## Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

## Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

| Part I Reporting            | Issuer                  |  |                              |   |
|-----------------------------|-------------------------|--|------------------------------|---|
| 1 Issuer's name             |                         | 64   |                              | 2 Issuer's employer identification number (EIN)   |
| Priority Income Fund, Inc.  |                         |  |                              | 49 0044040  |
| 3 Name of contact for add   | ditional information    | 4 Telephon   | e No. of contact             | 46-0611646 5 Email address of contact   |
| • Hamo or contact for act   |                         | 1 Tolephon   | e No. or contact             | 5 Email address of contact  |
| Priority Income Fund, Inc.  |                         |  | 212-448-0702                 | N/A   |
| 6 Number and street (or F   | P.O. box if mail is not | 7 City, town, or post office, state, and ZIP code of contact |                              |   |
| 10 E 40th St., 42nd Floor   |                         |  |                              | Nov. Varia BIV 10010  |
| 8 Date of action            |                         | 9 Class  | sification and description   | New York, NY 10016  |
|                             |                         |  | ,                            |   |
| See Attached                | 41-                     | Common   | Stock of Regulated Inves     | stment Company - Return of Capital  |
| 10 CUSIP number             | 11 Serial number(       | s)   | 12 Ticker symbol             | 13 Account number(s)  |
|                             | 74774                   |  |                              |   |
| 74272V Part II Organization | N/A                     | ch additional  | N/A statements if peeded S   | ee back of form for additional questions.   |
|                             |                         |  |                              | ate against which shareholders' ownership is measured for   |
|                             |                         |  |                              | ibutions during 2017. The   |
|                             |                         |  |                              | s. Please see attached for a detail of each   |
| distribution made.          |                         |  | picar and wadalo gividend    | 3. I leade det attached for a detail of each  |
|                             |                         |  |                              |   |
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| 15 Describe the quantitat   | ive effect of the orga  | nizational act   | ion on the basis of the secu | rity in the hands of a U.S. taxpayer as an adjustment per   |
| share or as a percenta      | ge of old basis ▶ Th    | ne total retur   | n of capital distributions r | nade during 2017 decreased each shareholder's basis   |
| by \$.38 per share.         |                         |  |                              | della carriera |
|                             |                         |  |                              |   |
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|                             |                         |  |                              | lation, such as the market values of securities and the   |
| valuation dates ► Eac       | h shareholder's cos     | st per share a   | fter each distribution is e  | qual to their previous basis per share less the   |
|                             |                         |  |                              | represents the total decrease to each shareholder's   |
| cost per share had they red | ceived every distrib    | ution made d   | luring 2017.                 |   |
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| Part         | Ш             | Organizational Action (continue  | d)  |   |   |
|--------------|---------------|--|---|---|---|
|              |               |  | _   |   |   |
| <b>17</b> Li | ist the       | applicable Internal Revenue Code section   | on(s) and subsection(s) upon which the tax tre  | eatment is based                              | IRC Section 301(c)(2),                                      |
|              |               | 316(a)(1), and IRC Section 852(c).   |   |   |   |
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| 18 C         | an an         | y resulting loss be recognized? ► No lo  | ess should be recognized.   |   |   |
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| <b>19</b> Pr | ovide         | any other information necessary to impl  | ement the adjustment, such as the reportable  | e tax year > The in                           | formation detailed above                                    |
|              |               | the shareholders' 2017 1099-DIV.   |   |   |   |
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|              | bellef        | it is true, correct, and complete. Declaration   | amined this return, including accompanying schedum preparer (other than officer) is based on all inform | ules and statements,<br>nation of which orega | and to the best of my knowledge and<br>er has any knowledge |
| I            | 001101        |  | A property (control that officer) is based on all inform  | tation of which prepar                        | or ries any knowledge,                                      |
| Sign         |               |  | ١,  |   |   |
| Here         | Signa         | ture >   |   | Date >  |   |
|              | -             | 1  | VI O I  | -   |   |
|              | Print         | your name > XCISTO   | 120 120 V   | Title >                                       |   |
| Detel        |               | Print/Type preparer's name   | Preparer's signature  | Date  | Charle D & PTIN   |
| Paid         |               | And his hard a second  |   |   | Check if self-employed                                      |
| Prepa        |               | Figure   | -1  |   |   |
| Use O        | nly           | Firm's name  | 11 1  |   | Firm's EIN ▶  |
|              | - V.O. (1987) | Firm's address >   | 4.2503240-0-9-5-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-  |   | Phone no.   |
| Send Fo      | rm 89         | 37 (including accompanying statements)   | to: Department of the Treasury, Internal Rev  | enue Service, Ogd                             | en, UT 84201-0054   |

| Record Date                          | Payment Date | Per Share Distribution | % Return of Capital | % Ordinary Income | % Capital Gains |
|--------------------------------------|--------------|------------------------|---------------------|-------------------|-----------------|
| 12/2, 12/9, 12/16, 12/23, 12/30/2016 | 1/3/2017     | 0.20386                | 25.54%              | 74.46%            | 0.00%           |
| 1/6, 1/13, 1/20, 1/27/2017           | 1/30/2017    | 0.08552                | 25.54%              | 74.46%            | 0.00%           |
| 2/3, 2/10, 2/17, 2/24/2017           | 2/27/2017    | 0.08552                | 25.54%              | 74.46%            | 0.00%           |
| 3/3, 3/10, 3/17, 3/24, 3/31/2017     | 4/3/2017     | 0.19863                | 25.54%              | 74.46%            | 0.00%           |
| 4/7, 4/13, 4/21, 4/28/2017           | 5/1/2017     | 0.08780                | 25.54%              | 74.46%            | 0.00%           |
| 5/5, 5/12, 5/19, 5/26/2017           | 5/30/2017    | 0.08780                | 25.54%              | 74.46%            | 0.00%           |
| 6/2, 6/9, 6/16, 6/26, 6/30/2017      | 7/3/2017     | 0.19863                | 25.54%              | 74.46%            | 0.00%           |
| 7/7, 7/14, 7/21, 7/28/2017           | 7/31/2017    | 0.08780                | 25.54%              | 74.46%            | 0.00%           |
| 8/4, 8/11, 8/18, 8/25/2017           | 8/28/2017    | 0.08780                | 25.54%              | 74.46%            | 0.00%           |
| 9/1, 9/8, 9/15, 9/22, 9/29/2017      | 10/2/2017    | 0.19863                | 25.54%              | 74.46%            | 0.00%           |
| 10/6, 10/13, 10/20, 10/27/2017       | 10/30/2017   | 0.08780                | 25.54%              | 74.46%            | 0.00%           |
| 11/2, 11/9, 11/16, 11/23, 11/30/2017 | 11/27/2017   | 0.08780                | 25.54%              | 74.46%            | 0.00%           |