

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
National Research Corporation		47-0634000	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Kevin Karas	402-475-2525	kkaras@nrchealth.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	
1245 Q Street		Lincoln, Nebraska 68508	
8 Date of action		9 Classification and description	
October 15, 2018		Cash distribution treated as a return of capital	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
637372202		NRC	

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 ▶ Quarterly cash dividend of \$.17 per share paid on October 15, 2018 to NRC shareholders of record as of September 28, 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 ▶ *A calculation of accumulated earnings and profit completed on August 14, 2019 determined that total cash distributions in 2018 exceeded current and accumulated earnings and profit. As a result it has been determined that 73.65% of the cash distribution made on October 15, 2018 shall be treated as a return of capital and 26.35% of the cash distribution treated as dividend income.

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 ▶

Cash distribution per share dividend income	\$.045
Cash distribution per share return of capital	\$.125 (adjustment to basis)
Total Cash distribution per share	\$.170

The \$.125 return of capital distribution reduces the shareholders aggregate tax basis in NRC common stock. For example, a shareholder with an aggregate tax basis of \$30.00 per share prior to the October 15, 2018 distribution would have an adjusted aggregate tax basis of \$29.875 per share post-distribution.

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 and 316

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 cash distribution was made on October 15, 2018. Accordingly, the reportable tax year for a shareholder is the shareholder's tax year that includes October 15, 2018 (for example, the 2018 tax year for shareholders on a calendar year tax basis).

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 ▶ Kevin Karas Date ▶ 9-17-19
Print your name ▶ Kevin Karas Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.