



**NORDIC AMERICAN TANKER SHIPPING LTD (NAT)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS AS OF**

**March 31, 2001**

**Overview**

In September 1995, the Company offered and sold to the public 11,731,613 Warrants at the initial public offering price of \$5.00 per Warrant. The exercise price of a Warrant was \$10.21. Prior to the Exercise Date (September 30, 1997), the Company did not have any operations other than certain limited operations related to the acquisition of the Vessels, of which all three were delivered in the last half of 1997. The Company now owns three modern double hull 150,000 dwt suezmax tankers. The Vessels were built at Samsung Heavy Industries.

On September 30, 1997 all of the outstanding Warrants of the Company were exercised at an exercise price of \$10.21 per Warrant. The Company received a total of \$119,779,768.73 by issuing a total of 11,731,613 new Common Shares. On November 30, 1998, the Company's shareholders approved a proposal to allow the Company to borrow money for the purpose of repurchasing its Shares. On December 28, 1998, the Company purchased 2,107,244 Shares through a "Dutch Auction" self-tender offer at a price of \$12.50 per Share. In addition, the Company paid \$715,000 in transaction costs. After the repurchase, a total of 9,706,606 Shares are in issue, down from 11,813,850 Shares. The Company funded the repurchase with the proceeds of a long-term loan from a syndicate of international lenders in the total amount of \$30,000,000.

BP Shipping Ltd (the "Charterer") has agreed to charter each Vessel for a period of seven years from September 30, 1997. Each Charter is subject to extension at the option of the Charterer for up to seven successive one-year periods. During the term of each Charter (including any extension thereof) the Charterer is obligated to pay (i) the Base Rate, which is charterhire at a fixed minimum daily rate of \$13,500 per Vessel per day (T/C equivalent of \$22,000 per day), payable quarterly in advance and (ii) Additional Hire, to the

extent spot charter rates exceed certain levels, payable quarterly in arrears, from January 1998. The amount of Additional Hire for each quarter, if any, will be determined by the Brokers Panel.

On January 5, 2001 the Company received \$3,645,000 in Base Hire from the Charterer for the period from January 1 to March 31, 2001. In April 2001 the Broker Panel determined that the Additional Hire for the period January 1 to March 31, 2001 was \$7,994,018 i.e. \$29,607 per day per Vessel. The hire rate for the 1<sup>st</sup> quarter was thus \$43,107 per day per vessel.

On April 2, 2001 the Company received \$3,685,500 in Base Hire from the Charterer for the period from April 1 to June 30, 2001.

### **Results of Operations**

The Company's revenues from the Charter Hire for the period January 1 to March 31, 2001 derived from the Base Hire of \$3,645,000 (\$13,500 per day per Vessel) and the determined Additional Hire of \$7,994,018 (\$29,607 per day per Vessel).

Net costs during the Report Period were \$1,842,778 of which three months depreciation of the Vessels constitutes \$1,707,760.

Net profit during the Report Period was \$9,442,363.

### **Liquidity and Capital Resources**

Total Assets of the Company at March 31, 2001 were \$156,603,360 compared to \$160,842,504 at December 31, 2000. Cash held at March 31, 2001 was \$1,646,927.

### **Dividend Payment**

Based on the additional hire of \$10,228,286 for the 4<sup>th</sup> quarter 2000 and the minimum Base Hire for the 1<sup>st</sup> quarter of 2001, from January 1 to March 31, the Board of Directors declared in January 2001 a Dividend of \$13,686,337 or \$1.41 per Common Share. The dividend was paid to Shareholders in February 2001.

Based on the Additional Hire of \$7,994,018 for the 1<sup>st</sup> quarter of 2001 and the minimum Base Hire for the 2<sup>nd</sup> quarter of 2001, from April 1 to June 30, the Board of Directors declared in April 2001 a Dividend of \$11,550,861 or \$1.19 per

Common Share. The dividend was paid to Shareholders in May 2001.

The table below illustrates the historical development of the Dividend per Common Share:

<b>Period</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
1 <sup>st</sup> Quarter		0.40	0.32	0.34	1.41
2 <sup>nd</sup> Quarter		0.41	0.32	0.45	1.19
3 <sup>rd</sup> Quarter		0.32	0.35	0.67	
4 <sup>th</sup> Quarter	0.30	0.30	0.36	1.10	
<b>Total USD</b>	<b>0.30</b>	<b>1.43</b>	<b>1.35</b>	<b>2.56</b>	

## NORDIC AMERICAN TANKER SHIPPING LTD. (NAT)

### INCOME STATEMENT INFORMATION

All figures in USD

	1st Qtr. 2001	1st Qtr. 2000	4th Qtr. 2000	1/1 - 31/12 2000
Revenue	11 639 018	4 799 067	13 954 286	36 577 262
Ship Broker Commissions	(45 562)	(59 989)	(46 575)	(185 288)
Management Fee Expense	(62 500)	(62 500)	(62 500)	(250 000)
Insurance Expense	(17 499)	(21 250)	(18 750)	(82 500)
Other Expenses	(9 457)	(10 260)	(14 241)	(40 791)
Depreciation	<u>(1 707 760)</u>	<u>(1 707 760)</u>	<u>(1 707 760)</u>	<u>(6 831 040)</u>
Net Operating Income	9 796 240	2 937 308	12 104 460	29 187 643
Financial Income	89 636	50 471	94 168	277 552
Financial Expenses	<u>(443 513)</u>	<u>(446 040)</u>	<u>(458 325)</u>	<u>(1 796 231)</u>
Net Financial Items	<u>(353 877)</u>	<u>(395 569)</u>	<u>(364 157)</u>	<u>(1 518 679)</u>
Net Profit	<u>9 442 363</u>	<u>2 541 739</u>	<u>11 740 303</u>	<u>27 668 964</u>
Earnings per Share	0,97	0,26	1,21	2,85
Cash Flow per Share	1,15	0,44	1,39	3,55

### BALANCE SHEET INFORMATION

All figures in USD

	Mar. 31 2001	Dec. 31 2000
<b>ASSETS</b>		
Vessels	146 867 285	148 575 045
Prepaid Finance charges	54 296	57 915
Prepaid insurance	40 834	58 333
Accounts receivables	7 994 018	10 228 286
Cash and cash on deposit	<u>1 646 927</u>	<u>1 922 925</u>
<b>Total Assets</b>	<u>156 603 360</u>	<u>160 842 504</u>
<b>LIABILITIES</b>		
Other Shareholder Equity	126 457 964	130 701 938
<b>SHAREHOLDER'S EQUITY</b>		
9,706,606 Common Shares, par value \$.01 per share, outstanding 50 million authorized	97 066	97 066
Long Term Debt	30 000 000	30 000 000
Accrued Interest	<u>48 330</u>	<u>43 500</u>
<b>Total liabilities &amp; equity</b>	<u>156 603 360</u>	<u>160 842 504</u>