

**Nordic  
American  
Tankers**

February 27, 2018

### **Characterization of distribution 2017**

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 2017 Nordic American Tankers Limited ("NAT") distributed a total of \$59.1 million to its shareholders. Based on the fact that NAT had no current or accumulated E&P at the time of these distributions, NAT believes that all of these distributions are treated as a return of capital for U.S federal income tax purpose.

NAT is a non-US company. You should consult your tax advisor regarding the federal, state, local and other tax consequences of those distributions.

*B. B.*

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**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

|  |  |  |                      |
|--|--|--|----------------------|
| 1 Issuer's name<br><b>Nordic American Tankers Limited</b>  |  | 2 Issuer's employer identification number (EIN)<br><b>98-0500048</b>                           |                      |
| 3 Name of contact for additional information<br><b>Bjørn Giæver</b>  | 4 Telephone No. of contact<br><b>+47 33 42 73 00</b>   | 5 Email address of contact<br><b>bg@scandiamerican.com</b>                                     |                      |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact<br><b>LOM Building, 27 Reid Street</b> |  | 7 City, town, or post office, state, and ZIP code of contact<br><b>Hamilton, HM11, Bermuda</b> |                      |
| 8 Date of action<br><b>See Below</b>   | 9 Classification and description<br><b>Distribution to common shares in excess of current and accumulated earnings and profits</b> |  |                      |
| 10 CUSIP number<br><b>G65773106</b>  | 11 Serial number(s)<br><b>N/A</b>  | 12 Ticker symbol<br><b>NAT</b>   | 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 2017, Nordic American Tankers Limited ("NAT") declared the following cash distribution per share or the common shareholders of record of the specified dates (1), and declared the following "dividend-in-kind" which was distributed partly in shares in Nordic American Offshore Limited ("NAO") and fractional shares in cash for the common shareholders of record for the specific date (2)**

| Date of record:              | Amount per Share: | Date Paid:               |
|------------------------------|-------------------|--------------------------|
| <b>(1) February 10, 2017</b> | <b>\$0.20</b>     | <b>February 24, 2017</b> |
| <b>(1) May 22, 2017</b>      | <b>\$0.20</b>     | <b>June 8, 2017</b>      |
| <b>(1) August 14, 2017</b>   | <b>\$0.10</b>     | <b>August 31, 2017</b>   |
| <b>(1) November 13, 2017</b> | <b>\$0.03</b>     | <b>December 05, 2017</b> |
| <b>(2) August 14, 2017</b>   | <b>\$0.05</b>     | <b>August 31, 2017</b>   |

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:**

**(1) \$0.20 per share on February 10, 2017**  
**(1) \$0.20 per share on May 22, 2017**  
**(1) \$0.10 per share on August 14, 2017**  
**(1) \$0.03 per share on November 13, 2017**  
**(2) \$0.05 per share on August 14, 2017**

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, 2017, the distributions per common share should reduce the basis of each common share held by each shareholder as described in item 15.**

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**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC 301 (c) and 316

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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.

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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.

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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 ▶ 27.02.2018

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.                                       |      |