



NORDIC AMERICAN TANKER SHIPPING LTD (NAT)

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

March 31, 2004

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. During the term of each Charter 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, 2004 the Company received \$3,645,000 in Base Hire from the Charterer for the period from January 1 to March 31, 2004. In April 2004 the Broker Panel determined that the Additional Hire for the period January 1 to March 31, 2004 was \$13,728,385 i.e. \$50,287 per day per Vessel. The hire rate for the 1st quarter was thus \$63,787 per day per vessel.

On April 1, 2004 the Company received \$3,685,500 in Base Hire from the Charterer for the period from April 1 to June 30, 2004.

As previously announced by the Company, BP Shipping the charterer of the Company's 3 Suezmax tankers, has not delivered notice of exercise of its options to extend the charters. Accordingly, the existing charters will terminate on October 1, 2004, subject to a redelivery window for the vessels of between September 1, 2004 and November 1, 2004.

At the Company's Special Meeting of Shareholders on March 15, 2004, the Company's shareholders decided by vote of approximately 96% of those voting to continue the Company in business. However, as the quorum was not sufficient to amend the Company's bye-laws, the restrictions on the Company's business activities will continue to expire on the termination of the BP charters on October 1, 2004 (subject to possible extensions of up to 30 days at BP's option). Following termination of the restrictions, the Company will be free under its bye-laws to conduct any business permitted by law on an unrestricted basis. The Board of Directors is currently reviewing the Company's business plan. The Board authorized Management to negotiate an extension of the Den norske Bank loan or its refinancing for an additional three years, expiring in the year 2008.

Results of Operations – 1st quarter 2004

The Company's revenues from the Charter Hire for the period January 1 to March 31, 2004 of \$17,413,885 in total, derived from the Base Hire of \$3,685,500 (\$13,500 per day per Vessel) and the determined Additional Hire of \$13,728,385 (\$50,287 per day per Vessel).

Net costs during the Report Period were \$2,027,527 of which three months depreciation of the Vessels constitutes \$1,707,760.

Net profit during the Report Period was \$14,954,336.

Liquidity and Capital Resources

Total Assets of the Company at March 31, 2004 were \$140,700,183 compared to \$136,896,298 at December 31, 2003. Cash held at March 31, 2004 was \$521,777.

The Company's only source of income is from the contract with BP Shipping. The contracts for the NAT vessels are drawn up in a way that secures income 365 days a year for the vessels and no off-hire. The contracts with BP Shipping commenced on October 1, 1997 and will terminate on October 1, 2004 subject to a redelivery window for the vessels of between September 1, 2004 and November 1, 2004. The contracts are guaranteed by BP Amoco p.l.c.

The Company's dividend policy is to pay to its shareholders dividends that are substantially equal to the amounts received by it under the Charters, less fixed administrative and interest expenses.

Dividend Payment

Based on the additional hire of \$13,728,385 for the 1st quarter 2004 and the minimum Base Hire for the 2nd quarter of 2004, from April 1 to June 30, the Board of Directors declared in April 2004 a Dividend of \$16,501,230 or \$1.70 per Common Share to be paid to Shareholders in May 2004.

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

Period	1997	1998	1999	2000	2001	2002	2003	2004
1 st Quarter		0.40	0.32	0.34	1.41	0.36	0.63	1.15
2 nd Quarter		0.41	0.32	0.45	1.19	0.34	1.27	1.70
3 rd Quarter		0.32	0.35	0.67	0.72	0.33	0.78	
4 th Quarter	0.30	0.30	0.36	1.10	0.55	0.32	0.37	
Total USD	0.30	1.43	1.35	2.56	3.87	1.35	3.05	

Controls and procedures

Within 90 days prior to the date of this report, the Company's Chairman and Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rule 13a-14(c)). Based on that evaluation, these officers have concluded that as of the evaluation date, the Company's disclosure controls and procedures were adequate and designed to assure that material information relating to the Company would be made known to them by others within the Company.

There were no significant changes in the Company's internal controls, or to the Company's knowledge, in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the evaluation date.

* * * * *

NORDIC AMERICAN TANKER SHIPPING LTD. (NAT)

INCOME STATEMENT INFORMATION

All figures in USD

	1st Qtr. 2004	1st Qtr. 2003	4th Qtr. 2003	All 2003
Revenue	17 413 885	13 299 187	11 868 306	37 370 756
Ship Broker Commissions	(46 069)	(45 562)	(46 575)	(184 781)
Management Fee Expense	(62 500)	(62 500)	(62 500)	(250 000)
Insurance Expense	(26 666)	(25 000)	(26 666)	(101 666)
Other Expenses	(184 532)	(60 037)	(5 302)	(116 421)
Depreciation	(1 707 760)	(1 707 760)	(1 707 760)	(6 831 040)
Net Operating Income	15 386 358	11 398 328	10 019 503	29 886 848
Financial Income	12 234	4 913	6 487	26 462
Financial Expenses	(444 256)	(463 800)	(461 525)	(1 813 021)
Net Financial Items	(432 022)	(458 887)	(455 038)	(1 786 559)
Net Profit	14 954 336	10 939 441	9 564 465	28 100 289
Earnings per Share	1,54	1,13	0,99	2,89
Cash Flow per Share	1,72	1,30	1,16	3,60

BALANCE SHEET INFORMATION

All figures in USD

	Mar 31. 2004	Dec. 31 2003
ASSETS		
Vessels	126 374 165	128 081 925
Prepaid Finance charges	10 855	14 475
Prepaid insurance	65 001	91 667
Accounts receivables	13 728 385	8 142 307
Cash and cash on deposit	521 777	565 924
Total Assets	140 700 183	136 896 298
LIABILITIES		
Other Shareholder Equity	110 552 554	106 760 910
SHAREHOLDER'S EQUITY		
9,706,606 Common Shares, par value \$.01 per share, outstanding 50 million authorized	97 066	97 066
Other Comprehensive Income	(900 000)	(1 150 000)
Long Term Debt	30 000 000	30 000 000
Accounts Payable	11 768	0
Accrued Expenses	900 000	1 150 000
Accrued Interest	38 795	38 322
Total liabilities & equity	140 700 183	136 896 298