

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

OMB No. 1545-2224

► See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name		2 Issuer's employer identification number (EIN)	
QAD Inc.		77-0105228	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Susan Turner	805-565-4375	zst@qad.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	
100 Innovation Place		Santa Barbara, CA 93108	
8 Date of action	9 Classification and description		
05/02/2017	Cash Distribution to Shareholders of QAD Class A stock		
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
74727D306		QADA	

**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 2, 2017 to its shareholders of record on April 25, 2017.  
QAD Inc. calculated its (current & accumulated) earnings and profits as of April 30, 2017. Based on currently available information, it was determined that 100% 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 exceeds 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 per share on May 2, 2017. Based on currently available information, it was determined that 0% of the distribution was paid out of (current & accumulated) E&P. The remaining 100% 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 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 0% dividend and 100% return of capital based on an estimate of (current & accumulated) E&P as of April 30, 2017. The amount (7.2 cents per share) that QAD Inc. distributed on May 2, 2017 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 2017 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

*Kara Bellamy*

Date ►

*11/17/17*

Print your name ► **Kara Bellamy**

Title ► **Chief Accounting Officer**

**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