

# Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

## Part I Reporting Issuer

1 Issuer's name <b>QAD Inc.</b>		2 Issuer's employer identification number (EIN) <b>77-0105228</b>	
3 Name of contact for additional information <b>Susan Turner</b>	4 Telephone No. of contact <b>805.565.4375</b>	5 Email address of contact <b>zst@qad.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>100 Innovation Place</b>		7 City, town, or post office, state, and Zip code of contact <b>Santa Barbara, CA, 93108</b>	
8 Date of action <b>5/06/2015</b>		9 Classification and description <b>Cash Distribution to Shareholders of QAD Class A stock</b>	
10 CUSIP number <b>74727D306</b>	11 Serial number(s)	12 Ticker symbol <b>QADA</b>	13 Account number(s)

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► QAD Inc. paid a quarterly distribution on May 6, 2015 to its shareholders of record on April 29, 2015. QAD Inc. calculated its estimated current E&P and accumulated E&P as of April 30, 2015. Based on currently available information, it was determined that 31% of the distribution is a return of capital to the extent of the shareholder's basis in QADA stock. To the extent that the distribution exceeded basis the distribution is treated as 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 7.2 cents a share on May 6, 2015. Based on currently available information, it was determined that 69% of the distribution was paid out of current E&P and is a dividend. The remaining 31% is a non-taxable return of capital to the extent of the shareholder's basis in QADA stock. To the extent that the distribution exceeds the shareholder's basis the amount is treated as 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 69% dividend and 31% return of capital based on an estimate of current E&P and accumulated E&P as of April 30, 2015. The amount (7.2 cents a share) that QAD Inc. distributed on May 6, 2015 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.

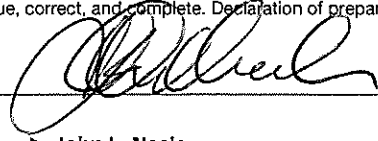
**18** Can any resulting loss be recognized? ► No.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The reportable tax year is 2015 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 ►



Date ►

JUNE 17, 2015.

Print your name ► John L. Neale

Title ► SVP and Treasurer

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ 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