

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| TAYLOR CAPITAL GROUP, INC. | | 36-4108550 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| GAIL PEARSON | 847 653-7110 | gpearson@coletaylor.com | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and Zip code of contact | |
| 9550 W HIGGINS ROAD | | ROSEMONT, IL 60018 | |
| 8 Date of action | | 9 Classification and description | |
| 12-31-11 | | PREFERRED STOCK SERIES E & PREFERRED STOCK SERIES G | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| 876851 601 & 876851 700 | N/A | TAYC (COMMON) P/S N/A | N/A |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On December 31, 2011, Taylor Capital Group, Inc. (the Company") completed the conversion of all 223,520 outstanding shares of its 8% Nonvoting, Non-Cumulative, Convertible Perpetual Preferred Stock, Series E ("Series E Preferred"), into shares of its Nonvoting Convertible Preferred Stock, Series G ("Series G Preferred" and, such conversion, the "Series E Conversion"). The Series G Preferred is a nonvoting common equivalent series of preferred stock, each share of which is convertible into one share of Common Stock under certain limited circumstances. Pursuant to the Series E Conversion, each share of Series E Preferred was converted into 2.75599 shares of Series G Preferred, for an aggregate issuance of 616,020 shares of Series G Preferred.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ As a result of the Series E Conversion, a U.S. taxpayer/shareholder transfers their historic basis in the Series E Preferred Stock to the replacement Series G Preferred, decreased by the amount of money and the fair market value of any other property received, and increased by any gain recognized on the exchange. (For this purpose, cash in lieu of fractional shares is treated as received in payment for the fractional shares and not as a distribution on the Series E Preferred.)

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ A U.S. taxpayer/shareholder takes a carryover tax basis in its replacement Series G Preferred.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The applicable Code sections are 368(a)(1)(E) (dealing with a recapitalization) & Section 358 (dealing with basis).

18 Can any resulting loss be recognized? ▶ Shareholders will not recognize a loss for U.S. federal income tax purposes in connection with the Series E Conversion.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The information herein represents Company's understanding of existing U.S. federal income tax law and regulations and does not constitute tax advice. It does not purport to be complete or to describe tax consequences that may apply to particular categories of stockholders, including in particular, the possibility of applying different methods for allocating tax basis. The Company does not provide tax advice to its shareholders. However, to ensure compliance with requirements imposed by the IRS, the Company informs you that any U.S. tax advice contained herein is not intended or written to be used, and cannot be used, for purposes of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing, or recommending any transaction or matter discussed herein.

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.
Signature ▶ *Randall T Conte* Date ▶ 1/13/12
Print your name ▶ RANDALL T CONTE Title ▶ CFO

| | | | | | |
|-------------------------------|--|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | GARY L RADEMAKER | Gary Rademaker | | | P00740672 |
| | Firm's name ▶ KPMG LLP | | | Firm's EIN ▶ | 135565207 |
| | Firm's address ▶ 303 E. WACKER DRIVE CHICAGO, IL 60601 | | | Phone no. | 312-665-1000 |