

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

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Priority Income Fund, Inc.</b>		2 Issuer's employer identification number (EIN) <b>46-0611646</b>	
3 Name of contact for additional information <b>Priority Income Fund, Inc.</b>	4 Telephone No. of contact <b>212-448-0702</b>	5 Email address of contact <b>N/A</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>10 E 40th St., 42nd Floor</b>		7 City, town, or post office, state, and ZIP code of contact <b>New York, NY 10016</b>	
8 Date of action <b>See Attached</b>		9 Classification and description <b>Common Stock of Regulated Investment Company - Return of Capital</b>	
10 CUSIP number <b>74272V</b>	11 Serial number(s) <b>N/A</b>	12 Ticker symbol <b>N/A</b>	13 Account number(s) <b>N/A</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 ▶ **Priority Income Fund, Inc. paid non-taxable return of capital distributions during 2018. The distribution amounts consisted of non-taxable return of capital, taxable dividends, and long-term capital gains distributions. Please see attached for a detail of each distribution made.**

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 total return of capital distributions made during 2018 decreased each shareholder's basis by \$.89 per share.**

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 ▶ **Each shareholder's cost per share after each distribution is equal to their previous basis per share less the non-taxable return of capital distributions described in the attached schedule. \$.89 represents the total decrease to each shareholder's cost per share had they received every distribution made during 2018.**

**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)(2), IRC Section 316(a)(1), and IRC Section 852(c).**

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ **No loss should be recognized.**

Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **The information detailed above is provided in the shareholders' 2018 1099-DIV.**

Multiple horizontal lines for providing other information necessary to implement the adjustment.

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 ▶

Print your name ▶ Kristin Van Dask

Title ▶

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check  if self-employed PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

**2018**

Record Date	Payment Date	Per Share Distribution	% Return of Capital	% Ordinary Income	% Capital Gains
12/1, 12/8, 12/15, 12/22, 12/29/2017	1/2/2018	0.19863	6.91%	93.09%	0.00%
1/5, 1/12, 1/19, 1/26/2018	1/29/2018	0.08780	59.55%	40.45%	0.00%
2/2, 2/9, 2/16, 2/23/2018	2/26/2018	0.08780	59.55%	40.45%	0.00%
3/2, 3/9, 3/16, 3/23, 3/30/2018	4/2/2018	0.19863	59.55%	40.45%	0.00%
4/6, 4/13, 4/20, 4/27/2018	4/30/2018	0.08780	59.55%	40.45%	0.00%
5/4, 5/11, 5/18, 5/25/2018	5/28/2018	0.08780	43.58%	26.82%	29.60%
6/1, 6/8, 6/15, 6/22, 6/29/2018	7/2/2018	0.19863	59.55%	40.45%	0.00%
7/6, 7/13, 7/20, 7/27/2018	7/30/2018	0.08780	59.55%	40.45%	0.00%
8/3, 8/10, 8/17, 8/24, 8/31/2018	9/4/2018	0.10975	59.55%	40.45%	0.00%
9/7, 9/14, 9/21, 9/28/2018	10/1/2018	0.16691	59.55%	40.45%	0.00%
10/5, 10/12, 10/19, 10/26/2018	10/29/2018	0.09212	59.55%	40.45%	0.00%
11/2, 11/9, 11/16, 11/23, 11/30/2018	12/3/2018	0.11515	59.55%	40.45%	0.00%
12/7, 12/14, 12/21, 12/28/2018	12/31/2018	0.16691	59.55%	40.45%	0.00%