



Nordic American Offshore Ltd

March 06, 2019

Characterization of distribution 2018

A distribution by a corporation to its shareholders is treated as a dividend for US federal income tax purposes to the extent it comes from current or accumulated earnings and profits and as a return of capital to the extent that the distribution exceeds current or accumulated earnings and profits

In 2018 Nordic American Offshore Ltd. ("NAO") distributed a total of \$1.9 million to its shareholders. Based on the fact that NAO had no current or accumulated earnings and profits at the time of these distributions in 2017, NAO believes that all of these distributions are treated as a return of capital for U.S. federal income tax purposes.

NAO is a non-US company. You should consult your tax advisor regarding the federal, state, local and other tax consequences of those distributions.

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Nordic American Offshore Ltd		2 Issuer's employer identification number (EIN)	
3 Name of contact for additional information Bjorn Gjaever	4 Telephone No. of contact +47 33 42 73 00	5 Email address of contact bg@scandicamerican.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact LOM Building, 27 Reid Street		7 City, town, or post office, state, and ZIP code of contact Hamilton, HM11, Bermuda	
8 Date of action See below		9 Classification and description Distribution to common shares in excess of current and accumulated earnings and profits	
10 CUSIP number	11 Serial number(s) N/A	12 Ticker symbol NAO	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 ▶ **During the year ended 2018, Nordic American Offshore ("NAO") declared the following cash distribution per share for the common shareholders of the record of the specific dates:**

Date of record	Amount per share	Date paid
February 23, 2018	\$0.02	March 13, 2018
May 25, 2018	\$0.01	June 8, 2018

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 a corporation reduce the basis of the shares of the corporation pursuant to Internal Revenue Code ("IRC") 301(c)(2) and 316 (a).**

Based on NAO's current and accumulated earnings and profits distributions per share as of the dates of record reduce the basis of each common shareholder as follows:
\$0.02 per share of February 23, 2018
\$0.01 per share of May 25, 2018

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 ▶ **Based on NAO's accumulated earnings and profits for the year ended December 31, 2018, the distributions per common share should reduce the basis of each common share held by each shareholder as provided in item 15.**

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 301 (c) and 316

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

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

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2018. Shareholders should reduce their basis in each common share held as discussed in item 15 above.

The reduction in basis is cumulative such that a shareholder who was a shareholder on the date of record for all of the above mentioned distributions in 2018 would be required to reduce its basis by a total of \$0.03 per unit.

Multiple horizontal lines for providing other necessary information.

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 MARCH 2019
Print your name ▶ Bjorn Glaever Title ▶ Chief Financial Officer

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.	