



**Nordic
American
Tankers**

February 23, 2017

Characterization of distribution 2016

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 thereafter as a return of capital to the extent of a shareholder's basis in his shares. A distribution that exceeds current or accumulated earnings and profits and the shareholder's basis will be treated as return of capital.

In 2016 Nordic American Tankers Limited ("NAT") distributed a total of \$125.7 million to its shareholders. Of this amount, \$34.5m (27.5%) was distributed from current earnings and \$91.2m (72.5%) was distributed as a return of capital.

NAT 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 Tankers Limited		2 Issuer's employer identification number (EIN) 98-0500048	
3 Name of contact for additional information Jan H. A. Moller	4 Telephone No. of contact +47 90 11 53 75	5 Email address of contact ir@nat.bm	
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 G65773106	11 Serial number(s) N/A	12 Ticker symbol NAT	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 2016, Nordic American Tankers ("NAT") 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:
January 27, 2016	\$0.43	February 10, 2016
May 12, 2016	\$0.43	May 27, 2016
August 17, 2016	\$0.25	August 31, 2016
October 27, 2016	\$0.26	November 10, 2016

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

Based on NAT's current and accumulated earnings and profits the distribution per share as of the dates of record reduce the basis of each common shareholder as follows:
\$0.31 per share on February 10, 2016
\$0.31 per share on May 27, 2016
\$0.18 per share on August 31, 2016
\$0.19 per share on November 10, 2016

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 NAT's accumulated earnings and profits for the year ended December 31, 2016, the distributions per common share should reduce the basis of each common share held by each shareholder as described in item 15.**

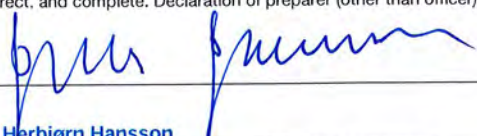
Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

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

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

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 ▶ 23/2-17
 Print your name ▶ Herbjørn Hansson Title ▶ Chairman & CEO

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.