



NORDIC AMERICAN TANKER SHIPPING LTD (NAT)

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

June 30, 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 1st 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. In July 2001 the Broker Panel determined that the Additional Hire for the period April 1 to June 30, 2001 was \$3,572,587 i.e. \$13,086 per day per Vessel. The hire rate for the 2nd quarter was thus \$26,586 per day per vessel.

On July 2, 2001 the Company received \$3,726,000 in Base Hire from the Charterer for the period from July 1 to September 30, 2001.

Results of Operations

The Company's revenues from the Charter Hire for the period January 1 to June 30, 2001 of \$18,897,105 in total, derived from the Base Hire of \$7,330,500 (\$13,500 per day per Vessel) and the determined Additional Hire of \$11,566,605 (\$21,301 per day per Vessel).

Net costs during the Report Period were \$4,433,325 of which six months depreciation of the Vessels constitutes \$3,415,520.

Net profit during the Report Period was \$14,463,780.

Liquidity and Capital Resources

Total Assets of the Company at June 30, 2001 were \$153,795,072 compared to \$160,842,504 at December 31, 2000. Cash held at June 30, 2001 was \$4,988,949.

Dividend Payment

Based on the additional hire of \$10,228,286 for the 4th quarter 2000 and the minimum Base Hire for the 1st 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 1st quarter of 2001 and the minimum Base Hire for the 2nd 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.

Based on the Additional Hire of \$3,572,587 for the 2nd quarter of 2001 and the minimum Base Hire for the 3rd quarter of 2001, from July 1 to September 30, the Board of Directors declared in July 2001 a Dividend of \$6,988,756 or \$0.72 per Common Share. The dividend was paid to Shareholders in August 2001.

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

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

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INCOME STATEMENT INFORMATION

All figures in USD

	1/1 - 6/30 2001	1/1 - 6/30 2000	2nd Qtr. 2001	2nd Qtr. 2000	1/1 - 31/12 2000
Revenue	18 897 105	11 678 940	7 258 087	6 879 873	36 577 262
Ship Broker Commissions	(91 631)	(92 137)	(46 069)	(32 148)	(185 288)
Management Fee Expense	(125 000)	(125 000)	(62 500)	(62 500)	(250 000)
Insurance Expense	(34 998)	(42 500)	(17 499)	(21 250)	(82 500)
Other Expenses	(23 993)	(10 260)	(14 536)	0	(40 791)
Depreciation	(3 415 520)	(3 415 520)	(1 707 760)	(1 707 760)	(6 831 040)
Net Operating Income	15 205 963	7 993 523	5 409 723	5 056 215	29 187 643
			0		
Financial Income	144 868	108 207	55 232	57 736	277 552
Financial Expenses	(887 051)	(889 556)	(443 538)	(443 516)	(1 796 231)
Net Financial Items	(742 183)	(781 349)	(388 306)	(385 780)	(1 518 679)
Net Profit	14 463 780	7 212 174	5 021 417	4 670 435	27 668 964
Earnings per Share	1,49	0,74	0,52	0,48	2,85
Cash Flow per Share	1,84	1,09	0,69	0,66	3,55

BALANCE SHEET INFORMATION

All figures in USD

	Jun. 30 2001	Dec. 31 2000
ASSETS		
Vessels	145 159 525	148 575 045
Prepaid Finance charges	50 676	57 915
Prepaid insurance	23 335	58 333
Accounts receivables	3 572 587	10 228 286
Cash and cash on deposit	4 988 949	1 922 925
Total Assets	153 795 072	160 842 504
LIABILITIES		
Other Shareholder Equity	119 928 520	130 701 938
SHAREHOLDER'S EQUITY		
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
Prepaid Hire	3 725 989	
Accrued Interest	43 497	43 500
Total liabilities & equity	153 795 072	160 842 504