

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

## Part I Reporting Issuer

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>2/3/2023</b>	9 Classification and description <b>Series C Convertible Cumulative Redeemable Perpetual Preferred Stock</b>		
10 CUSIP number <b>Y67305 139/Y67305 162</b>	11 Serial number(s)	12 Ticker symbol <b>PSHG</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 ▶ **Beginning 2/3/2023, holders of shares of Performance Shipping Inc. (the "Company") Series B Convertible Cumulative Perpetual Preferred Stock (the "Series B Preferred Shares") may convert such Series B Preferred Shares into shares of the Company's Series C Convertible Cumulative Redeemable Perpetual Preferred Stock (the "Series C Preferred Shares"). Each Series B Preferred Share is convertible, at the option of the holder and for additional cash consideration of \$7.50 per converted Series B Preferred Share, into two Series C Preferred Shares. The CUSIP number for the old shares was Y67305 139, and the CUSIP number for the new shares is Y67305 162.**

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 conversion should be classified as a recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code ("IRC"), except to the extent of the payment of additional cash, which should be classified as a purchase of shares. Under IRC Sections 358(a)(1) and 1012, the aggregate tax basis of the Series C Preferred Shares received by a shareholder in the conversion should be equal to the aggregate basis that such shareholder held in the Series B Preferred Shares converted, increased by the aggregate cash payment.**

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 Series C Shares received by a shareholder in the conversion should be equal to the aggregate basis that such shareholder held in the Series B Preferred Shares converted, increased by the cash consideration of \$7.50 per converted Series B Preferred Share.**

**Part II Organizational Action** (continued)

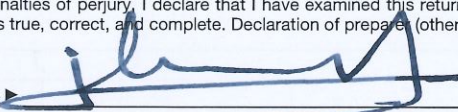
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 368(a)(1)(E), 354(a)(1), 358(a)(1), 1012

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 tax year is 2023.

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.

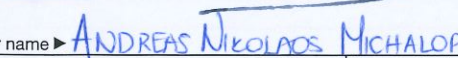
Sign Here

Signature ▶ 

Date ▶ February 20, 2023

Print your name ▶ ANDREAS NIKOLAOS MICHALOPOULOS

Title ▶ CHIEF EXECUTIVE OFFICER

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Daniel Pilarski</u>				<u>P01481670</u>
	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>				