

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

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1 Issuer's name</b> Performance Shipping Inc.		<b>2 Issuer's employer identification number (EIN)</b> 98-1220963	
<b>3 Name of contact for additional information</b> Andreas Michalopoulos	<b>4 Telephone No. of contact</b> +30 216 600 2555	<b>5 Email address of contact</b> amichalopoulos@pshipping.com	
<b>6 Number and street (or P.O. box if mail is not delivered to street address) of contact</b> 373 Syngrou Avenue		<b>7 City, town, or post office, state, and ZIP code of contact</b> 175 64 Palaio Faliro, Athens, Greece	
<b>8 Date of action</b> 11/15/2022	<b>9 Classification and description</b> Common stock		
<b>10 CUSIP number</b> Y67305 121 / Y67305 154	<b>11 Serial number(s)</b>	<b>12 Ticker symbol</b> PSHG	<b>13 Account number(s)</b>

**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 ▶ On 11/15/2022 Performance Shipping Inc. (the "Company") effected a reverse stock split pursuant to which the Company's shareholders surrendered their old common shares and received new common shares in a ratio of 15 to 1. No fractional shares were issued in the reverse stock split; instead, shareholders who surrendered old common shares received a cash payment in lieu of fractional shares. The CUSIP number for the old shares was Y67305 121, and the CUSIP number for the new shares is Y67305 154.

**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 ▶ The reverse stock split should be classified as a recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code ("IRC"). Under IRC Section 358(a)(1) the aggregate tax basis of the new common shares received by a shareholder in the reverse stock split should be equal to the aggregate basis that such shareholder held in the old shares, less any amounts attributable to fractional shares.

**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 aggregate tax basis of the new common shares received by a shareholder in the reverse stock split should be equal to the aggregate basis that such shareholder held in the old shares, less any amounts attributable to fractional shares.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 368(a)(1)(E), 354(a)(1), 358(a)(1), 302, 1001

18 Can any resulting loss be recognized? ▶ Cash payments received by a shareholder in lieu of a fractional share generally should be treated as if such fractional share had been issued pursuant to the reverse stock split and then redeemed by the Company. Therefore, the cash should not be classified as "boot" under IRC Section 356, and shareholders should be able to recognize a loss, so long as the deemed redemption is not treated as a distribution of property under IRC Section 302(d).

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable tax year is 2022.

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 ▶ 

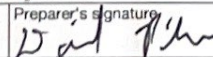
Date ▶ November 11, 2022

Chief Executive Officer, Director and

Print your name ▶ Andreas Nikolaos Michalopoulos

Title ▶ Secretary

**Paid Preparer Use Only**

Print/Type preparer's name Daniel Pilarski	Preparer's signature 	Date <u>11/17/2022</u>	Check <input type="checkbox"/> if self-employed	PTIN P01481670
Firm's name ▶ <u>Watson Farley &amp; Williams LLP</u>	Firm's EIN ▶ <u>13-3551561</u>		Phone no. <u>212-922-2234</u>	
Firm's address ▶ <u>250 West 55th St., New York, NY 10019</u>				