

Part II Organizational Action (continued)

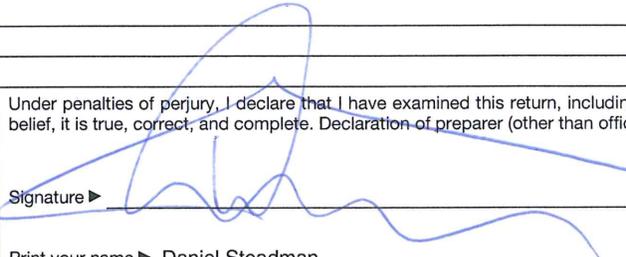
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

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.

Sign Here

Signature ▶ 

Date ▶

3/2/17

Print your name ▶ Daniel Steadman

Title ▶

Executive Vice President

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.

ATTACHMENT TO FORM 997
HENNESSY ADVISORS, INC.
EIN: 68-0176227

Part II, Line 14

Effective on March 6, 2017, Hennessy Advisors, Inc. (the “**Company**”) effected a three-for-two stock split of its shares of common stock (“**Common Stock**”). The stock split was effected by filing Amended and Restated Articles of Incorporation with the California Secretary of State.

The Company did not issue fractional shares to shareholders who would otherwise be entitled to a fractional share as a result of the stock split and instead the Company paid cash in lieu of any such fractional shares.

Part II, Line 15

As a result of the stock split, the Company’s shareholders are required to allocate the aggregate tax basis in their shares of Common Stock held immediately prior to the stock split among the shares of Common Stock held immediately after the stock split, including any fractional share for which cash was received. Shareholders who acquired their shares of Common Stock on different dates and at different prices should consult their own tax advisors regarding the allocation of the tax basis of such shares.

In general, each shareholder will allocate the basis in a share owned prior to the stock split over that share and the one-half additional share issued in the three-for-two stock split. As a result, a shareholder will multiply the basis in each share held before the stock split by $\frac{2}{3}$ to determine the basis after the stock split in that share and the one-half additional share issued in the stock split.

Part II, Line 16

Because no fractional shares were issued, the aggregate tax basis of Common Stock held by a shareholder immediately after the stock split may be less than the pre-split aggregate tax basis by an amount equal to the aggregate tax basis allocated to the fractional share, if any.

In general, a shareholder will multiply the basis in each share held before the stock split by $\frac{2}{3}$ to determine the per share basis after the stock split in that share and the one-half additional share distributed in the stock split.

Example:

Before the stock split, a shareholder holds 100 shares of the Company’s common stock with an aggregate basis of \$3,000 and a basis of \$30 per share. After the stock split, the shareholder holds 150 shares of the Company’s common stock with an aggregate basis of \$3,000 and a basis of \$20 per share.

Part II, Line 17

The stock split is a non-taxable recapitalization pursuant to Internal Revenue Code Section 368(a)(1)(E). Internal Revenue Code Section 354(a)(1) provides that, in relevant part, no gain or loss shall be recognized if stock in a corporation is exchanged solely for stock in such corporation. Internal Revenue Code Section 358(a) provides that, in relevant part, the tax basis of stock in a corporation received in an exchange will be the same as the tax basis in the stock exchanged. The tax treatment of each shareholder who received cash in lieu of a fractional share is determined pursuant to Internal Revenue Code Section 302.

ATTACHMENT TO FORM 8937
HENNESSY ADVISORS, INC.
EIN: 68-0176227

Part II, Line 18

Generally no loss is recognized except that a shareholder receiving cash in lieu of a fractional share that qualifies for sale or exchange treatment pursuant to the tests under Internal Revenue Code Section 302 may recognize a loss where the tax basis allocated to the fractional share is greater than the cash payment received for that fractional share, subject to other relevant provisions of the Internal Revenue Code that may limit loss recognition.

Part II, Line 19

The reportable tax year in which the stock split occurred is the 2017 calendar year.

Disclaimer

The information set forth in this Form 8937 does not constitute tax advice, does not take into account any shareholder's specific facts and circumstances, and does not purport to be a complete summary of the tax consequences of the stock split to a shareholder. The tax treatment of a shareholder may vary depending upon the particular facts and circumstances of the shareholder. Each shareholder is urged to consult with the shareholder's own tax advisor with respect to the consequences of the stock split.

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