

GUIDELINES FOR REMUNERATION OF SENIOR MANAGEMENT

In accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board of Directors of American Shipping Company ASA has prepared a statement on the determination of salary and other remuneration of senior management of the Company. The General Meeting's approval of the guidelines is of an advisory nature to the Board of Directors. However, the approval of the guidelines regarding remuneration in the form of shares, subscription rights, options, and other forms of remuneration linked to shares or the development of the share price in the Company or in other companies within the group, are binding for the Board of Directors, cf. the Norwegian Public Limited Liability Companies Act section 5-6 (3) third sentence, cf. section 6-16a (2) fourth sentence.

Advisory guidelines

The basis of remuneration of the senior management has been developed in order to create a performance-based system which is founded on the Company's values. This system of reward was designed to contribute to the achievement of good financial results and increase in shareholder value.

The senior management receives a base salary and may also be granted a variable pay as further detailed under "*Binding guidelines*" below.

The members of the senior management are entitled to 6 months' severance payment. Except for this, the members of the management are not entitled to special benefits beyond ordinary severance pay during available termination notice periods. The members of the senior management participate in a standard pension and insurance scheme.

Binding guidelines

In 2015, the senior management received a base salary in addition to a variable pay based on the award of synthetic shares in order to align performance payments with shareholder value creation. The system is based on awarding a certain number of synthetic shares to each member of the management team. The holder of the synthetic shares receives cash payments equal to the dividend paid to the shareholders. Further, the annual share price increase, if any, is paid as a cash bonus at the end of the year. There is a cap on the maximum compensation payable to each member of the management team. The remuneration of the senior management is in accordance with the guidelines for remuneration for 2015.

During 2015, Mr. Magnussen was awarded 350,000 synthetic shares. Under his synthetic share agreement, the total bonus payment paid during 2015 was USD 144.2 thousand. The cap on his salary for 2015 was NOK 7 million. During 2015, Mr. Hofstad was awarded 200,000 synthetic shares, resulting in bonus payments of USD 41.2 thousand. The cap on his salary for 2015 was NOK 3.5 million. During 2015, Ms. Jaros was awarded 50,000 synthetic shares, resulting in bonus payments of USD 20.6 thousand. The cap on Ms. Jaros' salary was USD 200 thousand per year.

The Company also has an incentive scheme for the management, where the Company can offer the management to purchase shares in the Company, subject to lock-up restrictions, with a view to incentivize long-term value creation and performance by the management.

During 2015, Mr. Magnussen purchased 20,000 shares with a price reduction of 20% to the closing price to compensate for the lock-up restrictions on the shares for a period of three years. The Company does not offer share option programs to the management.