

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Euroseas Ltd.		2 Issuer's employer identification number (EIN) N/A	
3 Name of contact for additional information Tasos Aslidis	4 Telephone No. of contact +1-908-3019091	5 Email address of contact euroseas@euroseas.gr	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4 Messogiou & Evropis Str.		7 City, town, or post office, state, and Zip code of contact 15124 Maroussi, Greece	
8 Date of action May 31, 2018		9 Classification and description Common Stock	
10 CUSIP number Y23592309	11 Serial number(s)	12 Ticker symbol NASDAQ: ESEA	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 ▶ **On May 31, 2018, Euroseas Ltd. (the "Company") completed the spin-off of its drybulk fleet into EuroDry Ltd. (NASDAQ: EDRY). Shareholders of Euroseas received one EuroDry common share for every five shares of Euroseas common stock owned as of the close of business on May 23, 2018. Shareholders that would have received a fractional EDRY common share received or will receive cash.**

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 ▶ **Dividends paid in excess of the current and accumulated earnings and profits of corporation reduce the basis of the shares the corporation pursuant to Internal Revenue Code ("IRC") 301(c)(2) and 316(a).**

Based on the Company's expected, current and accumulated earnings, the distribution of EDRY common shares and cash reduces the basis of every five (5) common shares of the Company by \$5.07 or, approximately, \$1.014 per share and such basis in the Company common shares is further reduced by any cash received.

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 initial trading price of the common shares of EDRY on May 31, 2018 was \$5.07.**


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 Sections 301(c)(2) and 316(a).

18 Can any resulting loss be recognized? ▶ For U.S. federal income tax purposes, the distributions will not result in any tax losses for any common shareholder of the Company.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable taxable year is 2018 for calendar year taxpayers. For shareholders reporting taxable income on a basis other than the calendar year, the reportable taxable year is the shareholder's tax year that ends on or includes May 31, 2018.

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 ▶ 6/29/2018

Print your name ▶ Dr. Tasos Aslidis Title ▶ CFO & Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.