



NORDIC AMERICAN TANKER SHIPPING LTD (NAT)

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

March 31, 2002

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 2, 2002 the Company received \$3,645,000 in Base Hire from the Charterer for the period from January 1 to March 31, 2002. In April 2002 the Broker Panel determined that there would be no Additional Hire for the period January 1 to March 31, 2002.

On April 2, 2002 the Company received \$3,685,500 in Base Hire from the Charterer for the period from April 1 to June 30, 2002.

Results of Operations

The Company's revenues from the Charter Hire for the period January 1 to March 31, 2002 derived from the Base Hire of \$3,645,000 (\$13,500 per day per Vessel).

Net costs during the Report Period were \$2,021,807 of which three months depreciation of the Vessels constitutes \$1,707,760.

Net profit during the Report Period was \$1,368,059.

Liquidity and Capital Resources

Total Assets of the Company at March 31, 2002 were \$140,531,711 compared to \$142,658,488 at December 31, 2001. Cash held at March 31, 2002 was \$406,651.

Dividend Payment

Based on the minimum Base Hire for the 1st quarter of 2002, from January 1 to March 31, the Board of Directors declared in January 2002 a Dividend of \$3,494,378 or \$0.36 per Common Share. The dividend was paid to Shareholders in February 2002.

Based on the minimum Base Hire for the 2nd quarter of 2002, from April 1 to June 30, the Board of Directors declared in April 2002 a Dividend of \$3,300,246 or \$0.34 per Common Share to be paid to Shareholders in May 2002.

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

| Period | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 st Quarter | | 0.40 | 0.32 | 0.34 | 1.41 | 0.36 |
| 2 nd Quarter | | 0.41 | 0.32 | 0.45 | 1.19 | 0.34 |
| 3 rd Quarter | | 0.32 | 0.35 | 0.67 | 0.72 | |
| 4 th Quarter | 0.30 | 0.30 | 0.36 | 1.10 | 0.55 | |
| Total USD | 0.30 | 1.43 | 1.35 | 2.56 | 3.87 | |

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INCOME STATEMENT INFORMATION

All figures in USD

| | 1st Qtr. 2002 | 1st Qtr. 2001 | 4th Qtr. 2001 | All 2001 |
|-------------------------|------------------|------------------|------------------|-------------------|
| Revenue | 3 645 000 | 11 639 018 | 3 896 180 | 28 359 568 |
| Ship Broker Commissions | (45 562) | (45 562) | (46 574) | (184 781) |
| Management Fee Expense | (62 500) | (62 500) | (62 500) | (250 000) |
| Insurance Expense | (21 000) | (17 499) | (19 834) | (72 333) |
| Other Expenses | (15 851) | (9 457) | (2 634) | (31 406) |
| Depreciation | (1 707 760) | (1 707 760) | (1 707 760) | (6 831 040) |
| Net Operating Income | 1 792 327 | 9 796 240 | 2 056 878 | 20 990 008 |
| Financial Income | 6 142 | 89 636 | 13 744 | 189 244 |
| Financial Expenses | (430 410) | (443 513) | (458 361) | (1 793 776) |
| Net Financial Items | (424 268) | (353 877) | (444 617) | (1 604 532) |
| Net Profit | 1 368 059 | 9 442 363 | 1 612 261 | 19 385 476 |
| Earnings per Share | 0,14 | 0,97 | 0,17 | 2,00 |
| Cash Flow per Share | 0,32 | 1,15 | 0,34 | 2,70 |

BALANCE SHEET INFORMATION

All figures in USD

| | Mar. 31 2002 | Dec. 31 2001 |
|--|--------------------|--------------------|
| ASSETS | | |
| Vessels | 140 036 245 | 141 744 005 |
| Prepaid Finance charges | 39 815 | 43 435 |
| Prepaid insurance | 49 000 | 70 000 |
| Accounts receivables | 0 | 170 180 |
| Cash and cash on deposit | 406 651 | 630 868 |
| Total Assets | 140 531 711 | 142 658 488 |
| LIABILITIES | | |
| Other Shareholder Equity | 110 396 412 | 112 522 756 |
| SHAREHOLDER'S EQUITY | | |
| 9,706,606 Common Shares, par value \$.01 per share, outstanding 50 million authorized | 97 066 | 97 066 |
| Other Comprehensive Income | (647 000) | (778 000) |
| Long Term Debt | 30 000 000 | 30 000 000 |
| Accounts Payable | 4 400 | 0 |
| Accrued Expenses | 647 000 | 778 000 |
| Accrued Interest | 33 833 | 38 666 |
| Total liabilities & equity | 140 531 711 | 142 658 488 |