# Form **8937**(December 2011) Department of the Treasury

Internal Revenue Service

# Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer 2 Issuer's employer identification number (EIN) Issuer's name Hennessy Advisors, Inc. 68-0176227 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact 415-899-1555 kathryn@hennessyfunds.com Kathryn Fahy 7 City, town, or post office, state, and Zip code of contact 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7250 Redwood Blvd., Suite 200 Novato, California 94945 9 Classification and description 8 Date of action 03-06-2017 Common Stock 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) HNNA Organizational Action Attach additional statements if needed. See back of form for additional questions. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment. 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 ► See attachment. 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 ► See attachment.

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Firm's EIN ▶

Phone no.

**Preparer** 

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Firm's name ▶

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# ATTACHMENT TO FORM 8937 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 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 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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