

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name QAD Inc.		2 Issuer's employer identification number (EIN) 77-0105228	
3 Name of contact for additional information Susan Turner	4 Telephone No. of contact 805-565-4375	5 Email address of contact zst@qad.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 100 Innovation Place		7 City, town, or post office, state, and ZIP code of contact Santa Barbara, CA 93108	
8 Date of action 01/08/2019		9 Classification and description Cash distribution to shareholders of QAD Class B stock	
10 CUSIP number 74727D207	11 Serial number(s)	12 Ticker symbol QADB	13 Account number(s)

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **QAD Inc. paid a quarterly distribution on January 8, 2019 to its shareholders of record on December 26, 2018. QAD Inc. calculated its current and accumulated earnings and profits as of January 31, 2019. It determined that 50% of the distribution is a return of capital to the extent of the shareholder's basis in QADB stock. To the extent that the distribution exceeded basis, the distribution is treated as a capital gain.**

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 ► **QAD Inc. paid a distribution of 6 cents per share on January 8, 2019. It was determined that 50% of the distribution was paid out of current and accumulated earnings and profit. The remaining 50% is a non-taxable return of capital to the extent of the U.S. shareholder's basis in the QADB stock. To the extent that the distribution exceeds the shareholder's basis, the amount is treated as a capital gain.**

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 ► **QAD Inc. determined based on currently available information that this distribution is 50% dividend and 50% return of capital based on current and accumulated earnings and profits as of January 31, 2019. The amount (6 cents per share) that QAD Inc. distributed on January 8, 2019 was determined by QAD Inc.'s Board of Directors.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Sections 301(c) and 316(a)
of the Internal Revenue Code.

18 Can any resulting loss be recognized? ► No.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The reportable tax year is 2019 for
shareholders reporting taxable income on a calendar year basis.

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 ► <u>Kara Bellamy</u>		Date ► <u>2/28/20</u>		
Paid Preparer Use Only	Print your name ► <u>Kara Bellamy</u>		Title ► <u>Chief Accounting Officer</u>		
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►			Firm's EIN ►	
	Firm's address ►			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054