

### Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name BAB, Inc.		2 Issuer's employer identification number (EIN) 36-4389547	
3 Name of contact for additional information Geri Conn	4 Telephone No. of contact 847-948-7520	5 Email address of contact gconn@babcorp.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 500 Lake Cook Rd		7 City, town, or post office, state, and ZIP code of contact Deerfield, IL 60015	
8 Date of action 2018	9 Classification and description Distributions affecting basis of stock		
10 CUSIP number 055183	11 Serial number(s)	12 Ticker symbol BABB	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 ▶ Organization made 2018 cash distributions that will not be taxable as a dividend to the shareholders.  
Determination was based on taxable earnings through December 2018.

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 ▶ Investor will need to reduce basis in each share of stock by the return of capital percentage.  
2018 return of capital percentage for each \$0.01 of cash distribution is 7.53%.

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 ▶ Return of capital percentage included our taxable earnings and profit computed through December 31, 2018.  
The return of capital percentage represents: percentage the cash distributions are in excess of taxable earnings and profit.

