NORDIC AMERICAN TANKER SHIPPING LTD
Form 424B2
January 21, 2010

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-162171

PROSPECTUS SUPPLEMENT Issued January 21, 2010 (subject to completion)

(To Prospectus dated September 28, 2009)

Shares

Nordic American Tanker Shipping Limited

COMMON SHARES

Nordic American Tanker Shipping Limited is offering for sale of its common shares.

Our common shares are listed on the New York Stock Exchange, or NYSE, under the symbol NAT. On January 20, 2010, the closing price of our common shares on the New York Stock Exchange was $33.74 per share.

Investing in our common shares involves a high degree of risk. See the sections entitled Risk Factors on page S-6 of this prospectus supplement and in our annual report for the fiscal year ended December 31, 2008, filed on May 11, 2009, and incorporated herein by reference.

We have granted the underwriters a 30-day option to purchase up to additional shares to cover any over-allotments.

Morgan Stanley & Co. Incorporated has agreed to purchase the common shares from us at a price of $ per share, which will result in net proceeds to us, after deducting estimated expenses related to this offering, of approximately $ million assuming no exercise of the over-allotment option granted to Morgan Stanley & Co. Incorporated, and $ million assuming full exercise of the over-allotment option. Morgan Stanley & Co. Incorporated proposes to offer the common shares from time to time for sale in negotiated transactions or otherwise, at market prices on the New York Stock Exchange prevailing at the time of sale, at prices related to such prevailing market prices or otherwise.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these common shares or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Morgan Stanley & Co. Incorporated expects to deliver the shares to purchasers on or about January , 2010.

MORGAN STANLEY

DNB NOR MARKETS

January , 2010

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Nordic Fighter

Nordic Moon

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the base prospectus. The second part, the base prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, common shares only in jurisdictions where offers and sales are permitted. The information contained in or incorporated by reference in this document is accurate only as of the date such information was issued, regardless of the time of delivery of this prospectus supplement or any sale of our common shares.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this prospectus and the documents incorporated by reference in this prospectus may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements, which include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements which reflect our current views with respect to future events and financial performance. The words believe, anticipate, intend, estimate, forecast, project, plan, potential, may, should, expect, pending and similar e
forward-looking statements.

The forward-looking statements in this document are based upon various assumptions, including without limitation, management s examination of historical operating trends, data contained in our records and data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

The factors discussed under the caption Risk Factors and matters discussed elsewhere in this prospectus and in the documents incorporated by reference in this prospectus could cause actual results to differ materially from those discussed in the forward-looking statements.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the common shares offered by this prospectus in any jurisdiction where action for that purpose is required. The common shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Common shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 and the Exchange Control Act 1972, and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority, or the BMA, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA in its policy dated June 1, 2005 provides that where any equity securities, including our common shares, of a Bermuda company are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident, for as long as any equities securities of such company remain so listed. The NYSE is deemed to be an appointed stock exchange under Bermuda law.

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PROSPECTUS SUPPLEMENT SUMMARY

This section summarizes some of the information that is contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. As an investor or prospective investor, you should review carefully the entire prospectus supplement and the accompanying prospectus, any free writing prospectus that may be provided to you in connection with the offering of the common shares and the information incorporated by reference in this prospectus supplement and the accompanying prospectus, including the sections entitled Risk Factors included on page S-6 of this prospectus supplement and in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on May 11, 2009.

In this prospectus supplement, we, us, our and the Company all refer to Nordic American Tanker Shipping Limited. Terms used in this prospectus supplement will have the meanings described in the base prospectus, unless otherwise specified. The common shares offered by this prospectus supplement include the related preferred stock purchase rights. Unless otherwise indicated, all information in this prospectus supplement assumes that the underwriters option to purchase up to additional shares to cover over-allotments is not exercised.

Our Company

We are an international tanker company that, as of January 20, 2010, owned or agreed to acquire 18 modern double-hull Suezmax tankers, including 15 vessels we currently operate, one secondhand vessel that we have agreed to acquire and expect to take delivery of no later than March 1, 2010 and two newbuildings that we expect to take delivery of in 2010. In 2009 alone, we increased the size of our fleet by four Suezmax tankers.

The 15 vessels we currently operate average approximately 155,000 dwt each. As of January 20, 2010, we have chartered 14 of our 15 operating vessels in the spot market pursuant to cooperative arrangements with third parties and have bareboat chartered one vessel to Gulf Navigation Company LLC, or Gulf Navigation, of Dubai, United Arab Emirates.

We were formed in June 1995 for the purpose of acquiring and chartering three double-hull Suezmax tankers that were built in 1997. These three vessels were initially bareboat chartered to BP Shipping Ltd., or BP Shipping, for a period of seven years. BP Shipping re-delivered these three vessels to us in September 2004, October 2004 and November 2004, respectively. We continued contracts with BP Shipping by time chartering two of our original vessels back to BP Shipping at spot market related rates for three-year terms that expired in the fourth quarter of 2007. These two vessels are currently chartered in the spot market pursuant to cooperative agreements with third parties. We have bareboat chartered the third of our original three vessels to Gulf Navigation at a fixed rate charterhire for a five-year term that expired in November 2009, subject to two one-year extensions at Gulf Navigation s option. In November 2008, Gulf Navigation exercised its first one-year option and extended the bareboat charter of Gulf Scandic for one additional year until November 2010. The last one-year option was not exercised, thus the vessel is scheduled to be re-delivered to the Company in November 2010. We expect to operate the Gulf Scandic in the spot market as well following its redelivery. Our fourth vessel was delivered to us in November 2004, our fifth and sixth vessels in March 2005, our seventh vessel in August 2005, our eighth vessel in November 2005, our ninth vessel in April 2006, our tenth and eleventh vessels in November 2006, and our twelfth vessel in December 2006.

In November 2007, we agreed to acquire two Suezmax newbuildings to be built at Bohai Shipyard in China. We acquired these two newbuildings from First Olsen Ltd. for a price at delivery of $90 million per vessel for which we have paid a deposit of $18 million in aggregate. The acquisitions will be financed by borrowings under our $500 million revolving credit facility, or our Credit Facility. The vessels are expected to be delivered to the Company in May and August 2010, respectively.

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In February 2009, we took delivery of the Nordic Spirit, a 1999 built double-hull Suezmax tanker with a carrying capacity of 147,188 dwt, for an aggregate purchase price of $56.7 million. In July 2009, we took delivery of the Nordic Grace, a 2002-built, modern double-hull Suezmax tanker with a carrying capacity of 149,921 dwt, for an aggregate purchase price of $57.0 million. Both vessels are currently employed in the spot market pursuant to a cooperative arrangement with third parties.

In October 2009, the Company agreed to acquire its seventeenth vessel, the Nordic Mistral, a 2002-built double-hull Suezmax tanker with a carrying capacity of 164,236 dwt, for an aggregate purchase price of $51.5 million. The vessel was delivered to the Company in November 2009 and is also currently employed in the spot market pursuant to a cooperative arrangement with third parties.

In November 2009, the Company agreed to acquire its eighteenth vessel, a 2002-built Suezmax tanker with a carrying capacity of 164,274 dwt, for an aggregate purchase price of $51.5 million. The vessel is expected to be delivered to us no later than March 1, 2010 and is expected to be employed in the spot market or on spot market-related charters.

Recent Developments

In August 2009, we cancelled an aggregate of 320,000 options under our 2004 Stock Incentive Plan previously granted to directors of the Company (60,000 in total), the Chairman and Chief Executive Officer (100,000), employees of the Company (80,000) and employees of Scandic American Shipping Limited (80,000). The stock options were cancelled in exchange for a payment equal to the difference between the strike price of the options and $30.70, which was the closing price of the Company s common stock on the New York Stock Exchange on August 13, 2009. The cancellation of the options resulted in an expense of $413,000 recorded in the third quarter of 2009. Following the cancellation of the stock options described above, the Company has no outstanding options under the 2004 Stock Incentive Plan.

In November 2009, the Company s board of directors declared a dividend of $0.10 per share in respect of the third quarter of 2009. The dividend was paid on December 4, 2009 to shareholders of record as of November 23, 2009.

The Company expects its dividend per share in respect of the fourth quarter of 2009 to be in the region of $0.23 per share. This estimate is based on fourth quarter 2009 charter rates for the Company s vessels and estimated levels of operating costs. Please see Risk Factors for a discussion of material risks that may affect the Company s financial results.

The estimated dividend per share in respect of the fourth quarter of 2009 is calculated based on a weighted average of 42,204,904 common shares outstanding during the fourth quarter of 2009. The Company expects to pay the same dividend per share in respect of the fourth quarter of 2009 to holders of shares sold in this offering.

Industry Developments

The development of the world economy is very significant for the tanker industry. Currently, the world economy shows a significant contraction of demand. This downturn influenced the Suezmax tanker market during the third quarter of 2009. Exports of oil from OPEC to the West have declined during the third quarter of 2009, reducing demand for tanker vessels.

While the global recession is reducing the demand for transportation capacity, the demand side for tankers to some extent continues to be impacted positively by the use of tankers for storage.

On the supply side, the current financial upheaval has resulted in the delay of deliveries of newbuildings and may also lead to the cancellation of newbuilding orders.

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The average net daily rate for our spot vessels was $14,075 per day during the third quarter of 2009, compared with $26,300 per day for the second quarter of 2009.

The graph shows the average yearly spot rates since 2000 as reported by R.S. Platou Economic Research a.s. Spot market rates for Suezmax tankers are very volatile. The rates reported by ship brokers may vary from the actual rates we achieve in the market. Another commonly used proxy for the spot market rates is the Imarex Index, or Imarex, published by Norway based exchange IMAREX ASA. Imarex is designed to give an indication of the level of the tanker market, including the Suezmax spot tanker market. The average spot market rate for modern Suezmax tankers as reported by Imarex was $13,012 per day in the third quarter of 2009 and was $23,682 per day during the fourth quarter of 2009, compared to $20,569 per day during the second quarter of 2009. The average spot market rates so far in 2010 are well above the rates for the fourth quarter of 2009. The Imarex rate on January 19, 2010 was $64,885 per day. However, in certain market conditions, the actual rates achieved in the market for our Suezmax vessels may differ significantly from the rates quoted by Imarex. Generally, there will be a certain time lag between our actual spot rates earned and those rates quoted by Imarex. In a rising rate environment, our actual rates may often be lower than Imarex rates while in a falling rate environment, our realized rates may often be higher than Imarex rates.

We believe it is beneficial to employ our spot vessels in two cooperative arrangements which, in total, have more than 50 Suezmax tankers under commercial management.

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The Offering

Common shares offered by this prospectus supplement	
Common shares to be outstanding immediately after this offering	
Use of Proceeds	We estimate that the net proceeds from this offering, after deducting estimated expenses relating to this offering, will be approximately $ million assuming no exercise of the over-allotment option granted to the underwriters, and $ million assuming full exercise of the over-allotment option. The net proceeds of the offering are expected to be used to fund future acquisitions and for general corporate purposes. The net proceeds of the offering, together with other financing sources available to the Company, are expected to enable the Company to make accretive acquisitions, based on present asset prices, of at least four additional vessels. We refer you to the section entitled Use of Proceeds.
New York Stock Exchange Symbol	NAT
Risk Factors:	Investing in our common shares involves risks. You should carefully consider the risks discussed under the caption Risk Factors in this prospectus supplement and in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on May 11, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, and under the caption Risk Factors or any similar caption in the documents that we subsequently file with the Securities and Exchange Commission, or the Commission, that are incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus that you may be provided in connection with the offering of common shares pursuant to this prospectus supplement and the accompanying prospectus.

The number of shares to be outstanding after this offering is based on 42,204,904 shares issued and outstanding as of January 20, 2010 and includes an additional restricted common shares to be issued under the Management Agreement to Scandic American Shipping Ltd., or the Manager, following the closing of this offering to maintain the number of common shares issued to the Manager at 2% of our total outstanding common shares, but excludes (i) 400,000 common shares that are reserved for issuance as restricted share grants or otherwise under our 2004 Stock Incentive Plan, (ii) 1,664,450 common shares that may be issued under our Dividend Reinvestment and Direct Stock Purchase Plan and (iii) the underwriters option to purchase up to additional shares to cover any over-allotments. See Underwriting.

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Summary Financial Information

	Year ended December 31,			Nine months ended September 30, (unaudited)	
All figures in thousands of USD except share data	**2008**	**2007**	**2006**	**2009**	**2008**
Voyage revenue	228,000	186,986	175,520	97,525	187,129
Voyage expenses	(10,051)	(47,122)	(40,172)	(5,735)	(9,689)
Vessel operating expenses excl. depreciation expense presented below	(35,593)	(32,124)	(21,102)	(31,947)	(26,918)
General & administrative expenses	(12,785)	(12,132)	(12,750)	(13,257)	(10,829)
Depreciation	(48,284)	(42,363)	(29,254)	(40,395)	(35,731)
Net operating income	**121,288**	**53,245**	**72,242**	**6,191**	**103,962**
Interest income	931	904	1,602	520	799
Interest expense	(3,392)	(9,683)	(6,339)	(1,363)	(2,943)
Other financial (expense) income	17	(260)	(112)	(68)	(172)
Total other expenses	**(2,443)**	**(9,039)**	**(4,849)**	**(911)**	**(2,316)**
Net income	**118,844**	**44,206**	**67,393**	**5,280**	**101,646**

	2008	**2007**	**2006**	**2009**	**2008**
Basic earnings per share	3.63	1.56	3.14	0.13	3.16
Diluted earnings per share	3.62	1.56	3.14	0.13	3.15
Cash dividends paid per share	4.89	3.81	5.85	1.48	3.28
Basic weighted average shares outstanding	32,739,057	28,252,472	21,476,196	39,857,965	32,190,342
Diluted weighted average shares outstanding	32,832,854	28,294,997	21,476,196	39,961,992	32,270,384
Other financial data:					
Net cash from operating activities	127,900	83,649	106,613	41,304	87,301
Dividends paid	(165,886)	(107,349)	(122,590)	(91,210)	(110,545)
Selected Balance Sheet Data (at period end):					
Cash and cash equivalents	31,378	13,342	11,729	88,265	31,120
Total assets	813,878	804,628	800,180	958,044	842,851
Total debt	15,000	105,500	173,500	0	0
Common stock	344	300	269	422	344
Total Shareholders equity	788,586	672,105	611,946	942,557	826,544

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RISK FACTORS

Investing in our common shares involves risks. You should carefully consider the risks discussed under the caption Risk Factors in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed on May 11, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, and under the caption Risk Factors or any similar caption in the documents that we subsequently file with the Commission that are incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus that you may be provided in connection with the offering of common shares pursuant to this prospectus supplement and the accompanying prospectus.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting estimated expenses relating to this offering, will be approximately $ million assuming no exercise of the over-allotment option granted to the underwriters, and $ million assuming full exercise of the over-allotment option. The net proceeds of the offering are expected to be used to fund future acquisitions and for general corporate purposes. The net proceeds of the offering, together with other financing sources available to the Company, are expected to enable the Company to make accretive acquisitions, based on present asset prices, of at least four additional vessels.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2009 on a historical basis and on an as adjusted basis to give effect to:

- the payment on December 4, 2009 of a dividend of $0.10 per common share, or $4.2 million, in respect of the third quarter of 2009;

and on a further adjusted basis to give effect to:

- this offering;
- the application of net proceeds of this offering, as described under Use of Proceeds; and
- the issuance of an additional restricted common shares to the Manager under the Management Agreement following the closing of this offering.

There have been no significant adjustments to our capitalization since September 30, 2009, as so adjusted. You should read the adjusted capitalization table information below in connection with Use of Proceeds and our financial statements and related notes appearing elsewhere or incorporated by reference in this prospectus.

	September 30, 2009		As Further
Amounts in USD 000	**Actual**	**As Adjusted**	**Adjusted**
Debt:			
Credit Facility	0		
Total debt	0		
Shareholders equity:			
Common shares, $0.01 par value, outstanding actual (42,204,904 shares), as adjusted (42,204,904 shares) and as further adjusted ( ) shares (1)	422	422	
Additional paid-in capital (1)(2)	954,065	954,065	
Accumulated deficit	(11,930)	(16,150)	
Total shareholders equity	942,557	938,337	
Total capitalization	942,557	938,337	

(1) Common shares and Additional paid-in capital excludes (i) 400,000 common shares that are reserved for issuance as restricted share grants or otherwise, under our 2004 Stock Incentive Plan, (ii) 1,664,450 common shares that may be issued under our Dividend Reinvestment and Direct Stock Purchase Plan and (iii) the underwriters option to purchase up to additional shares to cover any over-allotments.

(2) Additional paid-in capital, as adjusted, includes estimated fees and expenses of approximately $600,000 relating to this offering.

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SHARE HISTORY AND MARKETS

Since November 16, 2004, the primary trading market for our common shares has been the NYSE, on which our shares are listed under the symbol NAT. The primary trading market for our common shares was the American Stock Exchange, or the AMEX, until November 15, 2004, at which time trading of our common shares on the AMEX ceased. The secondary trading market for our common shares was the Oslo Stock Exchange, or the OSE, until January 14, 2005, at which time trading of our common share on the OSE ceased.

The following table sets forth the high and low market prices for shares of our common stock as reported by the NYSE, the AMEX and the OSE. All references below to NOK are to Norwegian Kroner.

The year ended:	NYSE HIGH	NYSE LOW	AMEX HIGH	AMEX LOW	OSE HIGH	OSE LOW
2004	$ 41.30	$ 35.26	$ 41.59	$ 15.00	NOK 300.00	NOK 115.00
2005 [(1)]	$ 56.68	$ 28.60	N/A	N/A	NOK 225.00	NOK 205.00
2006	$ 41.70	$ 27.90	N/A	N/A	N/A	N/A
2007	$ 44.16	$ 29.50	N/A	N/A	N/A	N/A
2008	$ 42.00	$ 22.00	N/A	N/A	N/A	N/A

For the quarter ended:	NYSE HIGH	NYSE LOW