



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

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

**MARCH 31, 2000**

**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 3, 2000 the Company received \$3,685,500 in Base Hire from the Charterer for the period from January 1 to March 31, 2000. In April 2000 the Broker Panel determined that the Additional Hire for the period January 1 to March 31, 2000 was \$1,113,567 i.e. \$4,079 per day per Vessel.

On April 3, 2000 the Company received \$3,685,500 in Base Hire from the Charterer for the period from April 1 to June 30, 2000.

### **Results of Operations**

The Company's revenues from the Charter Hire for the period January 1 to March 31, 2000 derived from the Base Hire of \$3,685,500 (\$13,500 per day per Vessel) and the determined Additional Hire of \$1,113,567 (\$4,079 per day per Vessel). Total Charter Hire for the period from January 1 to March 31 was \$4,799,067 or \$17,579 per day per Vessel (T/C equivalent of \$26,079 per day per Vessel).

Net costs during the Report Period were \$2,257,328 of which three months depreciation of the Vessels constitutes \$1,707,760.

Net profit during the Report Period was \$2,541,739.

### **Liquidity and Capital Resources**

Total Assets of the Company at March 31, 2000 were \$157,277,886 compared to \$158,056,330 at December 31, 1999. Cash held at March 31, 2000 was \$2,347,636.

### **Dividend Payment**

Based on the minimum Base Hire for the 1<sup>st</sup> quarter of 2000, from January 1 to March 31, the Board of Directors declared in January 2000 a Dividend of \$3,300,268.54 or \$0,34 per Common Share. The dividend was paid to Shareholders in February 2000.

Based on the Additional Hire of \$1,113,567 for the 1<sup>st</sup> quarter of 2000 and the minimum Base Hire for the 2<sup>nd</sup> quarter of 2000, from April 1 to June 30, the Board of Directors declared in April 2000 a Dividend of \$4,367,973 or \$0,45 per Common Share to be paid to Shareholders in May 2000.

Total declared Dividend per April 2000 is so far \$7,668,241 or \$0,79 per Common Share. Minimum Dividend for the entire 2000 will thus be \$1,46 per Common Share.

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>
1 <sup>st</sup> Quarter		0,40	0,32	0,34
2 <sup>nd</sup> Quarter		0,41	0,32	0,45
3 <sup>rd</sup> Quarter		0,32	0,35	
4 <sup>th</sup> Quarter	0,30	0,30	0,36	
<b>Total USD</b>	<b>0,30</b>	<b>1,43</b>	<b>1,35</b>	

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## INCOME STATEMENT INFORMATION

All figures in USD

	1st Qtr. 2000	1st Qtr. 1999	4th Qtr. 1999	1/1 - 12/31 1999
Revenue	4 799 067	3 645 000	3 726 000	14 782 500
Ship Broker Commissions	(59 989)	(45 562)	(46 575)	(184 781)
Management Fee Expense	(62 500)	(62 500)	(62 500)	(250 000)
Insurance Expense	(21 250)	(25 000)	(22 500)	(97 500)
Other Expenses	(10 260)	(8 541)	(4 461)	(64 004)
Depreciation	(1 707 760)	(1 707 760)	(1 707 759)	(6 831 039)
Net Operating Income	2 937 308	1 795 637	1 882 205	7 355 176
Financial Income	50 471	50 774	66 060	220 732
Financial Expenses	(446 040)	(439 745)	(457 488)	(1 801 232)
Net Financial Items	(395 569)	(388 971)	(391 428)	(1 580 500)
Net Profit	<b>2 541 739</b>	<b>1 406 666</b>	<b>1 490 777</b>	<b>5 774 676</b>

## BALANCE SHEET INFORMATION

All figures in USD

	Mar. 31 2000	Dec. 31 1999
<b>ASSETS</b>		
Vessels	153 698 325	155 406 085
Prepaid finance charges	68 775	72 395
Prepaid insurance	49 583	70 833
Account receivables	1 113 567	0
Cash and cash on deposit	2 347 636	2 507 017
<b>Total Assets</b>	<b>157 277 886</b>	<b>158 056 330</b>
<b>LIABILITIES</b>		
Other Shareholder Equity	127 123 400	127 881 931
<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	43 500	77 333
Accounts Payable	13 920	0
<b>Total liabilities &amp; equity</b>	<b>157 277 886</b>	<b>158 056 330</b>