

March 18, 2011

Attention: U.S. Shareholders of Top Ships, Inc.

**IMPORTANT TAX NOTICE**

Re: 2010 PFIC Status

**This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code. It is not relevant to other shareholders.**

Top Ships Inc. (“Top Ships” or “the Company”) and certain of its subsidiaries meet the Internal Revenue Code definition of a passive foreign investment company (“PFIC”) for the taxable year ended December 31, 2010. The Company is hereby making available PFIC Annual Information Statements for their taxable years beginning on January 1, 2010 and ending on December 31, 2010 pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1).

1. Top Ships Inc.
2. Britto Shipping Company Limited
3. Hongbo Shipping Company Limited
4. Warhol Shipping Company Limited
5. Lichtenstein Shipping Company Limited
6. Jeke Shipping Company Limited
7. Banksy Shipping Company Limited
8. Indiana R Shipping Company Limited

**If you were a shareholder of Top Ships during 2010, you also are deemed to have indirectly owned an equivalent amount of shares in each Top Ships Subsidiary PFIC during 2010.**

The PFIC Annual Information Statements contain information to enable you, should you choose, to elect to treat Top Ships and each of its Subsidiary PFICs as a Qualified Electing Fund (“QEF”).

A U.S. shareholder who makes a QEF election for Top Ships and each Subsidiary PFIC is required annually to include in his or her income the pro rata share of the ordinary earnings and net capital gain for Top Ships and each Subsidiary PFIC. The QEF election is made by completing and attaching Form 8621 (*Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund*) for each PFIC to your federal income tax return filed by the due date of the return, including extensions. We recommend that you consult your US tax advisor with regard to the filing of this election.

The allocable amount of ordinary earnings per share of company stock is 21.45 cents. This amount is prorated among the eight PFICs as set forth in the attached statements, which provide the information necessary to make a QEF election.