. Results for interim periods should not be considered indicative of results for any other periods or the full year.

This information is only a summary. You should read it along with German American's historical financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in German American's annual reports and quarterly reports, and other information on file with the Securities and Exchange Commission and incorporated by reference into this proxy statement/prospectus. See "WHERE YOU CAN FIND MORE INFORMATION" on page 49.

(in thousands)	December 31,					Three Months Ended	
	2004	2003	2002	2001	2000	2005	2004
Summary of Operations:							
Interest Income	\$ 47,710	\$ 50,619	\$ 60,494	\$ 71,069	\$ 79,319	\$ 12,004	\$ 11,776
Interest Expense	16,471	21,084	28,492	38,917	45,646	4,005	4,298
Net Interest Income	31,239	29,535	32,002	32,152	33,673	7,999	7,478
Provision for Loan Losses	2,015	811	1,115	660	2,231	482	402
Net Interest Income after Provision for Loan Losses	29,224	28,724	30,887	31,492	31,442	7,517	7,076
Non-interest Income	9,620 ⁽¹⁾	12,934	9,509	9,772	2,543 ⁽⁴⁾	3,641	3,048
Non-interest Expense	30,609	32,219 ⁽²⁾	28,967	29,308	28,238	7,938	7,850
Income before Income Taxes	8,235	9,439	11,429	11,956	5,747	3,220	2,274
Income Tax Expense	996	1,271	1,987	2,763	459	809	322
Net Income	\$ 7,239	\$ 8,168	\$ 9,442	\$ 9,193	\$ 5,288	\$ 2,411	\$ 1,952
Period-end Balances:							
Total Assets	\$ 942,094	\$ 925,946	\$ 957,005	\$ 1,015,111	\$ 1,079,808	\$ 912,472	\$ 918,089
Total Loans, Net of Unearned Income	629,793	611,866	610,741	657,166	709,744	619,497	608,497
Total Deposits	750,383	717,133	707,194	726,874	735,570	721,441	724,246
Total Long-term Debt	69,941	76,880 ⁽²⁾	121,687	156,726	182,370	71,334	78,273
Total Shareholders' Equity	83,669	83,126	104,519	102,209	97,260	83,114	84,176

Per Share Data⁽⁵⁾:

Net Income	\$	0.66	\$	0.73 ⁽³⁾	\$	0.79	\$	0.76	\$	0.44	\$	0.22	\$	0.18
Cash Dividends		0.56		0.53		0.51		0.48		0.45		0.14		0.14
Book Value at				⁽³⁾										
Period-end	\$	7.68	\$	7.60	\$	8.72	\$	8.44	\$	8.05	\$	7.64	\$	7.69

⁽¹⁾In 2004, German American recognized a \$3.7 million non-cash pre-tax charge (which reduced non-interest income) for the other-than-temporary decline in value of its Federal Home Loan Mortgage Corp. and Federal National Mortgage Association preferred stock portfolio.

⁽²⁾In 2003, German American prepaid \$40.0 million of Federal Home Loan Bank borrowings within its mortgage banking segment. The prepayment fees associated with the extinguishment of these borrowings totaled \$1.9 million.

⁽³⁾In March 2003, German American purchased 1,110,444 (approximately 9% of the number of shares that were then outstanding) of its common shares at \$19.05 per share pursuant to a self tender offer at a total cost, including fees and expenses incurred in connection with the offer, of approximately \$21.4 million.

⁽⁴⁾In 2000, German American reclassified \$69.8 million of sub-prime, out-of-market residential mortgage loans as held-for-sale. The difference between book value and market value resulted in a \$5.2 million allowance for market loss on loans held-for-sale.

⁽⁵⁾Share and per share data exclude the dilutive effect of stock options and have been retroactively adjusted to give effect to stock dividends.

PER SHARE EQUIVALENT INFORMATION

The following table shows information about our book value per share, cash dividends per share and diluted earnings per share. The historical per share information is derived from audited financial statements as of and for the year ended December 31, 2004 and unaudited financial statements for the three months ended March 31, 2005. The information listed as "per equivalent PCB Holding share" was obtained by multiplying the historical amounts for German American by an exchange ratio of 0.7143. We present this information to reflect the fact that PCB Holding shareholders will receive 0.7143 shares of German American common stock for each share of PCB Holding common stock exchanged in the merger. The per equivalent PCB Holding share amounts do not reflect the cash payment of \$9.00 per share of PCB Holding common stock (subject to possible downward adjustment) that will be received by holders of shares of PCB Holding common stock in addition to the shares of German American common stock.

	German American	PCB Holding	Per Equivalent Share of PCB Holding Common Stock
Earnings per share			
Year Ended December 31, 2004	\$ 0.66	\$ 0.17	\$ 0.47
Quarter March 31, 2005	\$ 0.22	\$ (0.25)	\$ 0.16
Diluted earnings per share			
Year Ended December 31, 2004	\$ 0.66	\$ 0.17	\$ 0.47
Quarter Ended March 31, 2005	\$ 0.22	\$ (0.25)	\$ 0.16
Cash dividends per share			
Year ended December 31, 2004	\$ 0.56	\$ 0.24	\$ 0.40
Quarter ended March 31, 2005	\$ 0.14	\$ 0.00	\$ 0.10
Book value per share			
At December 31, 2004	\$ 7.68	\$ 15.47	\$ 5.49
At March 31, 2005	\$ 7.64	\$ 15.22	\$ 5.46

The following table shows the closing price per share of German American common stock and the equivalent price per share of PCB Holding common stock, giving effect to the merger on May 23, 2005, which is the last day on which shares of German American common stock traded preceding the public announcement of the proposed merger, and on July 1, 2005, the most recent practicable date prior to the mailing of this proxy statement/prospectus. The equivalent price per share of PCB Holding common stock was computed by multiplying the price of a share of German American common stock by 0.7143, the exchange ratio of the merger, and adding the cash payment of \$9.00 per share of PCB Holding common stock (subject to downward adjustment) that will also be paid to PCB Holding shareholders as part of the merger consideration.

	German American Common Stock	Equivalent Price Per Share of PCB Holding Common Stock
May 23, 2005	\$ 13.61	\$ 18.72
July 1, 2005	\$	\$

RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, you should consider carefully the risk factors described below in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document and in the documents incorporated by reference into this document. Please refer to the section of this proxy statement/prospectus titled "Caution About Forward-Looking Statements" beginning on page 13.

The value of shares of German American common stock to be received by PCB Holding shareholders will fluctuate and the cash payment may vary.

The number of shares of German American common stock issued pursuant to the merger for each share of PCB Holding common stock is fixed. The market price of shares of German American common stock at the time of completion of the merger may vary from its market price at the date of this document and at the date of the special meeting of PCB Holding shareholders. For example, during the period beginning on May 23, 2005, which was the last full trading day prior to the announcement of the merger agreement, and ending on _____, 2005, the most recent practical date prior to the mailing of this proxy statement/prospectus, shares of German American common stock traded in a range from a low of \$ _____ to a high of \$ _____ and ended that period at \$ _____.

It is possible that a significant period of time may pass after the PCB Holding special meeting before the closing date of the merger. At the time of the meeting, PCB Holding shareholders will not know the exact value of the shares of German American common stock that will be issued in connection with the merger. Additionally, PCB Holding shareholders may not know whether or not the \$9.00 per share cash consideration will be downwardly adjusted as a result of PCB Holding's net worth, as adjusted, or the amount of such adjustment, if any.

Shareholders of PCB Holding are urged to obtain current market quotations for shares of German American common stock.

German American and PCB Holding may be unable to obtain the regulatory approvals required to complete the merger (including the merger of our subsidiary banks) or, in order to do so, German American may be required to comply with material restrictions or conditions.

See "DESCRIPTION OF THE MERGER — Regulatory Matters Relating to the Merger" on page 27 for a description of the regulatory approvals necessary in connection with the merger and in connection with the merger of our subsidiary banks. These approvals may not be obtained, in which case the required conditions to closing will not be satisfied. Additionally, if all such approvals are obtained and the conditions are satisfied, they may require German American to comply with material restrictions or conditions, which, if accepted by German American, may be burdensome.

German American may be unable to successfully integrate PCB Holding's operations and retain PCB Holding's employees.

The merger involves the integration of two companies that have previously operated independently. The difficulties of combining the operations of the two companies include:

- integrating personnel with diverse business backgrounds;
- combining different corporate cultures; and
- retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the business and the loss of key personnel. The integration of the two companies will require the experience and expertise of certain key employees of PCB Holding who are expected to be retained by German American. German American may not be successful in retaining these employees for the time period necessary to successfully integrate PCB Holding's operations with those of German American. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business and results of operation of German American following the merger.

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The business of the combined company will be subject to risks currently affecting the businesses of German American and PCB Holding.

After the completion of the merger, the business of the combined company, as well as the price of shares of German American common stock, will be subject to numerous risks currently affecting the businesses of German American and PCB Holding. For a discussion of German American's business and of certain risks associated with forward-looking statements that German American has from time to time made in its SEC filings, see the section entitled "Forward-Looking Statements and Associated Risks" included in Item I of German American's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and in Part I, Item 2, of its Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, and in German American's future filings with the U.S. Securities and Exchange Commission (which is referred to as the SEC) that are incorporated by reference in this proxy statement/prospectus.

If the merger is not completed, PCB Holding will have incurred substantial expenses without realizing the expected benefits.

PCB Holding has incurred substantial expenses in connection with the transactions described in this proxy statement/prospectus. The completion of the merger depends on the satisfaction of several conditions, and it is possible that these conditions may not be met or that the merger will not be completed. PCB Holding expects to incur approximately \$200,000 in merger related expenses, which include legal, accounting and financial advisory expenses and which excludes any termination fees, if applicable. These expenses could have a material adverse impact on the financial condition of PCB Holding because it would not have realized the expected benefits of the merger.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire PCB Holding.

Until the completion of the merger, with some exceptions, PCB Holding is prohibited from soliciting, initiating, encouraging or participating in any discussion of or otherwise considering any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person other than German American. In addition, PCB Holding has agreed to pay a termination fee to German American in specified circumstances. These provisions could discourage other companies from trying to acquire PCB Holding even though those other companies might be willing to offer greater value to PCB Holding's shareholders than German American has offered in the merger. The payment of the termination fee could also have a material adverse effect on PCB Holding's financial condition.

Certain of PCB Holding's officers and directors have interests that are different from, or in addition to, interests of PCB Holding's shareholders generally.

Certain of PCB Holding's officers and directors have interests in the merger that are in addition to, or different from, the interests of PCB Holding's shareholders generally. PCB Holding's board of directors was aware of these conflicts of interest and took them into account in approving the merger. These interests include:

- German American and PCB Holding have entered into agreements with Carl D. Smith and Clarke A. Blackford that terminate their existing employment agreements in exchange for a cash payment.
 - First State Bank has entered into an employment agreement with Mr. Smith.
 - German American has entered into a non-compete agreement with Mr. Blackford.
- Daniel P. Lutgring, Mark L. Ress and James G. Tyler, current directors of PCB Holding, will be appointed to the board of directors of First State Bank.

- German American is obligated under the merger agreement to provide continuing indemnification to the directors and officers of PCB Holding and its subsidiaries, and to provide such directors and officers with directors' and officers' liability insurance for a period of six years.

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For a more detailed discussion of these interests, see "DESCRIPTION OF THE MERGER—Interests of Certain Persons in the Merger" beginning on page 27.

The merger may fail to qualify as a reorganization for federal tax purposes, resulting in your recognition of taxable gain or loss in respect of your PCB Holding shares.

PCB Holding intends the merger to qualify as a reorganization (or part of a reorganization) within the meaning of Section 368(a) of the Internal Revenue Code. Although the Internal Revenue Service, or IRS, will not provide a ruling on the matter, German American will, as a condition to closing, obtain an opinion from its legal counsel that the merger will constitute a reorganization (or part of a reorganization) for federal tax purposes. This opinion does not bind the IRS or prevent the IRS from adopting a contrary position. If the merger fails to qualify as a reorganization (or part of a reorganization) you generally would recognize gain or loss on each share of PCB Holding common stock surrendered in an amount equal to the difference between your adjusted tax basis in that share and the sum of the amount of cash and/or the fair share market value of the shares of German American common stock received in exchange for that share upon completion of the merger.

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

Certain statements contained in this document, including information incorporated into this document by reference, that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to as the Securities Exchange Act), and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The sections of this document which contain forward-looking statements include, but are not limited to, "QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING," "SUMMARY," "RISK FACTORS," "DESCRIPTION OF THE MERGER—Background of the Merger," "DESCRIPTION OF THE MERGER—German American's Reasons for the Merger," and "DESCRIPTION OF THE MERGER—PCB Holding's Reasons for the Merger and Recommendation of the Board of Directors." You can identify these statements from our use of the words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target" and similar expressions.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including among other things, changes in general economic and business conditions and the risks and other factors set forth in the "RISK FACTORS" section beginning on page 11 and for a discussion of German American's business and of certain risks associated with forward-looking statements that German American has from time to time made in its SEC filings, see the section entitled "Forward-Looking Statements and Associated Risks" included in Item I of German American's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and in Part I, Item 2, of its Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, and in German American's future filings with the SEC that are incorporated by reference in this proxy statement/prospectus..

Because of these and other uncertainties, German American's actual results, performance or achievements, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, German American's past results of operations do not necessarily indicate German American's future results. You should not place undue reliance on any forward-looking statements, which speak only as of the dates on which they were made. German American is not undertaking an obligation to update these forward-looking statements, even though its situation may change in the future, except as required under federal securities law. German American qualifies all of its forward-looking statements by these cautionary statements.

Further information on other factors which could affect the financial condition, results of operations, liquidity or capital resources of German American before and after the merger is included in German American's filings with the SEC, incorporated by reference into this proxy statement/prospectus. See "WHERE YOU CAN FIND MORE

INFORMATION" on page 49.

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SPECIAL MEETING OF PCB HOLDING SHAREHOLDERS

Date, Place, Time and Purpose

German American's and PCB Holding's boards of directors are sending you this proxy statement/prospectus and proxy to use at the special meeting. At the special meeting, the PCB Holding board of directors will ask you to vote on a proposal to adopt the merger agreement. The special meeting will be held at the Hoosier Heights Country Club, located at Highway 237, Tell City, Indiana, on _____, 2005 at p.m., local time.

Who Can Vote at the Meeting

You are entitled to vote if the records of PCB Holding showed that you held shares of PCB Holding common stock as of the close of business on _____, 2005. As of the close of business on that date, a total of 328,265 shares of PCB Holding common stock were outstanding. Each share of common stock has one vote. As provided in PCB Holding's Articles of Incorporation, record holders of shares of PCB Holding common stock who beneficially own, either directly or indirectly, in excess of 10% of PCB Holding's outstanding shares are not entitled to any vote in respect of the shares held in excess of the 10% limit. If you are a beneficial owner of shares of PCB Holding common stock held by a broker, bank or other nominee (i.e., in "street name") and you want to vote your shares in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Quorum; Vote Required

The special meeting will conduct business only if a majority of the outstanding shares of PCB Holding common stock entitled to vote is represented at the meeting. If you return valid proxy instructions or attend the meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares of PCB Holding common stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Approval of the proposal to adopt the merger agreement will require the affirmative vote of at least a majority of the issued and outstanding shares of PCB Holding common stock. The directors and executive officers of PCB Holding (and their affiliates), as a group, beneficially owned 29,175 shares of PCB Holding common stock, representing approximately 8.9% of the outstanding shares of PCB Holding common stock as of the record date. This amount does not include shares that may be acquired upon the exercise of stock options. The directors of PCB Holding, who collectively own 26,611 shares of PCB Holding common stock (or approximately 8.1% of the outstanding shares), have agreed to vote their shares in favor of the merger at the special meeting. For more information regarding beneficial ownership of shares of PCB Holding common stock by each current PCB Holding director, certain executive officers of PCB Holding and all directors and executive officers of PCB Holding as a group, see "SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PCB HOLDING" on page 40.

Broker non-votes and abstentions from voting will have the same effect as voting against adoption of the merger agreement.

Voting and Revocability of Proxies

You may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, we recommend you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting.

PCB Holding shareholders whose shares are held in "street name" by their broker, bank or other nominee must follow the instructions followed by their broker, bank or other nominee to vote their shares. Your broker or bank may allow you to deliver your voting instructions via the telephone or the Internet.

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Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against, or abstain with respect to the adoption of the merger agreement. If you are the record holder of your shares of PCB common stock and submit your proxy without specifying a voting instruction, your shares of PCB common stock will be voted "FOR" the proposal to adopt the merger agreement.

You may revoke your proxy before it is voted by:

- filing with the Secretary of PCB Holding a duly executed revocation of proxy;
- submitting a new proxy with a later date; or
- voting in person at the special meeting.

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: PCB Holding Company, 819 Main Street, Tell City, Indiana 47586, Attention: Secretary.

Participants in Peoples Community Bank's 401(k) Plan

If you hold shares of PCB Holding common stock through Peoples Community Bank's 401(k) plan, you will receive voting instructions from the plan's administrator. Please complete and return those instructions promptly to ensure that your shares are represented at the special meeting.

Solicitation of Proxies

PCB Holding will pay for this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of PCB Holding may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies. PCB Holding will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

RIGHTS OF DISSENTING SHAREHOLDERS

Under Indiana law, shareholders of PCB Holding will have dissenters' rights with respect to the merger. If you are a shareholder of PCB Holding and you (or your broker or other "street name" record holder acting on your behalf) follow the procedures set forth in Chapter 44 of the Indiana Business Corporation Law, or IBCL, these rights will entitle you to receive the fair value of your shares of PCB Holding common stock rather than having your shares converted into the right to receive the cash payment and shares of German American common stock as described above. Accompanying this proxy statement/prospectus as Annex C is a copy of the text of Chapter 44 of the IBCL, which prescribes the procedures for the exercise of dissenters' rights and for determining the fair value of shares of PCB Holding common stock. PCB Holding shareholders electing to exercise dissenters' rights must comply with the provisions of Chapter 44 of the IBCL in order to perfect their rights. PCB Holding and German American will require strict compliance with the statutory procedures.

The following is intended as a brief summary of the material provisions of the Indiana statutory procedures required to be followed by a shareholder in order to dissent from the merger and perfect the shareholder's dissenters' rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Chapter 44 of the IBCL, the full text of which appears in Annex C of this proxy statement/prospectus.

Under Chapter 44, a PCB Holding shareholder of record for the special meeting who desires to assert dissenters' rights must (1) deliver to PCB Holding before the shareholder vote is taken written notice of the shareholder's intent to demand payment in cash for shares owned if the merger is effectuated, and (2) not vote the shareholder's shares in favor of the merger, either in person or by proxy. Dissenting shareholders cannot dissent as to only some but not all of the shares of PCB Holding common stock registered in their names, except in limited circumstances. Shareholders who wish to be eligible to assert dissenters' rights may send their written notice to Carl D. Smith, PCB Holding Company, 819 Main Street, Tell City, Indiana 47586; the method of delivery of this written notice is at the risk of the shareholder, because the notice must actually be received by PCB Holding prior to the shareholder vote being taken.

If the merger is approved by the PCB Holding shareholders, PCB Holding must mail or deliver a written notice of dissenters' rights to each dissenting shareholder satisfying the above conditions within ten days after shareholder approval has occurred. The notice to dissenting shareholders must:

1. State where the payment demand must be sent and where and when certificates for certificated shares must be deposited;
2. Inform holders of uncertificated shares to what extent transfer of the shares will be restricted after the payment demand is received;
3. Supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed merger, which was May 24, 2005, and require that the dissenting shareholder certify whether or not that shareholder acquired beneficial ownership of the shares before that date;
4. Set a date by which PCB Holding must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the notice to dissenters is delivered; and
5. Be accompanied by a copy of Chapter 44 of the IBCL.

Any PCB Holding shareholder who is sent a notice to dissenters must then (a) demand payment for the shareholder's shares of PCB Holding common stock, (b) certify whether the shareholder acquired beneficial ownership of the shares of PCB Holding common stock before May 24, 2005 (the date the merger was publicly announced) and (c) deposit the shareholder's certificates representing shares of PCB Holding common stock in accordance with the terms of the notice to dissenters. A PCB Holding shareholder who fails to take these steps by the date set forth in the notice to

dissenters will not be entitled to payment for the shareholder's shares through the dissenters' rights process and will be considered to have voted his or her shares in favor of the merger.

A PCB Holding shareholder who desires to exercise dissenters' rights concerning the merger but who does not comply with the preliminary conditions described above will be considered not to be entitled to exercise dissenters' rights. Shareholders who execute and return the enclosed proxy, but do not specify a choice on the merger proposal will be deemed to have voted in favor of the proposal to adopt the merger agreement and, accordingly, to have waived their dissenters' rights, unless the shareholder revokes the proxy before it is voted and satisfies the other requirements of Chapter 23-1-44 of the IBCL.

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Upon consummation of the merger, German American will pay each dissenting shareholder who has complied with all statutory requirements and the notice to dissenters, and who was the beneficial owner of shares of PCB Holding common stock before May 24, 2005 (the date the merger was first publicly announced), German American's estimate of the fair value of the shares as of the time immediately before the merger, excluding any appreciation in value in anticipation of the merger unless exclusion would be inequitable. For those dissenters who became beneficial owners of shares of PCB Holding common stock on or after May 24, 2005, German American will provide its estimate of fair value upon consummation of the merger, but may withhold payment of the fair value of the shares until the dissenting shareholder agrees to accept the estimated fair value amount in full satisfaction of the dissenting shareholder's demand or until German American is otherwise directed by a court of competent jurisdiction.

If the dissenting shareholder believes the amount paid or estimated by German American is less than the fair value for his or her shares of PCB Holding common stock or if German American fails to make payment to the dissenting shareholder within 60 days after the date set for demanding payment, the dissenting shareholder may notify German American in writing of the shareholder's own estimate of the fair value of his or her shares of PCB Holding common stock and demand payment of his or her estimate (less the amount of any payment made by German American for the shares of PCB Holding common stock to the dissenting shareholder). Demand for payment must be made in writing within 30 days after German American has made payment for the dissenting shareholder's shares of PCB Holding common stock or has offered to pay its estimate of fair value for the dissenting shareholder's shares of PCB Holding common stock. German American will not give further notice to the dissenting shareholder of this deadline. A dissenting shareholder who fails to make the demand within this time waives the right to demand payment for the shareholder's shares of PCB Holding common stock.

German American can elect to agree with the dissenting shareholder's fair value demand, but if a demand for payment remains unsettled, German American must commence a proceeding in the circuit or superior court of Dubois County within 60 days after receiving the payment demand from the dissenting shareholder and petition the court to determine the fair value of the shares of PCB Holding common stock. If German American fails to commence the proceeding within the 60 day period, it must pay each dissenting shareholder whose demand remains unsettled the amount demanded. German American must make all dissenting shareholders whose demands remain unsettled parties to the proceeding and all parties must be served a copy of the petition. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. Each dissenting shareholder made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of the dissenting shareholder's shares of PCB Holding common stock, plus interest, exceeds the amount paid by German American.

The court will determine all costs of the appraisal proceeding, including the reasonable compensation and expenses of appraisers appointed by the court, and will assess these costs against the parties in amounts the court finds equitable. The court may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable, against German American if the court finds that German American did not comply with Chapter 44 or against either German American or a dissenting shareholder if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided by Chapter 44.

If PCB Holding and German American do not consummate the merger within 60 days after the date set in the notice to dissenters for demanding payment and depositing certificates of shares of PCB Holding common stock, PCB Holding will return the deposited certificates. If after returning the deposited certificates PCB Holding and German American consummate the merger, PCB Holding will send a new notice to dissenters and repeat the payment demand process.

Every PCB Holding shareholder who does not deliver a notice of intent to demand payment for his or her shares of PCB Holding common stock as described above, or who votes in favor of the proposal to adopt the merger agreement, will have no right to dissent and to demand payment of the fair value of the shareholder's shares of PCB Holding common stock as a result of the merger. Voting against the proposal to adopt the merger agreement does not in itself

constitute the notice of intent to demand payment required by Chapter 44.

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DESCRIPTION OF THE MERGER

Background of the Merger

In early 2004, an officer of another bank (Bank A) contacted Carl Smith, President and Chief Executive Officer of PCB Holding, and informed Mr. Smith of Bank A's interest in acquiring PCB Holding. The officer explained that Bank A, which did not have any branch in Perry County, was interested in establishing a presence in Perry County and that, by combining with Bank A, PCB Holding and its shareholders could benefit from being part of a larger and growing institution. Mr. Smith communicated this expression of interest to PCB Holding's board of directors and, at a meeting held in late March 2004, the board of directors decided to explore a possible transaction with Bank A.

In early April 2004, PCB Holding engaged KBW to advise and assist PCB Holding in considering the desirability of a transaction with Bank A and in arriving at financial terms for a transaction. A representative of KBW met with the board of directors on April 12, 2004 and discussed the market environment for thrifts, the recent operating results for PCB Holding, the mergers and acquisitions environment and the process for completing a merger. Around the same time, Mr. Smith informed the officer of Bank A that PCB Holding would be willing to discuss a possible transaction between Bank A and PCB Holding. Conversations between representatives of PCB Holding and Bank A occurred sporadically over the next few months, but the substantive terms of a transaction were not discussed. At that time, Bank A indicated that senior management was focused on several branch openings and would not be able to address a transaction with PCB Holding for several months.

In late July 2004, an officer of Bank A contacted Mr. Smith and expressed Bank A's continued interest in a possible transaction with PCB Holding. Mr. Smith encouraged Bank A to provide specific terms for a transaction. In September 2004, the President of another out-of-area bank (Bank B) contacted Mr. Smith and expressed an interest in a business combination between Bank B and PCB Holding. After informing the board of directors of Bank B's interest, Mr. Smith met with the President of Bank B. Subsequently, in September 2004, representatives of German American expressed to certain directors of PCB Holding an interest in the possible acquisition of PCB Holding.

On October 22, 2004, Bank A provided PCB Holding with a draft letter of intent for the acquisition of PCB Holding by Bank A. At a meeting held on October 25, 2004, the board of directors discussed the proposed letter of intent, noting a number of issues that needed to be clarified or addressed. As a result of the interest expressed by Bank B and German American, the board of directors decided to meet to consider a more formal approach to soliciting interest in a business combination with PCB Holding.

On November 8, 2004, the board of directors met with legal counsel and a representative of PCB Holding's independent auditor to discuss the condition and prospects of PCB Holding, the legal duties of the directors and the significant issues that the Board must address in connection with engaging in a business combination. The board of directors discussed PCB Holding's ability to improve earnings in light of the competitive economic environment, the resources of PCB Holding and PCB Holding's relatively small size. On November 11, 2004, KBW made a presentation to the board of directors at which representatives of KBW discussed recent trends in bank and thrift mergers and acquisitions and identified potential merger partners for PCB Holding. The board of directors determined that, in order to maximize the amount to be received by shareholders, Bank B and German American should be provided the opportunity to make a proposal to acquire PCB Holding and KBW should contact other potential purchasers to ascertain their interest in making an offer. On November 17, 2004, PCB Holding entered into a new agreement with KBW that reflected the expanded scope its engagement.

Over the next several weeks, KBW worked with PCB Holding to prepare informational materials that would be provided to interested parties. These informational materials included financial and other data regarding PCB Holding's operations. KBW offered six institutions the opportunity to review the informational materials. Five institutions, including Bank A, Bank B and German American signed confidentiality agreements and received informational materials. Two institutions, Bank B and German American, submitted written proposals. Bank B's

proposal presented a range of possible prices, with the final price to be determined following due diligence, while German American's proposal presented a price that was in the middle of Bank B's proposed range.

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On January 31, 2005, KBW met with the board of directors to review the two proposals. KBW compared the two proposals, provided an overview of each company and evaluated the proposals in relation to recent comparable transactions and a discounted cash flow analysis. Following this meeting, KBW contacted German American and encouraged German American to revise its proposal to provide a value more competitive with the top of Bank B's proposed price range. KBW also informed Bank B that PCB Holding's board of directors was focused on the top of its proposed price range. On February 14, 2005, German American submitted a revised letter in which it proposed a transaction valued at \$19.00 per share of PCB Holding common stock. Under German American's proposal, PCB Holding would pay a special cash dividend of \$6.50 per share immediately prior to the closing and then German American would exchange shares of its common stock valued at \$12.50 per share of PCB Holding common stock.

Because there was not a large difference in the prices offered in the two proposals, PCB Holding decided to give both Bank B and German American the opportunity to perform due diligence on PCB Holding. Following its due diligence review, Bank B withdrew its proposal, indicating that it was not prepared to make an offer that would meet the board of director's expectations. Following its due diligence review, on March 14, 2005, German American submitted a revised proposal that modified the determination of the number of shares of German American common stock that would be issued in the transaction and addressed certain non-economic issues raised by PCB Holding.

On March 21, 2005, Mark Schroeder, President and Chief Executive Officer of German American, met with the board of directors of PCB Holding. Mr. Schroeder discussed the history and operating philosophy of German American and explained German American's plans for integrating PCB Holding into German American.

On April 4, 2005, the board of directors of PCB Holding met with KBW to discuss the terms and conditions of German American's proposal. In addition, KBW presented materials regarding comparable mergers and acquisitions and a financial review of German American. The board of directors unanimously authorized management, in consultation with KBW and legal counsel, to negotiate the terms of a definitive merger agreement in accordance with the terms and conditions of German American's proposal. Following discussions between legal counsel for both parties and KBW relating to the structure of the transaction, German American agreed that instead of PCB Holding paying a special cash dividend prior to closing, German American would exchange a combination of cash and shares of German American common stock for shares of PCB Holding common stock. Counsel for German American delivered the initial draft of the merger agreement to PCB Holding on April 19, 2005.

On April 21, 2005 representatives of PCB Holding conducted an on-site due diligence review of German American Financial. Over the next few weeks, representatives of PCB Holding and German American negotiated the terms of the merger agreement and related documents. As a result of a decline during the period of negotiations in the market price of shares of German American common stock, the value of the transaction had declined from what had originally been proposed. Following discussions between representatives of KBW and German American, German American agreed to increase the cash portion of the merger consideration to \$9.00 per share of PCB Holding common stock (subject to downward adjustment as described elsewhere) and to fix the exchange ratio at 0.7143.

On May 23, 2005, the board of directors of PCB Holding held a meeting to consider the definitive merger agreement and related documents. At the meeting, KBW made a presentation on the fairness, from a financial point of view, of the merger consideration to the shareholders of PCB Holding. The board of directors reviewed this presentation carefully and considered KBW's experience, qualifications and interest in the transaction. In addition, PCB Holding's board of directors reviewed in detail the merger agreement and related documents with counsel. After discussion, the board of directors of PCB Holding unanimously approved the definitive merger agreement, with one director absent. The definitive merger agreement was executed later that day and, on May 24, 2005, PCB Holding and German American jointly announced the execution of the merger agreement by joint press release.

PCB Holding's Reasons for the Merger and Recommendation of the Board of Directors

The PCB Holding board of directors believes that the merger is advisable and fair to, and in the best interest of, PCB Holding and its shareholders. Accordingly, the PCB Holding board of directors has unanimously approved the merger agreement and unanimously recommends that its shareholders vote "FOR" the proposal to adopt the merger agreement.

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In approving the merger agreement, PCB Holding's board of directors consulted with legal counsel as to its legal duties and the terms of the merger agreement and with its financial advisor with respect to the financial aspects and fairness of the transaction from a financial point of view. In arriving at its determination, PCB Holding's board of directors also considered a number of factors, including the following:

- The expected results from continuing to operate as an independent community banking institution, and the likely benefits to shareholders, compared with the value of the merger consideration offered by German American.
- Information concerning the businesses, earnings, operations, financial condition and prospects of PCB Holding and German American. PCB Holding's board of directors took into account the results of PCB Holding's due diligence review of German American.
- The opinion rendered by KBW, as financial advisor to PCB Holding, that the merger consideration is fair, from a financial standpoint, to PCB Holding shareholders.
- The terms of the merger agreement and the structure of the merger, including the fact that PCB Holding shareholders will receive a combination of cash and shares of German American common stock in exchange for their shares.
- The review made by PCB Holding's board of directors of various pricing and other data in an attempt to establish PCB Holding's value in a merger or sales transaction.
- The fact that KBW solicited offers to acquire PCB Holding and that German American offered the highest value to PCB Holding shareholders.
- The fact that the market for shares of German American common stock is substantially broader than the current market for shares of PCB Holding common stock.
 - PCB Holding shareholders will experience an increase in dividends, based on German American's current dividend rate and the exchange ratio.
- The current and prospective economic, competitive and regulatory environment facing PCB Holding and independent community banking institutions generally.
- The board of directors' assessment that PCB Holding would better serve the convenience and needs of its customers and the communities that it serves through affiliation with a financial institution such as German American that has a larger infrastructure, wider selection of financial products and services and larger asset base.
- German American's statement that it expects substantial continuity of employment of the employees of Peoples Community Bank with First State Bank or other subsidiaries of German American.
 - The likelihood of German American receiving regulatory approval of the merger.
 - The likelihood of PCB Holding shareholders approving the merger.

The above discussion of the information and factors considered by PCB Holding's board of directors is not intended to be exhaustive, but includes all material factors considered by the board in arriving at its determination to approve, and to recommend that the PCB Holding shareholders vote to adopt, the merger agreement and related transactions. The PCB Holding board of directors did not assign any relative or specific weights to the above factors, and individual directors may have given differing weights to different factors. The PCB Holding board of directors unanimously recommends that PCB Holding's shareholders vote to adopt the merger agreement and the related transactions.

German American's Reasons for the Merger

German American's board of directors believes that the merger is in the best interests of German American and its shareholders. In deciding to approve the merger, German American's board of directors considered a number of factors, including:

- PCB Holding's community banking orientation and its compatibility with German American and its subsidiaries.
- Management's review of the business, operations, earnings, and financial condition, including capital levels and asset quality of PCB Holding.
 - The likelihood of regulators approving the merger without undue conditions or delay.

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While German American's board of directors considered these and other factors, the board of directors did not assign any specific or relative weights to the factors considered and did not make any determination with respect to any individual factor. German American's board of directors collectively made its determination with respect to the merger based on the conclusion reached by its members, based on the factors that each of them considered appropriate, that the merger is in the best interests of German American's shareholders. The terms of the merger were the result of arm's-length negotiations between representatives of German American and representatives of PCB Holding.

Opinion of PCB Holding's Financial Advisor

KBW was retained by PCB Holding on November 17, 2004 to evaluate strategic planning and shareholder enhancement alternatives. KBW, as part of its investment banking business, is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and distributions of listed and unlisted securities. KBW is familiar with the market for common stocks of publicly traded banks, savings institutions and bank and savings institution holding companies. PCB Holding's board of directors selected KBW on the basis of the firm's reputation and its experience and expertise in transactions similar to the merger. Except as described herein, KBW is not affiliated with PCB Holding, German American or their respective affiliates.

Pursuant to its engagement, KBW was asked to render an opinion as to the fairness, from a financial point of view, of the merger consideration to PCB Holding 's shareholders. KBW delivered a fairness opinion to the PCB Holding board of directors that as of May 23, 2005, the merger consideration is fair to the PCB Holding shareholders from a financial point of view. No limitations were imposed by PCB Holding upon KBW with respect to the investigations made or procedures followed by KBW in rendering its opinion.

The full text of the opinion, which sets forth certain assumptions made, matters considered and limitations on the reviews undertaken, is attached as Annex B to this proxy statement/prospectus and should be read in its entirety. KBW has consented to the following summary of its opinion and to the entire opinion being attached hereto as Annex B. The summary of the opinion of KBW set forth in this proxy statement/prospectus is qualified in its entirety by reference to the opinion. Such opinion does not constitute a recommendation by KBW to any PCB Holding shareholder as to how such shareholder should vote with respect to the adoption of the merger agreement.

In rendering its opinion, KBW performed the following acts:

- reviewed the financial and business data which PCB Holding supplied to it, including annual reports for the years ended December 31, 2004, 2003 and 2002, proxy statements for the years ended December 31, 2004 and 2003 and PCB Holding's unaudited financial information for the quarter ended March 31, 2005;
- reviewed German American's annual report and proxy statement for the years ended December 31, 2004, 2003 and 2002 and unaudited financial statements for the period ended March 31, 2005;
- discussed with PCB Holding's senior management board of directors the current position and prospective outlook for PCB Holding;
- considered historical quotations and the prices of recorded transactions in shares of PCB Holding common stock and reviewed the financial and stock market data of other publicly traded thrift institutions, particularly Midwestern thrifts with assets below \$100 million;
- considered historical quotations and prices of recorded transactions in shares of German American common stock and reviewed the financial and stock market data of other publicly traded bank institutions, particularly Midwestern banks with assets between \$750 million and \$1.5 billion; and

- reviewed the financial and structural terms of several other recent transactions involving mergers and acquisitions of thrift institutions or proposed changes of control of comparably situated companies.

In rendering its opinion, KBW assumed and relied upon the accuracy and completeness of the information provided to it by PCB Holding and German American and obtained by it from public sources. In its review, with the consent of PCB Holding's board of directors, KBW did not undertake any independent verification of the information provided to it, nor did it make any independent appraisal or evaluation of the assets and liabilities of PCB Holding or German American, or of potential or contingent liabilities of PCB Holding or German American. With respect to the financial information, including forecasts received from PCB Holding, KBW assumed, with PCB Holding 's consent that such information had been reasonably prepared reflecting the best currently available estimates and judgment of PCB Holding 's management. KBW also assumed that no restrictions or conditions would be imposed by regulatory authorities that would have a material adverse effect on the contemplated benefits of the merger to PCB Holding or the ability to consummate the merger.

Analysis of Recent Comparable Acquisitions. In rendering its opinion, KBW analyzed pending acquisitions of thrift institutions, including those transactions deemed comparable to the merger. KBW compared the acquisition price relative to four industry-accepted ratios: deal price to book value, deal price to tangible book value, deal price to last twelve months' earnings and premium to core deposits. Therefore, the analysis included a comparison of the median, high and low of the above ratios for pending and completed acquisitions, based on the following comparable group: (1) all selling institutions in the comparable group were thrift institutions; (2) all transactions in the comparable group were either announced or completed after January 1, 2003; and (3) all transactions in the peer group had an asset size below \$100 million. As a result of these transaction criteria, the following selling bank institutions were used in analyzing comparable transactions:

Summary of comparable merger and acquisition transactions :

Buying Institution	Selling Institution
Blue River Bancshares, Inc.	Unified Banking Company
Community Bank System Inc.	Peoples Bankcorp, Inc.
First Federal Bank of LA	First Allen Parish Bancorp
Garfield Acquisition Corp.	Lennox Savings Bank
Generations Bancorp	Generations Bank
Great River Holding Co.	First Federal Holding Co. Of Morris
Liberty Bancshares, Inc.	StateFed Financial Corp.
MIVI Acquisition Corp.	Mississippi View Holding Co.
NS&L Acquisition Corp.	NS&L Bancorp, Inc.
Standard Bancshares, Inc.	Security Financial Bancorp, Inc.
Patapsco Bancorp Inc.	Parkville FSB
Teche Holding Co.	St. Landry Financial Corp.
First BancTrust Corp.	Rantoul First Bank SB
Founders Group Inc.	Vermillion Bancorp Inc.

No company or transaction used as a comparison in this analysis is identical to PCB Holding, German American or the merger. Accordingly, an analysis of the results of the foregoing is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value of the companies to which they are being compared.

The information in the following table summarizes the material information analyzed by KBW with respect to the merger. The summary does not purport to be a complete description of the analysis performed by KBW in rendering its opinion. Selecting portions of KBW's analysis or isolating certain aspects of the comparable transactions without considering all analyses and factors could create an incomplete or potentially misleading view of the evaluation process.

	Price to Book Ratio (%)	Price to Tangible Book Ratio (%)	Price to last 12 months earnings (x)	Core Deposit Premium (%)
Low value	119.2	119.2	7.5x	2.9
Median value	133.8	133.8	22.4x	5.9
High value	180.7	180.7	40.9x	15.5
Implied value of GABC offer*	127.1	127.1	NM**	6.1

Multiples based on unaudited financial data for PCB Holding as of March 31, 2005.

* Based on closing price of shares of German American common stock on May 23, 2005.

** NM = not meaningful, as PCB Holding had a loss for the 12 months ended March 31, 2005.

Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range of present values per share of PCB Holding common stock. This range was determined by adding (1) the present value of the estimated future dividends that PCB Holding could generate through the fifth year of their current business plan (as provided to KBW) and (2) the present value of the terminal value, which is based upon a range of estimated price to earnings ratios and price to book ratios in the future of shares of PCB Holding common stock.

In calculating a terminal value of shares of PCB Holding common stock, KBW applied a range of multiples between 15.0x to 19.0x to the forecasted earnings for year five of the business plan and 110% to 150% of estimated year five book value. In performing this analysis, KBW assumed that there were no restrictions imposed upon PCB Holding in its ability to pay dividends to shareholders and that consolidated equity capital in excess of 10% of assets would be paid to PCB Holding shareholders in the form of a cash dividend. In addition, KBW used the 2005 budget provided by PCB Holding and relied on PCB Holding management guidance for years two through five of the business plan as an estimate of future PCB Holding earnings. The combined dividend stream and terminal value were then discounted back to the present. KBW estimated a range of discount rates of 11% to 13% as the appropriate rate to discount estimated future cash flows for purposes of this analysis. The results of KBW's analysis are set forth in the following tables:

Discount

Rate	Terminal Multiple - P/E				
	15.0x	16.0x	17.0x	18.0x	19.0x
13.0%	\$14.49	\$15.13	\$15.76	\$16.39	\$17.03
12.5%	\$14.71	\$15.35	\$16.00	\$16.65	\$17.30
12.0%	\$14.93	\$15.59	\$16.25	\$16.91	\$17.57
11.5%	\$15.15	\$15.83	\$16.50	\$17.18	\$17.86
11.0%	\$15.38	\$16.07	\$16.77	\$17.46	\$18.15

Discount

Rate	Terminal Multiple - Price to Book				
	110%	120%	130%	140%	150%
13.0%	\$10.31	\$10.84	\$11.37	\$11.90	\$12.43
12.5%	\$10.49	\$11.03	\$11.58	\$12.12	\$12.67
12.0%	\$10.67	\$11.23	\$11.79	\$12.35	\$12.91
11.5%	\$10.86	\$11.43	\$12.01	\$12.58	\$13.16
11.0%	\$11.05	\$11.64	\$12.23	\$12.82	\$13.41

Based on the foregoing criteria and assumptions, KBW estimated that the theoretical present value of the PCB Holding common stock ranged from \$14.49 to \$18.15 per share on a price to earnings basis and a range of \$10.31 to

\$13.41 on a price to book basis. Given that the value of the consideration on a per share basis to be paid in the merger, as of the date of the opinion, is above the implied theoretical range of present values of estimated future earnings and book value, KBW believes that this analysis supports the fairness, from a financial point of view, to PCB Holding and its shareholders of the consideration to be paid in the merger.

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The discount dividend analyses of PCB Holding do not necessarily indicate actual values or actual future results and do not purport to reflect the prices at which any securities may trade at the present or at any time in the future. Dividend discount analysis is a widely used valuation methodology, but the results of this methodology are highly dependent upon numerous assumptions that must be made, including earnings growth rates, dividend payout rates, terminal values, projected capital structure, and discount rates.

The information contained herein provides a summary description of the material analyses prepared by KBW in connection with the rendering of its opinion. The preparation of a fairness opinion is not necessarily susceptible to partial analysis or summary description. KBW believes that its analysis and the summary set forth above must be considered as a whole and that selecting portions of its analysis without considering all analyses, or selecting part of the above summary, without considering all factors and analyses, would create an incomplete view of the process underlying the analysis set forth in KBW's presentation and opinion. The ranges of valuations resulting from any particular analysis described above should not be taken to be KBW's view of the actual value of PCB Holding or German American. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis.

In preparing its analysis, KBW made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of KBW. The analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses and do not purport to be appraisals or reflect the prices at which a business may be sold or the prices at which any securities may trade at the present time or at any time in the future. In addition, as described above, KBW's opinion, along with its presentation to PCB Holding 's board of directors, was just one of the many factors taken into consideration by PCB Holding 's board of directors in approving the merger agreement.

Pursuant to its engagement letter with PCB Holding, KBW will receive a fee equal to \$100,000. As of the date of this proxy statement/prospectus, KBW has received \$35,000. PCB Holding has also agreed to indemnify KBW against certain liabilities, including liabilities under the federal securities laws, and to reimburse KBW for certain out-of-pocket expenses.

Accounting Treatment

German American will account for the merger under the "purchase" method of accounting in accordance with U.S. generally accepted accounting principles. Using the purchase method of accounting, the assets and liabilities of PCB Holding will be recorded by German American at their respective fair values at the time of the completion of the merger. The excess of German American's purchase price over the net fair value of the assets acquired and liabilities assumed will then be allocated to identified intangible assets, with any remaining unallocated cost recorded as goodwill.

Tax Consequences of the Merger

General. The following summary discusses the material anticipated U.S. federal income tax consequences of the merger applicable to a holder of shares of PCB Holding common stock that surrenders all of its common stock for shares of German American common stock and/or cash in the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service ("IRS"), and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. residents and citizens that hold their shares as capital assets for U.S. federal income tax purposes (generally, assets held for investment). No attempt has been made to comment on all U.S. federal income tax consequences of the merger and related transactions that may be relevant to holders of shares of PCB Holding common stock. This discussion also does not address all of the tax consequences that may be relevant to a particular person or the tax consequences that may be relevant to persons subject to special treatment under U.S. federal income

tax laws (including, among others, tax-exempt organizations, dealers in securities or foreign currencies, banks, insurance companies, financial institutions or persons that hold their shares of PCB Holding common stock as part of a hedge, straddle, constructive sale or conversion transaction, persons whose functional currency is not the U.S. dollar, holders that exercise appraisal rights, persons that are, or hold their shares of PCB Holding common stock through, partnerships or other pass-through entities, or persons who acquired their shares of PCB Holding common stock through the exercise of an employee stock option or otherwise as compensation). In addition, this discussion does not address any aspects of state, local, non-U.S. taxation or U.S. federal taxation other than income taxation. No ruling has been requested from the IRS regarding the U.S. federal income tax consequences of the merger. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

PCB Holding shareholders are urged to consult their tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local, non-U.S. tax laws and U.S. tax laws other than income tax laws.

Opinion Conditions. The completion of the merger is conditioned upon the delivery of an opinion by Ice Miller, tax counsel to German American, that the merger will constitute a "reorganization" for U.S. federal income tax purposes within the meaning of Section 368(a)(1)(A) of the Code. German American expects to be able to obtain the tax opinions if, as expected:

- German American and PCB Holding are able to deliver customary representations to German American's tax counsel;
- there is no adverse change in U.S. federal income tax law; and
- the aggregate fair market value of the German American common stock delivered as consideration in the merger is equal to or greater than 40% of the sum of (i) the aggregate fair market value of such German American common stock; and (ii) the aggregate amount of cash that is considered to be merger consideration, including any cash that may be payable, directly or indirectly, by German American to PCB Holding shareholders who perfect their appraisal rights.

Although the merger agreement allows both German American and PCB Holding to waive the condition that a tax opinion be delivered by Ice Miller, neither party currently anticipates doing so. However, if this condition were waived, PCB Holding would re-solicit the approval of its shareholders prior to completing the merger.

In addition, in connection with the filing of the registration statement of which this proxy statement/prospectus forms a part, Ice Miller has delivered to German American its opinion, dated as of the date of this proxy statement/prospectus, that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. A copy of this opinion is attached as Exhibit 8.1 to the registration statement. Such opinion has been rendered on the basis of facts, representations and assumptions set forth or referred to in such opinion and factual representations contained in certificates of officers of German American and PCB Holding, all of which must continue to be true and accurate in all material respects as of the effective time of the merger.

If any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected. The determination by tax counsel as to whether the proposed merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code will depend upon the facts and law existing at the effective time of the proposed merger. The following discussion assumes that the merger will constitute a "reorganization" for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code.

Exchange of Shares of PCB Holding Common Stock for Cash and Shares of German American Common Stock. A PCB Holding shareholder that exchanges all of its shares of PCB Holding common stock for a combination of shares of German American common stock and cash in the merger will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received in the merger; and (ii) the excess, if any, of (a) the sum of the amount of cash and the fair market value of the shares of German American common stock received in the merger over (b) the PCB Holding shareholder's aggregate tax basis in its shares of PCB Holding common stock surrendered in exchange therefor.

The gain recognized will be capital gain unless the PCB Holding shareholder's receipt of cash has the effect of a distribution of a dividend, in which case the gain will be treated as ordinary income to the extent of the holder's ratable share of accumulated earnings and profits, as calculated for U.S. federal income tax purposes. For purposes of determining whether a PCB Holding shareholder's receipt of cash

has the effect of a distribution of a dividend, the PCB Holding shareholder will be treated as if it first exchanged all of its shares of PCB Holding common stock solely in exchange for shares of German American common stock and then German American immediately redeemed a portion of that stock for the cash that the holder actually received in the merger (referred to herein as the "deemed redemption"). Receipt of cash will generally not have the effect of a dividend to the PCB Holding shareholder if such receipt is, with respect to the PCB Holding shareholder, "not essentially equivalent to a dividend" or "substantially disproportionate," each within the meaning of Section 302(b) of the Code. In order for the deemed redemption to be "not essentially equivalent to a dividend", the deemed redemption must result in a "meaningful reduction" in the shareholder's deemed percentage stock ownership of German American following the merger. The determination generally requires a comparison of the percentage of the outstanding stock of German American the shareholder is considered to have owned immediately before the deemed redemption to the percentage of the outstanding stock of German American the shareholder owns immediately after the deemed redemption. The IRS has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain (as opposed to dividend) treatment. For purposes of applying the foregoing tests, a shareholder will be deemed to own the stock it actually owns and the stock it constructively owns under the attribution rules of Section 318 of the Code. Under Section 318 of the Code, a shareholder will be deemed to own the shares of stock owned by certain family members, by certain estates and trusts of which the shareholder is a beneficiary and by certain affiliated entities, as well as shares of stock subject to an option actually or constructively owned by the shareholder or such other persons. If, after applying these tests, the deemed redemption results in a capital gain, the capital gain will be long-term if the PCB Holding shareholder's holding period for its shares of PCB Holding common stock is more than one year as of the date of the exchange. The determination as to whether a PCB Holding shareholder will recognize a capital gain or dividend income as a result of its exchange of shares of PCB Holding common stock for a combination of shares of German American common stock and cash in the merger is complex and is determined on a shareholder-by-shareholder basis. Accordingly, each PCB Holding shareholder is urged to consult its own tax advisor with respect to this determination.

PCB Holding shareholder's aggregate tax basis in the shares of German American common stock received in the merger will be equal to the shareholder's aggregate tax basis in its shares of PCB Holding common stock surrendered, decreased by the amount of any cash received and increased by the amount of any gain recognized. A PCB Holding shareholder's holding period for shares of German American common stock received in the merger will include the holding period of the shares of PCB Holding common stock surrendered in the merger.

Cash Received Instead of a Fractional Share of German American Common Stock. Subject to the discussion above regarding possible dividend treatment, a PCB Holding shareholder that receives cash instead of a fractional share of German American common stock in the merger will recognize capital gain or loss with respect to the fractional share in an amount equal to the difference, if any, between the amount of cash received instead of the fractional share and the portion of the shareholder's tax basis in its shares of PCB Holding common stock that is allocable to the fractional share. The capital gain or loss will be long-term if the holding period for such shares of PCB Holding common stock is more than one year as of the date of the exchange.

Backup Withholding. Unless an exemption applies under the backup withholding rules of Section 3406 of the Internal Revenue Code, the exchange agent shall be required to withhold, and will withhold, 28% of any cash payments to which a PCB Holding shareholder is entitled pursuant to the merger, unless the PCB Holding shareholder provides the appropriate form. A PCB Holding shareholder should complete and sign the substitute Internal Revenue Service Form W-9 enclosed with the letter of transmittal sent by the exchange agent. Unless an applicable exemption exists and is proved in a manner satisfactory to the exchange agent, this completed form provides the information, including the PCB Holding shareholder's taxpayer identification number, and certification necessary to avoid backup withholding.

Tax Treatment of the Entities. No gain or loss will be recognized by German American or PCB Holding as a result of the merger.

Regulatory Matters Relating to the Merger

PCB Holding is a registered savings and loan holding company regulated by the Office of Thrift Supervision, and its subsidiary depository institution, Peoples Community Bank, is a federal savings association regulated by the Office of Thrift Supervision. German American is a bank holding company regulated by the Board of Governors of the Federal Reserve System, and its subsidiary depository institution, First State Bank, is a state-chartered bank regulated by the Indiana Department of Financial Institutions. PCB Holding, Peoples Community Bank, German American and First State Bank are highly regulated institutions. Numerous federal and state laws and regulations govern their activities. These institutions also are subject to ongoing supervision, regulation and periodic examination by various federal and state financial institution regulatory agencies.

The completion of the merger involving PCB Holding and German American may require the approval of the Board of Governors of the Federal Reserve System. German American submitted a notice to the Federal Reserve on July 18, 2005, seeking a waiver of the requirement to file an application under the Bank Holding Company Act. If the Federal Reserve does not grant the waiver, German American would be required to submit an application seeking approval of the Federal Reserve.

Additionally, the completion of the merger involving Peoples Community Bank and First State Bank requires the approvals of the Federal Deposit Insurance Corporation and the Indiana Department of Financial Institutions. Peoples Community Bank must also give notice of the bank merger to the Office of Thrift Supervision. First State Bank and Peoples Community Bank submitted an application to the Federal Deposit Insurance Corporation on July 18, 2005. First State Bank also submitted an application to the Indiana Department of Financial Institutions on July , 2005. Finally, Peoples Community Bank submitted its notice to the Office of Thrift Supervision was on July , 2005.

PCB Holding and German American and their subsidiaries have assisted one another and cooperated in the preparation and submission of all necessary regulatory applications and filings with the bank regulatory authorities that are reasonably necessary to obtain these approvals, but there can be no assurance that the regulatory agencies will grant such approvals, with or without burdensome conditions or stipulations.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the merger from the standpoint of the adequacy of the merger consideration. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the merger.

Interests of Certain Persons in the Merger

Share Ownership and Stock Options. On the record date, PCB Holding's directors and officers beneficially owned, in the aggregate, 29,175 shares of PCB Holding's common stock (excluding shares that may be acquired upon the exercise of stock options), representing approximately 8.9% of the outstanding shares of PCB Holding common stock.

The directors and officers of PCB Holding on the record date held options to acquire 29,354 shares of PCB Holding common stock with a weighted average exercise price of \$10.29. It is anticipated that the directors and officers will exercise their stock options prior to the closing of the merger. The shares acquired upon exercise of stock options will be converted into the right to receive the same merger consideration as all other outstanding shares of PCB Holding common stock.

As described below, certain of PCB Holding's officers and directors have interests in the merger that are in addition to, or different from, the interests of PCB Holding's shareholders generally. PCB Holding's board of directors was aware of these conflicts of interest and took them into account in approving the merger.

Accelerated Payouts Under Certain Executive Employment Agreements; Other Agreements. The merger agreement contemplates that payments will be made to Messrs. Smith and Blackford. Specifically, the merger agreement requires

Mr. Smith to enter into an agreement pursuant to which he agrees to the termination of his current employment agreement and to enter into a new employment agreement with First State Bank. In consideration of Mr. Smith entering into this termination agreement and his execution of the employment agreement, Peoples Community Bank has agreed to pay Mr. Smith a lump sum payment on the closing date of the merger equal to \$141,015, subject to certain adjustments. Furthermore, the new employment agreement will entitle Mr. Smith to receive an annual salary of \$82,000, and other benefits.

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Mr. Blackford is also obligated to enter into an agreement pursuant to which he agrees to the termination of his current employment agreement and to enter into a non-compete agreement with German American. In consideration of Mr. Blackford entering into this termination agreement and his execution of the non-compete agreement, Peoples Community Bank agreed to pay Mr. Blackford a lump sum payment following the closing date of the merger equal to \$205,000, subject to certain adjustments. In addition, pursuant to the non-compete agreement, German American has also agreed to pay Mr. Blackford monthly installments of \$1,847.22 for thirty-six (36) consecutive months, or \$66,500 in the aggregate, beginning on the first day of the month that follows the effective date of the merger, provided that Mr. Blackford adheres to the obligations set forth in the non-compete agreement.

The term of all of the agreements described in this section will commence on the closing date of the merger.

Board of Directors Appointments. At the closing date of the merger, First State Bank is obligated by the merger agreement to appoint Daniel P. Lutgring, Mark L. Ress and James G. Taylor, each of whom is currently a director of PCB Holding, as new members of its Board of Directors.

Continued Director and Officer Liability Coverage. German American has agreed to indemnify and hold harmless the current and former officers and directors of PCB Holding and its subsidiaries against any costs or expenses incurred in connection with any claim, action, suit, proceeding or investigation that is a result of matters that existed or occurred at or before the effective time of the merger to the same extent as PCB Holding currently provides for indemnification its officers and directors. For a period of six years following the effective time of the merger, German American has also agreed to provide coverage to the officers and directors of PCB Holding immediately prior to the effective time of the merger under the directors' and officers' liability insurance policy currently maintained by PCB Holding or under a policy with comparable or better coverage.

Restrictions on Resale of Shares of German American Common Stock

All shares of German American common stock issued to PCB Holding's shareholders in connection with the merger will be freely transferable, except that shares received by persons deemed to be "affiliates" of PCB Holding under the Securities Act at the time of the special meeting may be resold only in transactions permitted by Rule 145 under the Securities Act or otherwise permitted under the Securities Act. This proxy statement/prospectus does not cover any resales of the shares of German American common stock to be received by PCB Holding's shareholders upon completion of the merger, and no person may use this proxy statement/prospectus in connection with any resale. Based on the number of shares of German American common stock anticipated to be received in the merger, it is expected that Rule 145 will not limit the amount of shares that former PCB Holding shareholders will be able to sell into the market. Persons who may be deemed affiliates of PCB Holding for this purpose generally include directors, executive officers and the holders of 10% or more of the outstanding shares of PCB Holding's common stock.

DESCRIPTION OF THE MERGER AGREEMENT

The following summary of the merger agreement is qualified by reference to the complete text of the merger agreement. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger.

General

The merger agreement provides for the merger of PCB Holding with and into German American, with German American surviving the merger and continuing under the name "German American Bancorp." Immediately following the merger of PCB Holding with German American, Peoples Community Bank will merge with and into First State Bank, with First State Bank surviving the merger and continuing under the name "First State Bank, Southwest Indiana."

Time of Completion

Unless the parties agree otherwise and unless the merger agreement has otherwise been terminated, the closing of the merger will take place on the last business day of the first month in which the shareholders of PCB Holding have approved and adopted the merger agreement and following the expiration of all waiting periods in connection with either the bank regulatory applications filed for approval of the merger or stock market requirements. The effective time of the merger will be as of the first day of the calendar month that follows the month in which the closing occurs.

We are working hard to complete the merger quickly. We currently expect that the merger will be completed during the third quarter of 2005. However, because completion of the merger is subject to regulatory approvals and other conditions, we cannot predict the actual timing.

Consideration to be Received in the Merger

If the merger is completed, the shares of PCB Holding common stock which you own immediately before the completion of the merger will be converted into a right to receive shares of German American common stock and cash. At the effective time of the merger, each issued and outstanding share of PCB Holding common stock, other than dissenting shares, will be converted into the right to receive (i) 0.7143 shares of German American common stock; and (ii) a cash payment of \$9.00, subject to possible downward adjustment as described below.

The cash payment of \$9.00, or the "cash consideration," is subject to possible downward adjustment. Specifically, the cash consideration will be decreased by an amount equal to the amount by which \$4,825,000 exceeds the net worth of PCB Holding as of the end of the month prior to the month in which the closing of the merger occurs (adjusted for certain items described below), divided by the number of shares of PCB Holding common stock outstanding at the effective time of the merger. In the event that PCB Holding's net worth (as so adjusted) is equal to or exceeds \$4,825,000 at the effective time of the merger, there will not be any adjustment to the amount of the cash consideration. PCB Holding's net worth will be determined by taking the consolidated stockholders' equity of PCB Holding on the close of business on the last day of the month prior to the month in which the closing occurs, giving appropriate effect to:

- additional provisions for possible loan losses, if any, that may be deemed necessary to establish the allowance for loan losses at a level that is deemed adequate, as of the Closing Date, under generally accepted accounting principles, consistently applied;
- accruals for all of PCB Holding's fees, expenses and costs relating to the merger through and including the effective time of the merger, including those that might not be performed or earned or become payable until after the effective

time (using best estimates on the closing date);

- payments to be made (and the costs of benefits to be provided) on and after the closing date pursuant to Carl D. Smith and Clarke A. Blackford under the employment agreement termination agreements described elsewhere;
- the amount of any regular, semi-annual cash dividends not to exceed \$0.12 per share of PCB Holding common stock which are declared prior to the closing date (to the extent not already reflected in the financial statements of Peoples as of the month end prior to the Closing Date);
- the issuance of up to 31,734 shares of PCB Holding common stock upon the exercise of issued and outstanding stock options held by the employees and directors of PCB Holding and Peoples Community Bank (to the extent not already reflected in the financial statements of Peoples as of the month end prior to the closing date); and
 - costs associated with the termination of PCB Holding's contract with Intrieve, Incorporated.

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Based on PCB Holding's net worth as of June 30, 2005, and the parties expectations regarding the amounts of the above items, German American and PCB Holding believe that, had the merger been completed as of that date and had the net amount of the adjustments been as expected, the cash payment per PCB Holding share would have been approximately \$_____ per share. The actual amount will not be determined until closing and may be more (but not more than \$9.00 per share) or less than indicated.

If German American declares a dividend or distribution on shares of its common stock or subdivides, splits, reclassifies or combines the shares of German American common stock prior to the effective time of the merger, then the conversion ratio of 0.7143 shares of German American common stock for every share of PCB Holding common stock will be adjusted accordingly, without duplication, to provide PCB Holding shareholders with the same economic effect as contemplated by the merger agreement prior to any of these events.

PCB Holding's shareholders will not receive fractional shares of German American common stock. Instead, you will receive a cash payment for any fractional shares in an amount equal to the product of (i) the fraction of a share of German American common stock to which you are entitled multiplied by (ii) the NASDAQ Official Closing Price of a share of German American common stock on the last trading day before the closing date.

The shares of German American common stock to be issued in the merger include rights to purchase preferred shares of German American in certain circumstances relating to potential changes in control of German American. See "DESCRIPTION OF GERMAN AMERICAN EQUITY SECURITIES" for a description of these preferred share purchase rights. These purchase rights are not presently exercisable and are not represented by any separate certificate. The purchase rights trade with shares of German American common stock and any value of the purchase rights is reflected in the price of shares of German American common stock. For purposes of convenient reference, when we refer to shares of German American common stock, we will not always include any reference to the accompanying preferred share purchase rights, but PCB Holding shareholders who receive shares of German American common stock will in fact also receive the attached preferred share purchase rights.

Exchange of Certificates

UMB Bank, N.A. will act as the exchange agent and handle the exchange of PCB Holding stock certificates for certificates representing shares of German American's common stock, the cash consideration and the payment of cash for fractional shares. Promptly following the closing of the merger, the exchange agent will send a letter of transmittal to each former PCB Holding shareholder who holds one or more stock certificates. The letter of transmittal will contain instructions explaining the procedure for surrendering PCB Holding stock certificates. **You should not return stock certificates with the enclosed proxy card.**

PCB Holding shareholders who surrender their stock certificates, together with a properly completed letter of transmittal, will receive certificates for the shares of German American's common stock into which their shares of PCB Holding common stock were converted pursuant to the merger and a check for the amount of cash consideration to which such shareholder is entitled.

After the merger, each certificate that previously represented shares of PCB Holding common stock will only represent the right to receive:

- certificates representing the shares of German American's common stock (including the accompanying preferred share purchase rights) into which those shares of PCB Holding common stock have been converted;
- cash in the amount of the cash consideration; and
- cash in lieu of any fractional share of German American common stock.

After the completion of the merger, PCB Holding will not register any transfers of shares of PCB Holding common stock. German American shareholders will not exchange their stock certificates in connection with the merger.

Conduct of Business Pending the Merger and Certain Covenants

PCB Holding Conduct of Business Covenants. Under the merger agreement, PCB Holding has agreed to certain restrictions on its activities until the merger is completed or terminated. In general, PCB Holding and Peoples Community Bank are required to conduct their business and to discharge or incur obligations and liabilities only in the ordinary course of business, as conducted prior to the execution of the merger agreement.

The following is a summary of the more significant restrictions imposed upon PCB Holding, subject to the exceptions set forth in the merger agreement:

- declaring or paying any dividends on shares of PCB Holding common stock or making any other distribution to shareholders, except for regular semi-annual cash dividends not to exceed \$0.12 per share on PCB Holding common stock on substantially the same record and payment date schedule as PCB Holding has utilized in the past and declared prior to the closing date;
- issuing or agreeing to issue any stock (except for the issuance of shares upon the exercise of stock options) or any options, warrants or other rights to subscribe for or purchase common or any other capital stock or securities convertible into or exchangeable for any capital stock;
- redeeming, purchasing or otherwise acquiring any of its outstanding shares of common or other capital stock, or agreeing to do so;
- effecting a stock split, reverse split, reclassification or other similar change in any common or other capital stock or otherwise reorganizing or recapitalizing;
 - changing its articles of incorporation or bylaws;
- paying or agreeing to pay any bonus, additional compensation (other than ordinary and normal bonuses and salary increases consistent with past practices) or severance benefit or otherwise making any changes out of the ordinary course of business with respect to the fees or compensation payable or to become payable to consultants, advisors, investment bankers, brokers, attorneys, accountants, directors, officers or employees;
- adopting or making any change in any employee benefit plan or other arrangement or payment made to, for or with any of such consultants, advisors, investment bankers, brokers, attorneys, accountants, directors, officers or employees;
- borrowing or agreeing to borrow any material amount of funds except in the ordinary course of business, or directly or indirectly guaranteeing or agreeing to guarantee any material obligations of others except in the ordinary course of business or pursuant to outstanding letters of credit;
- making or committing to make any new loan or issuing or committing to issue any new letter of credit or any new or additional discretionary advance under any existing line of credit, or purchasing or agreeing to purchase any interest in a loan participation, in aggregate principal amounts that would cause the credit extensions or commitments of Peoples Community Bank to any one borrower (or group of affiliated borrowers) to exceed \$100,000;
- purchasing or otherwise acquiring any investment security for their own accounts, or selling any investment security owned by either of them which is designated as held-to-maturity, or engaging in any activity that would require the establishment of a trading account for investment securities;

- increasing or decreasing the rate of interest paid on time deposits, or on certificates of deposit, except in a manner and pursuant to policies consistent with past practices;
- entering into or amending any material agreement, contract or commitment out of the ordinary course of business;
- except in the ordinary course of business, placing on any of their assets or properties any mortgage, pledge, lien, charge, or other encumbrance;
- except in the ordinary course of business, canceling, releasing, compromising or accelerating any material indebtedness owing to PCB Holding or Peoples Community Bank, or any claims which either of them may possess, or voluntarily waiving any material rights with respect thereto;

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- selling or otherwise disposing of any real property or any material amount of any personal property other than properties acquired in foreclosure or otherwise in the ordinary course of collection of indebtedness;
- foreclosing upon or otherwise taking title to or possession or control of any real property without first obtaining a phase one environmental report thereon, prepared by a reliable and qualified person or firm reasonably acceptable to German American, which does not indicate the presence of material quantities of pollutants, contaminants or hazardous or toxic waste materials on the property;
- committing any act or failing to do any act which will cause a material breach of any material agreement, contract or commitment;
- violating any law, statute, rule, governmental regulation or order, which violation might have a material adverse effect on its business, financial condition, or earnings;
- purchasing any real or personal property or making any other capital expenditure where the amount paid or committed therefor is in excess of \$10,000 other than purchases of property made in the ordinary course of business in connection with loan collection activities or foreclosure sales in connection with any of PCB Holding's or Peoples Community Bank's loans;
- issuing certificate(s) for shares of PCB Holding common stock to any PCB Holding shareholder in replacement of certificate(s) claimed to have been lost or destroyed without first obtaining from such shareholder(s), at the expense of such shareholder(s), a surety bond from a recognized insurance company in an amount that would indemnify PCB Holding (and its successors) against loss on account of such lost or destroyed certificate(s) (in an amount not less than the amount that German American's transfer agent would require in the case of lost or destroyed stock certificates of equal value of German American common stock), and obtaining a usual and customary affidavit of loss and indemnity agreement from such shareholder(s);
- holding a special, regular or annual meeting (or take action by consent in lieu thereof) of the board of directors or the sole shareholder of Peoples for the purpose of appointing or electing any new member to the board of directors of PCB Holding or of Peoples Community Bank (whether to fill a vacancy or otherwise) unless such new member is approved in advance in writing by German American; or
- notifying German American in writing of the occurrence of any matter or event known to PCB Holding that is, or is likely to become, materially adverse to the business, operations, properties, assets or financial condition of PCB Holding taken as a whole.

Non-Solicitation. PCB Holding has agreed that, until the effective time of the merger or until the termination of the merger agreement, PCB Holding will neither permit nor authorize its directors, officers, employees, agents or representatives (or those of Peoples Community Bank) to, directly or indirectly, initiate, solicit or encourage, or (except as described below) provide information to, any corporation, association, partnership, person or other entity or group concerning any merger, consolidation, share exchange, combination, purchase or sale of substantial assets, sale of shares of common stock (or securities convertible or exchangeable into or otherwise evidencing, or any agreement or instrument evidencing the right to acquire, capital stock) or similar transaction relating to PCB Holding or Peoples Community Bank or to which PCB Holding or Peoples Community Bank may become a party (all such transactions are referred to in this proxy statement/prospectus as "acquisition transactions"). PCB Holding shall promptly communicate to German American the terms of any proposal, indication of interest, or offer which PCB Holding or Peoples Community Bank receives with respect to an acquisition transaction. PCB Holding or Peoples Community Bank may, in response to an unsolicited written proposal, indication of interest, or offer with respect to an acquisition transaction, furnish information to, and negotiate, explore or otherwise engage in substantive discussions, and enter into agreements, arrangements or understandings with respect to such acquisition transaction, in each case, only if

PCB Holding's board of directors determines in good faith by majority vote, after consultation with PCB Holding's financial advisors and legal counsel qualified to give sound advice as to matters of Indiana law, in a meeting duly called and held in accordance with PCB Holding's bylaws, that failing to take such action would likely be inconsistent with the fiduciary duties of the members of PCB Holding's board of directors to PCB Holding under Indiana law, and that the terms of the acquisition transaction are superior to the terms of the merger described in this proxy statement/prospectus from a financial point of view.

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German American Restrictions. The following is a summary of the more significant restrictions imposed upon German American, subject to the exceptions set forth in the merger agreement:

- conducting its business substantially in the manner as it is presently being conducted and in the ordinary course of business;
- not amending its articles of incorporation in any manner that requires the approval of shareholders of German American under the IBCL;
 - not failing to file, or cause its subsidiaries to file, all required reports with applicable regulatory authorities;
- complying with all laws, statutes, ordinances, rules or regulations applicable to it and to the conduct of its business, the noncompliance with which results or could result in a material adverse effect on the financial condition, results of operations, business, assets or capitalization of German American on a consolidated basis;
 - complying in all material respects with each contract, agreement, commitment, obligation, understanding, arrangement, lease or license to which it is a party by which it is or may be subject or bound, the breach of which could result in a material adverse effect on the financial condition, results of operations, business, assets or capitalization of German American on a consolidated basis; or
- promptly notifying PCB Holding in writing of the occurrence of any matter or event known to German American that is, or is likely to become, materially adverse to the businesses, operations, properties, assets or condition (financial or otherwise) of German American and its subsidiaries on a consolidated basis.

German American Covenants. German American has agreed to use its best efforts to perform and fulfill all conditions and obligations to be performed or fulfilled under the merger agreement and to effect the merger in accordance with the terms and conditions set forth in the merger agreement. German American has also agreed to file or cooperate with PCB Holding in filing all regulatory applications required in order to consummate the merger, and the merger of Peoples Community Bank into First State Bank, including all necessary applications for the prior approvals of the Federal Reserve Board under the Bank Holding Company Act and of the Indiana Department of Financial Institutions and the Federal Deposit Insurance Corporation. German American has agreed to keep PCB Holding reasonably informed as to the status of such applications and promptly send or deliver copies of such applications, and of any supplementally filed materials, to counsel for PCB Holding. In addition, German American has agreed to use its best efforts to cause the registration statement of which this proxy statement/prospectus is a part to become effective as soon as practicable.

The merger agreement also contains certain covenants relating to employee benefits and other matters pertaining to officers and directors. See "DESCRIPTION OF THE MERGER AGREEMENT—Employee Benefit Matters" and "DESCRIPTION OF THE MERGER—Interests of Certain Persons in the Merger."

Representations and Warranties

PCB Holding and German American. The merger agreement contains representations and warranties made by PCB Holding and German American. These include, among other things, representations relating to:

- due corporate organization and existence;
 - capitalization;
- corporate power and authority to enter into the merger and the merger agreement;

- organizational documents;
 - subsidiaries;
 - financial information;
- agreements with banking authorities;
 - litigation;
- compliance with laws; and
- broker's, finder's or other fees.

German American. German American represents and warrants to PCB Holding in the merger agreement regarding:

- compliance with SEC filing requirements, including internal control requirements;
 - filing of necessary reports with regulatory authorities;
- accuracy of statements made and materials provided to the other party; and
- absence of material adverse changes in financial condition since March 31, 2005.

PCB Holding. PCB Holding makes additional representations and warranties to German American in the merger agreement relating to, among other things:

- employment agreements;
 - filing of reports;
 - loans and investments;
- employee benefit plans;
 - title to assets;
 - insurance;
- environmental matters;
- material contracts;
- compliance with Americans with Disabilities Act;
- control over financial reporting
- accuracy of statements made and materials provided to the other party; and
- no third party options; and

- absence of material adverse changes in financial condition since December 31, 2004.

Conditions to Completion of the Merger

Closing Conditions for the Benefit of German American. German American's obligations are subject to fulfillment of the following conditions (unless such conditions may by law be waived and German American elects to waive them):

- truth of representations and warranties of PCB Holding in all material respects as of the closing date (except for such changes as have not had, and can not reasonably be expected to have, any effect that is material and adverse to the financial position, results of operations or business of PCB Holding);
 - performance by PCB Holding in all material respects of its agreements under the merger agreement;
 - approval of the merger by PCB Holding shareholders;

- absence of any restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction, or any proceeding by any bank regulatory authority, governmental agency or other person seeking any of the above;
 - receipt of all necessary regulatory approvals (without burdensome conditions);
- receipt of certain environmental reports (which have been received or for which German American has waived receipt as of the date of the mailing of this proxy statement/prospectus);
- the registration statement has been declared effective by the SEC and continues to be effective as of the effective time;
 - receipt from PCB Holding at closing of certain items set forth in the merger agreement;
- receipt of a voting agreement executed by certain PCB Holding shareholders set forth in the merger agreement (which was received on May 23, 2005);
- receipt of employment agreement termination agreements entered into by certain officers of PCB Holding as set forth in the merger agreement (which were received on May 23, 2005);
- if any PCB Holding shareholders have timely provided notice of their intent to exercise dissenter's rights under the IBCL, such notices do not relate to more than 10% of the number of shares of PCB Holding common stock outstanding on the closing date; and
 - receipt of a written tax opinion of the law firm of Ice Miller.

Closing Conditions for the Benefit of PCB Holding. PCB Holding's obligations are subject to fulfillment of the following conditions (unless such conditions may by law be waived and PCB Holding elects to waive them):

- truth of representations and warranties of German American in all material respects as of the closing date (except for such changes as have not had, and can not reasonably be expected to have, any effect that is material and adverse to the financial position, results of operations or business of German American);
 - performance by German American in all material respects of their agreements under the merger agreement;
 - approval of the merger by PCB Holding shareholders;
- absence of any restraining order, preliminary or permanent injunction or other order issued by a court of competent jurisdiction, or any proceeding by any bank regulatory authority, governmental agency or other person seeking any of the above;
 - receipt of all necessary regulatory approvals;
- receipt from German American at closing of certain items set forth in the merger agreement;
- the registration statement has been declared effective by the SEC and continues to be effective as of the effective time; and
 - receipt of a written tax opinion of the law firm of Ice Miller.

Termination

The merger agreement may be terminated by mutual consent of German American or PCB Holding at any time prior to the effective time. Additionally, subject to conditions and circumstances described in the merger agreement, either German American or PCB Holding may terminate the merger agreement if any of the following occur:

- the other party has breached any representation or warranty contained in the merger agreement (other than those breaches that do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the other party), which cannot be cured, or has not been cured within 30 days after the giving of written notice to such party of such breach;
- the other party has breached in any material respect any of the covenants or agreements contained herein, which breach cannot be cured, or has not been cured within 30 days after the giving of written notice to the other party of such breach;

- any of the conditions to the obligations of such party are not satisfied or waived on or prior to the closing date, immediately upon delivery of written notice thereof to the other party on the closing date;
- PCB Holding shareholders do not adopt the merger agreement at the PCB Holding special meeting;
 - in the event of certain adverse regulatory determinations;
 - the merger has not been consummated by March 31, 2006; or
- the other party has become part or subject to any memorandum of understanding, cease and desist order, or civil money penalties imposed by any federal or state banking agency.

In addition, at any time prior to August 1, 2005, German American may be entitled to terminate the merger agreement if it reasonably determines, on the basis of a report or reports by an environmental consulting firm, that the aggregate costs of taking all remedial and corrective measures which are either required by law or recommended in the reports, would or could reasonably, exceed \$150,000, in the aggregate.

Termination Fee

German American may demand a \$410,000 termination fee from PCB Holding, if the merger agreement is terminated under the following circumstances:

- the agreement is terminated due to the failure of the PCB Holding shareholders to approve the merger agreement following the submission by any other person or entity not a party to the merger agreement of an indication of