

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name GYRODYNE COMPANY OF AMERICA, INC.		2 Issuer's employer identification number (EIN) 11-1688021	
3 Name of contact for additional information GARY FITLIN	4 Telephone No. of contact (631) 584-5400	5 Email address of contact GFITLIN@GYRODYNE.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1 FLOWERFIELD SUITE 24		7 City, town, or post office, state, and Zip code of contact ST. JAMES, NY 11780	
8 Date of action 12/1/2012	9 Classification and description COMMON STOCK		
10 CUSIP number 403820103	11 Serial number(s) N/A	12 Ticker symbol GYRO	13 Account number(s) N/A

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 ▶ **DISTRIBUTION TO SHAREHOLDERS IN EXCESS OF EARNINGS AND PROFITS**

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 ▶ **1.18% OF THE \$38.30 PER SHARE DISTRIBUTION TO SHAREHOLDERS OF RECORD ON DECEMBER 1, 2012 HAS BEEN DETERMINED TO BE IN EXCESS OF CORPORATE EARNINGS AND PROFITS BASED ON INFORMATION AVAILABLE AS OF JANUARY 11, 2013.**

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 ▶ **A CALCULATION OF EARNINGS AND PROFITS WAS COMPLETED USING THE MOST RECENT FINANCIAL INFORMATION AVAILABLE. THE DISTRIBUTION EXCEEDS CURRENT YEAR EARNINGS AND PROFITS BY 1.18%.**

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 SEC. 301
DISTRIBUTIONS OF PROPERTY - IN GENERAL, IRC 301 DEFINES THE RULES USED TO DETERMINE WHETHER, AND TO WHAT
EXTENT, DISTRIBUTIONS TO SHAREHOLDERS ARE TAXABLE. DISTRIBUTIONS TO SHAREHOLDERS THAT DO NOT EXCEED
THE CORPORATION'S EARNINGS AND PROFITS ARE REPORTED AS TAXABLE DIVIDENDS IN ACCORDANCE WITH IRC 316.
IN THE EVENT A DISTRIBUTION TO SHAREHOLDERS EXCEEDS CORPORATE EARNINGS AND PROFITS, AS DETERMINED
UNDER IRC 312, SHAREHOLDERS MUST APPLY THE RULES OF IRC 301 TO DETERMINE IF THE DISTRIBUTION IS A
NON-TAXABLE RETURN OF BASIS UNDER IRC 301(c)(2) OR IF THE DISTRIBUTION IS REPORTED AS CAPITAL GAIN UNDER IRC
301(c)(3). THE INFORMATION PROVIDED HERIN IS INTENDED TO ASSIST SHAREHOLDERS AND THEIR TAX ADVISORS IN
MAKING THIS DETERMINATION.

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
TAX YEAR.

Sign Here 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.

Signature ▶ *Gary Fitlin* Date ▶ 1/14/13

Print your name ▶ GARY FITLIN Title ▶ PRESIDENT & CEO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	JOHN INGRASSIA, CPA	<u><i>John Ingrassia</i></u>	1/14/2013		
	Firm's name ▶ HOLTZ RUBENSTEIN REMINICK LLP	Firm's address ▶ 125 BAYLIS ROAD, MELVILLE, NY 11747		Firm's EIN ▶ 11-2355064	Phone no. (631) 752-7400