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	2 Issuer's employer identification number (EIN)
Star Equity Holdings, Inc.	33-0145723

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
The Equity Group	212-836-9611	lcati@equityny.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
53 Forest Ave, Suite 101	Old Greenwich, CT 06870

8 Date of action	9 Classification and description
12/31/21	Return of Capital

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
85513Q103	N/A	STRR	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 ▶ On June 1, 2021, the issuer declared a cash dividend totaling $0.25 per share of 10% Series A Cumulative Preferred Stock. On September 1, 2021, the issuer declared a cash dividend totaling $0.25 per share of 10% Series A Cumulative preferred Stock. On December 1, 2021, the issuer declared a cash dividend totaling $1.806 per share of 10% Series A Cumulative Preferred Stock The issuer has estimated a deficit in both current year and accumulated earnings and profits and expects 100% of the cash distributions to be a return of capital.

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 issuer has estimated a deficit in current and accumulated earnings and profits as of 12/31/2021. Since the distributions are in excess of estimated current and accumulated earnings and profits, 100% of the distributions are treated as a return of capital. Return of capital will first reduce shareholder basis to the extent thereof and any portion of the distributions in excess of shareholder basis will be a capital gain to the shareholder.

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 ▶ An analysis of the issuer's estimated current and accumulated earnings and profits was performed following the issuer's year ended December 31, 2021 in order to determine the portion of the distributions that constituted a dividend and the portion that constituted a non-taxable return of capital. The result of the analysis was that 100% of the distributions constituted a non-taxable return of capital.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

§301(c) and §316(a)

18 Can any resulting loss be recognized? ▶ The return of capital per share reduces each shareholder's tax basis in the issuer's shares held on the date of distribution. Upon sale or exchange of all or a portion of such shares, the shareholder's resulting gain or loss will be determined using the adjusted tax basis.

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

The reportable tax year of the distributions is 2021. Actual return of capital per share will be reflected on the taxpayer's 2021 Form 1099.

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 ▶ /s/ David J. Noble Date ▶ 1/14/2022

Print your name ▶ David J. Noble Title ▶ CFO

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