

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Innovative Solutions and Support, Inc.</b>		2 Issuer's employer identification number (EIN) <b>23-2507402</b>	
3 Name of contact for additional information <b>Ronald Albrecht, Chief Financial Officer</b>	4 Telephone No. of contact <b>(610) 646-9800</b>	5 Email address of contact <b>ralbrecht@innovative-ss.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>720 Pennsylvania Drive</b>		7 City, town, or post office, state, and Zip code of contact <b>Exton, PA 19341</b>	
8 Date of action <b>December 27, 2012</b>		9 Classification and description <b>Common Stock - Cash Distribution</b>	
10 CUSIP number <b>45769N105</b>	11 Serial number(s)	12 Ticker symbol <b>ISSC</b>	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 ▶ The Issuer made a cash distribution on December 27, 2012 of \$1.50 per share, paid to shareholders of record as of the close of business on December 17, 2012.

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 ▶ Of the total \$1.50 per share cash distribution on December 27, 2012, the Issuer has estimated that \$1.35 per share of this distribution is out of earnings and profits, and is taxable as a dividend. The remaining \$0.15 per share of this distribution should be treated as a return of capital that reduces a shareholder's tax basis in the Issuer's shares, and any amount in excess of a shareholder's tax basis in the Issuer's shares will generally be 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 ▶ The allocation of the \$1.50 per share cash distribution as described above is based on the Issuer's earnings and profits accumulated as of the Issuer's fiscal year ended September 30, 2012, and an estimate of the earnings and profits through the current fiscal year ending September 30, 2013. The final allocation of this distribution (between dividend and return of capital) will depend upon the amount of the Issuer's earnings and profits as of September 30, 2013, the end of the Issuer's current fiscal year, as determined by the Internal Revenue Code. The Issuer has made reasonable assumptions about its earnings and profits in preparing its estimate of earnings and profits and the allocation of the distribution between dividend and return of capital.

**Part II Organizational Action** (continued)

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

IRC Section 301(c)

IRC Section 312

IRC Section 316(a)

18 Can any resulting loss be recognized? ▶ No

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable for the 2012 calendar year for taxpayers with a calendar year tax year.

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 ▶ *Ronald C. Albrecht* Date ▶ JANUARY 11, 2013  
Print your name ▶ RONALD C. ALBRECHT Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Allen R. Weaver	<i>AW</i>	1/11/13		P01279975
	Firm's name ▶ Global Tax Management, Inc.	Firm's EIN ▶ 23-2817942		Phone no. (610) 977-0090	
Firm's address ▶ 150 N. Radnor-Chester Road, Suite C-200, Radnor, PA 19087					