

All buyers and sellers of Bonds must have or open a securities account with Euroclear Bank SA/NV or have an agreement with an authorized nominee in Euroclear Bank SA/NV holding the Bonds on behalf of the subscriber or become a direct or sponsored member of Euroclear Bank SA/NV.

Term Sheet



ISIN NO 001 077750.1 (in the distribution restriction Compliance Period) and
ISIN NO 001 077751.9 thereafter (see section "Transfer Restrictions")

American Tanker, Inc.
Senior Unsecured Callable Bond Issue 2017/2022 (the "Bonds" or the "Bond Issue")
Settlement Date: Expected to be 22 February 2017



Issuer:	American Tanker, Inc., (a Delaware corporation with reg. no. 3899715).
Parent:	American Shipping Company ASA (incorporated in Norway with reg. no 988 228 397).
Group:	Means the Parent and all its (directly or indirectly owned) Subsidiaries from time to time, and a " Group Company " means the Parent or any of its Subsidiaries.
Guarantors:	American Shipping Company ASA and American Tanker Holding Company, Inc. (together with the Issuer, the " Obligors " and each an " Obligor ").
Currency:	USD
Issue Amount:	USD 220,000,000
Coupon rate:	9.25% p.a., semi-annual interest payments.
Settlement Date:	Expected to be 22 February 2017. Notice is expected to be given to subscribers minimum two (2) banking days prior to the Settlement Date.

Final Maturity Date:	22 February 2022 (5 years after the Settlement Date).
First interest payment day:	22 August 2017 (6 months after the Settlement Date).
Last interest payment day:	Final Maturity Date.
Interest Payments:	Interest on the Bonds will start to accrue on the Settlement Date and shall be payable semi-annually in arrears on the interest payment day in February and August each year. Day-count fraction for coupon is "30/360", business day convention is "unadjusted" and business day is Oslo and New York.
Issue Price:	100 % of par value.
Amortization:	<p>The Bonds shall be partially repaid by 4 semi-annually instalments each of USD 10 million at 100% of par value (plus accrued interest on the redeemed Bonds) commencing 42 months after the Settlement Date (the "Scheduled Instalments").</p> <p>On the Final Maturity Date, any outstanding Bonds (including the final Scheduled Instalment) shall be repaid in full at par value (plus accrued interest on the redeemed Bonds).</p> <p>In the event the Issuer acquires any Bonds, and such Bonds are redeemed and discharged, the redeemed amount of Bonds may be set-off with a corresponding amount on a pro-rata basis against the Scheduled Instalments.</p>
Nominal value:	The Bonds will have a nominal value of USD 200,000 each.
Minimum Subscription:	Minimum subscription amount and allotment amount shall be USD 200,000, and thereafter integral multiples of USD 200,000 in excess thereof.
Status of the Bonds and the Guarantees:	The Bonds shall rank as senior debt of the Issuer and shall be unsecured. The Bonds and the Guarantees shall rank <i>pari passu</i> with all other senior debt of the relevant Obligor save for obligations which are mandatorily preferred by law. The Bonds shall rank ahead of subordinated debt.
Purpose of the Bond Issue:	<p>The net proceeds from the Bond Issue (net of legal costs, fees of the Joint Lead Managers and the Trustee and any other agreed costs and expenses) shall be used for:</p> <p>(i) repayment in full of approx. USD 218 million unsecured bond with ISIN NO 001 0699879 issued by the Parent plus accrued interest; and</p> <p>(ii) any remaining amounts, for general corporate purposes.</p>
Guarantees:	<p>All amounts outstanding under the Finance Documents to the Trustee and the Bondholders, including but not limited to interest and expenses, shall be guaranteed by unconditional and irrevocable on-demand guarantees from each of the Guarantors (the "Guarantees").</p> <p>The Guarantees shall be established prior to or in connection with the release of funds to the Issuer as described in more detail under Conditions Precedent below. The Guarantees will also contain the covenants relevant to each Guarantor, as described below.</p>
Issuer's Call Options:	<p>The Issuer may redeem the Bonds (in whole or in parts) at any time from and including:</p> <p style="padding-left: 40px;">the Issue Date to, but not including, the First Call Date (as defined below), at a price equal to the Make Whole Amount;</p>

	<p>(i) the Interest Payment Date falling 24 months after the Settlement Date (the "First Call Date") to, but not including, the Interest Payment Date falling 36 months after the Settlement Date, at a price equal to 105.55% of par value (plus accrued interest on the redeemed Bonds);</p> <p>(ii) the Interest Payment Date falling 36 months after the Settlement Date to, but not including, the Interest Payment Date falling 48 months after the Settlement Date, at a price equal to 103.70 of par value (plus accrued interest on the redeemed Bonds);</p> <p>(iii) the Interest Payment Date falling 48 months after the Settlement Date to, but not including, the Interest Payment Date falling 54 months after the Settlement Date, at a price equal to 101.85% of par value (plus accrued interest on the redeemed Bonds); and</p> <p>(iv) the Interest Payment Date falling 54 months after the Settlement Date to, but not including, the Final Maturity Date at a price equal to 100.00% of par value (plus accrued interest on the redeemed Bonds).</p> <p>The redemption price shall be determined based on the Call Option Repayment Date.</p>
<p>Conditions Precedent:</p>	<p>Disbursement of the net proceeds from the Bond Issue to the Issuer will be subject to the fulfilment of certain conditions precedent, to the satisfaction of the Trustee, as customary for these types of transactions, including but not limited to:</p> <p>a) the Bond Agreement duly executed;</p> <p>b) the Guarantees duly executed by the Guarantors;</p> <p>c) confirmation from the Issuer that no potential or actual Event of Default has occurred or is likely to occur as a result of the issuance of the Bonds;</p> <p>d) an agreement between the Trustee and the Issuer related to expenses and fees duly executed;</p> <p>e) certified copies of necessary corporate resolutions of the Issuer to issue the Bonds and execute all the relevant documents;</p> <p>f) certified copies of necessary corporate resolutions of the Guarantors to issue the Guarantees; and</p> <p>g) all legal opinions (including with respect to capacity and enforceability) reasonably requested by the Trustee in respect of the Finance Documents, having been received in form and substance satisfactory to the Trustee.</p> <p>The Trustee may waive or postpone the delivery of certain Conditions Precedent at its sole discretion.</p>
<p>Representation and warranties:</p>	<p>The Bond Agreement shall include standard representations and warranties. The representations and warranties shall be made on the execution date of the Bond Agreement, and shall be deemed to be repeated on the Settlement Date.</p>
<p>Issuer's General Undertakings:</p>	<p>During the term of the Bonds, the Issuer shall at all times (unless the Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following general undertakings:</p> <p>a) Pari passu ranking: The Issuer shall, and shall procure that each other Group Company will, ensure that their obligations under the Bond Agreement and any</p>

other Finance Document shall at all times rank at least pari passu as set out in "Status of the Bonds" above.

- b) **Mergers:** The Issuer shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities if such transaction would have a Material Adverse Effect.
- c) **De-mergers:** The Issuer shall not, and shall ensure that no other Group Company will, carry out any de-merger or other corporate reorganization involving a splitting of the Issuer or any other Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.
- d) **Continuation of business:** The Issuer shall not cease to carry on its business, and shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of this term sheet and/or as set out in the Bond Agreement if such change would have a Material Adverse Effect.
- e) **Disposal of assets/business:** The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless:
 - (i) the transaction is carried out on arm's length terms and for fair market value;
 - (ii) such transaction would not have a Material Adverse Effect; and
 - (iii) if such transaction would constitute a Mandatory Prepayment Event, the Bonds are redeemed in accordance with the Mandatory Prepayment provisions as described below.
- f) **Corporate status:** The Issuer shall not, and shall procure that no other Group Company shall, change its type of organization or jurisdiction of incorporation (other than changing to another state in the USA) if such change of type of organization or jurisdiction would have a Material Adverse Effect.
- g) **Compliance with laws:** The Issuer shall, and shall ensure that each other Group Company shall, carry on its business in accordance with internationally accepted practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time.
- h) **Insurance:** The Issuer shall, and the Issuer shall procure that each other Group Company will, maintain with financially sound and reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its properties and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice in their relevant jurisdiction.
- i) **Arm's length transactions:** The Issuer shall not, and the Issuer shall ensure that no other Group Company shall, enter into any transaction with any affiliate except on arm's length terms and for fair market value.
- j) **Reporting:** The Issuer shall of its own accord make management reports and financial statements (quarterly and annually on an unconsolidated basis) available to the Trustee (and via the distribution system at the stock exchange where the shares in the Parent are listed (if any) and on its web pages) for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period (each a "**Reporting Date**"). Such reports shall be prepared in accordance with IFRS, and include an

	income statement, statement of financial position and cash flow statement.
Issuer's Special Covenants:	<p>During the term of the Bonds, the Issuer shall (unless the Trustee or the Bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with the following special covenants:</p> <p>a) Negative pledge: The Issuer shall not, and shall ensure no other Group Company shall, create, permit to subsist or allow to exist any mortgage, pledge, lien or any other security over any of its present or future respective assets or its revenues, other than:</p> <ul style="list-style-type: none"> (i) the Permitted Security; and (ii) any lien arising by operation of law. <p>b) Subsidiaries' distributions: The Issuer shall not permit any (direct or indirect) Subsidiary of the Issuer to create or permit to exist any contractual obligation (or security) restricting the right of such Subsidiary to:</p> <ul style="list-style-type: none"> (i) pay dividends or make other distributions to its shareholders; (ii) service any Financial Indebtedness to the Issuer; (iii) make any loans to the Issuer; or (iv) transfer any of its assets and properties to the Issuer; <p>in each case other than (A) any restrictions reflecting those set forth in the Existing Senior Bank Facilities as per the Settlement Date and (B) any restrictions in any New Senior Bank Facility or other Financial Indebtedness of the Group (including any restriction in the Existing Senior Bank Facility that did not exist on the Settlement Date) which (i) may not reasonably be expected to have a Material Adverse Effect and (ii) is not likely to prevent the Issuer from complying with its payment obligations under the Bond Agreement.</p> <p>c) Financial Support restrictions: The Issuer shall not, and shall ensure that no other Group Company shall, grant any loans, give any guarantees, otherwise voluntarily assume any financial liability (whether actual or contingent) or provide any other financial support (including providing third party security) ("Financial Support"), to or for the benefit of any person or entity not being a Group Company, other than Permitted Financial Support.</p> <p>d) Financial Indebtedness restrictions: The Issuer shall not, and shall ensure that no other Group Company shall, incur, create or permit to subsist any Financial Indebtedness other than the Permitted Financial Indebtedness.</p> <p>e) Financing the acquisition of new vessels: If any Group Company (being a Subsidiary of the Issuer and not being an Obligor) acquires a vessel (or entity owning such vessel or participation in a JV owning a vessel) (from an entity not being a Group Company), the relevant Group Company may incur new Financial Indebtedness with respect to such acquisition/investment ("New Vessel Financing") provided that:</p> <ul style="list-style-type: none"> (i) the ratio of the principal amount of the New Vessel Financing relative to the purchase price of the acquired vessel does not exceed 70%, and in the event such New Vessel Financing is refinanced, the amount refinanced shall not exceed the total amount outstanding under the New Vessel Financing at the time of such refinancing; (ii) the New Vessel Financing is amortised based on a maximum 25 years' total economic life of the relevant vessel (for the avoidance of doubt taking the age of such vessel into account); and (iii) the New Vessel Financing is provided by one or more of the Senior Finance Parties, other commercial banks or financial institutions or by

	<p style="text-align: center;">way of a capital market debt instrument.</p> <p>f) Jones Act compliance: The Issuer shall ensure that each Group Company owning any of the Vessels at all times meets the requirements of a Qualified Leasing Company.</p>
<p>Parent’s Special Covenants:</p>	<p>During the term of the Bonds, the Parent shall (unless the Trustee or the Bondholders’ meeting (as the case may be) in writing has agreed to otherwise) comply with the following special covenants:</p> <p>a) Parent Distributions: The Parent may only (i) declare or make any dividend payment or other equity or capital distributions or payments (including group contributions) to, (ii) make any loans to or service any loans from, or (iii) repurchase shares from, its shareholders, in each case whether in cash or in kind, (including without limitation enter into any total return swaps or instruments with similar effect) (a “Distribution”) if, at the time of such Distribution, (a) the Distribution Incurrence Test is fulfilled and (b) that no Event of Default is continuing or would arise from such Distribution.</p> <p>Distribution Incurrence Test shall be considered satisfied if the Debt Service Coverage Ratio at the time of such Distribution is not less than 1.10 and such fulfilment is certified by the Parent to the Trustee.</p> <p>b) Ownership of American Shipping Corporation: The Parent shall procure that American Shipping Corporation shall remain a direct or indirect wholly owned Subsidiary of the Issuer.</p> <p>c) Subordinated Loans: The Parent shall ensure that:</p> <p>(i) any existing and future loans from a shareholder in or an Affiliate of the Parent to any Obligor shall be subordinated to the Bonds and/or the Guarantees (as applicable), subject to a subordination and turn-over agreement acceptable to the Trustee, have maturity no earlier than 6 months after the Final Maturity Date, have no payment of principal and that any payment of any cash interest is subject to the Distribution Incurrence Test; and</p> <p>(ii) any loans having an Obligor as a debtor and a Group Company not being an Obligor as creditor shall be subordinated to the Bonds and/or the Guarantees (as applicable), subject to a subordination and turn-over agreement acceptable to the Trustee and may only be serviced as long as no Event of Default under the Bond Issue has occurred and is continuing.</p> <p>The above shall not apply to the Aker Loan.</p> <p>d) The Aker Loan: The Aker Loan shall be repaid only by proceeds received by the Parent from Philly Tankers AS (including sale of the shares of Philly Tankers AS), however so that it may be repaid in full upon its maturity regardless of whether proceeds from Philly Tankers AS are available for such payment provided, in the case of repaying with funds other than proceeds from Philly Tankers AS (including sale of the shares), no Event of Default under the Bond Issue has occurred and is continuing. The terms of the Aker Loan may be amended and the Aker Loan may be refinanced, only if the amended terms or the terms of such refinancing facility contain the same back-to-back principles with respect to proceeds from Philly Tankers AS.</p> <p>f) Reporting: The Parent shall of its own accord make management reports and financial statements (quarterly and annually) available to the Trustee (and via the</p>

	<p>distribution system at Oslo Børs and on its web pages) for public distribution not later than 120 days after the end of the financial year and not later than 60 days after the end of the relevant interim period (each a “Reporting Date”). Such reports shall be prepared in accordance with IFRS, and include an income statement, statement of financial position, cash flow statement and management commentary.</p>
Permitted Financial Indebtedness:	<p>Means:</p> <ul style="list-style-type: none"> (a) any financial Indebtedness arising under the Finance Documents; (b) the Senior Bank Facilities; (c) the Aker Loan (or any refinancing thereof made in compliance with the covenant "The Aker Loan" above); (d) any Subordinated Loan; (e) obligations under any derivative transactions related to the Group’s hedging made on a non-speculative basis entered into with any of the Senior Finance Parties or another Acceptable Bank; (f) any recourse liability incurred by a Group Company to any financial institution in respect of bid or performance bonds, advance payment guarantees and other guarantees or letters of credit issued in the ordinary course of business of the relevant Group Company; (g) any New Vessel Financing provided compliance with the covenant "Financing the acquisition of new vessels" above; or (h) the OSG Credit; or (i) obligations incurred by the Group (not covered by (a) through (i) above) that in total does not cause the levels for Maximum Total-Adjusted Interest Bearing Debt set out above to be exceeded.
Permitted Security:	<p>Means:</p> <ul style="list-style-type: none"> (a) Security granted in relation to Permitted Financial Indebtedness paragraphs (b), (c), (e), (f) and (g) above; and (b) Security granted in relation to other obligations incurred by the Group (not covered by (a) above) that in total do not exceed USD 10 million.
Permitted Financial Support:	<p>Means any Financial Support:</p> <ul style="list-style-type: none"> (a) given in relation to this Bond Issue; (b) given in relation to the Existing Senior Bank Facilities and existing as per the Settlement Date; (c) given by any Group Company in relation to any Senior Bank Facility or any Financial Indebtedness falling within items (d), (e), (f) or (g) of the definition of "Permitted Financial Indebtedness"; (d) given in relation to the DPO; and (e) made, granted or given by any Group Company in the ordinary course of business to include inter alia company guarantees or performance guarantees given to shipyards or pursuant to time charters or contracts of affreightment.
Financial Covenant:	<p>During the term of the Bonds, the Issuer shall at all times (unless the Trustee or the Bondholders’ meeting (as the case may be) in writing has agreed to otherwise) comply with the following financial covenant:</p> <ul style="list-style-type: none"> a) Minimum Liquidity: The Issuer shall ensure that the Group maintains Cash and Cash Equivalents of minimum USD 25,000,000; b) Maximum Total Adjusted Interest-Bearing Debt: The Issuer shall ensure that the Total Adjusted Interest-Bearing Debt shall not exceed:

	as of:	USD million:
	31 December 2017	615
	31 December 2018	590
	31 December 2019	560
	31 December 2020	530
	31 December 2021	480

The Issuer undertakes to comply with the above Financial Covenants at all times, such compliance to be measured on each Quarter Date and certified by the Issuer with each annual financial statement and quarterly financial statement on the respective Reporting Date. The Financial Covenants shall be calculated on a consolidated basis for the Group.

Definitions:

“Acceptable Bank” means a commercial bank, savings bank or trust company which has a rating of BBB or higher from Standard & Poor's Ratings Service or Baa2 or higher from Moody's Investor Service Limited or a comparable rating from a nationally recognized credit rating agency for its long-term debt obligations.

“Affiliate” means, in relation to any specified person:

- (a) any person which is a Subsidiary of the specified person;
- (b) any person who has Decisive Influence over the specified person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity who has Decisive Influence (directly or indirectly) over the specified person.

“Aker Loan” means the USD 20 million loan from Aker ASA to the Parent secured by the Parent's shares in Philly Tankers AS.

“Bondholders” means a holder of Bond(s), as registered in the Securities Depository, from time to time.

“Call Option Repayment Date” means the settlement date for the call option determined by the Issuer in accordance with the Bond Agreement, or a date agreed upon between the Trustee and the Issuer in connection with such redemption of Bonds.

“Cash and Cash Equivalents” means on any date, the aggregate equivalent in USD on such date of the then current market value of:

- a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an Acceptable Bank; and
- b) time deposits with Acceptable Banks and certificates of deposit issued, and bills of exchange accepted, by an Acceptable Bank;

in each case to which any Group Company is beneficially entitled at the time and to which any Group Company has free and unrestricted access.

“Decisive Influence” means a person having, as a result of an agreement or through the ownership of shares or interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

“Debt Service Coverage Ratio” means the ratio of Projected EBITDA to Projected Debt Service (for the Group on a consolidated basis).

“DPO” means the claim the Issuer holds on, Overseas Shipholding Group Inc. and its

subsidiaries, referred to by the Group as the deferred principal obligation amounting to USD 30.6 million as at 31 December 2016.

“Existing Senior Bank Facilities” means the (i) USD 300 million Secured Term Loan Facility Agreement dated 28 October 2015, (ii) the USD 90 million Loan and Security Agreement dated 28 October 2015 and (iii) the USD 60 million Loan and Security Agreement dated 28 October 2015, each as amended from time to time.

“Existing Vessel” means each of the vessels owned by any Group Company from time to time, at the Settlement Date being each of Overseas Houston, Overseas Long Beach, Overseas Los Angeles, Overseas New York, Overseas Texas City, Overseas Boston, Overseas Nikiski, Overseas Martinez, Overseas Anacortez and Overseas Tampa.

“Finance Documents” means (i) the Bond Agreement, (ii) the agreement between the Trustee and the Issuer regarding fees and expenses, (iii) any Guarantee, and (iv) any other document (whether creating a security or not) which is executed at any time by the Issuer or any other person in relation to any amount payable under the Bond Agreement.

“Financial Indebtedness” means, without duplication, any indebtedness for or in respect of:

- (a) moneys borrowed and debt balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under IFRS are met);
- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Final Maturity Date or are otherwise classified as borrowings under IFRS;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under IFRS; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“Government Bond Rate” means the interest rate of debt securities instruments issued by the United States Treasury on the day falling two Business Days before the

notification to the Bondholders of the Make Whole Amount.

“IFRS” means International Financial Reporting Standards and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“Jones Act” means Title 46, Appendix, Section 883 of the United States Code as in effect on the date hereof.

“Make Whole Amount” means an amount equal to the sum of:

- (a) the present value on the Call Option Repayment Date of 105.55% the Nominal Amount of the redeemed Bonds as if such payment originally had taken place on the First Call Date;
- (b) the present value on the Call Option Repayment Date of the remaining interest payments of the redeemed Bonds, less any accrued and unpaid interest on the redeemed Bonds as at the Call Option Repayment Date, to the First Call Date,

both (a) and (b) calculated by using a discount rate of 50 basis points over the comparable Government Bond Rate (i.e. comparable to the remaining Macauley duration of the Bonds from the Call Option Repayment Date until the First Call date using linear interpolation).

“Material Adverse Effect” means a material adverse effect on (a) any of the Obligors ability to perform and comply with its obligations under any Finance Document to which it is a party or (b) the validity or enforceability of any of the Finance Documents.

“New Senior Bank Facilities” means any refinancing of any Existing Senior Bank Facility provided by one or more of the Senior Finance Parties, other commercial banks or financial institutions or by way of a capital market debt instrument.

“OSG Credit” means the credit granted by OSG to the Issuer in December 2009, having a PIK interest rate of 9.5% p.a. of which USD 4.9 million was outstanding as at 31 December 2016.

“Outstanding Bonds” means the Bonds not redeemed or otherwise discharged.

“Projected Debt Service” means, in respect of any Projection Period, the sum of total projected gross interest costs, scheduled amortisations and repayments related to the Group’s total interest bearing debt in accordance with IFRS.

“Projected EBITDA” means, in respect of any Projection Period, the projected consolidated earnings of the Group, only taking into account firm and signed contracted revenue for the Projection Period (i.e. If a vessel does not have a firm contract throughout the Projection Period no earnings shall be projected for that vessel) before interest, taxation, depreciation and amortisation, not taking into account any exceptional or extraordinary items but including the DPO Payments.

“Projection Period” means the next twelve (12) months calculated from the last preceding Quarter Date from the date of calculating the Distribution Incurrence Test.

“Qualified Leasing Company” means a company that is qualified to document a vessel under the U.S. flag pursuant to 46 U.S.C. §12103(b), and the regulations promulgated thereunder, with a coastwise endorsement pursuant to 46 U.S.C. §12119(b), and the regulations promulgated thereunder, for bareboat charter to a U.S. Citizen eligible to operate vessels in the coastwise trade, and able to make the annual certification to the Coast Guard required by 46 U.S.C. §12119(c)(2), and the regulations promulgated thereunder, with respect to such vessel.

	<p>“Quarter Date” means each 31 March, 30 June, 30 September and 31 December.</p> <p>“Security” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.</p> <p>“Senior Bank Facilities” means the Existing Senior Bank Facilities and any New Senior Bank Facilities.</p> <p>“Senior Finance Parties” means AtoStar, BNP Paribas, CIT, Crédit Agricole, Prudential, Siemens Capital, Wintrust and SEB or any affiliate thereof.</p> <p>“Subsidiary” means an entity over which another entity or person has Decisive Influence.</p> <p>“Subordinated Loan” means any unsecured Financial Indebtedness subject to such terms as described in the covenant "Subordinated Loans" (item a. or b., as applicable) above.</p> <p>“Total Assets” means the Group’s nominal book value of assets in accordance with IFRS.</p> <p>“Total Adjusted Interest-Bearing Debt” means the Group’s total interest-bearing debt in accordance with IFRS (for the avoidance of doubt excluding the Aker Loan, any New Vessel Financing and the OSG Credit), <i>less</i> the required amount of Minimum Liquidity. The maximum Total Adjusted Interest-Bearing Debt as listed under Financial Covenants above, shall be reduced with an amount equal to the amount required to prepay the portion of the Senior Bank Facilities and Outstanding Bonds as described under Mandatory Prepayment below.</p> <p>“US Citizen” means a citizen of the United States within the meaning of 46 U.S.C. §§50501(a), (b) and (d), eligible to own and operate vessels in the coastwise trade of the United States.</p> <p>“Vessels” means any Existing Vessel and any vessel acquired after the date of the Bond Agreement.</p>
<p>Mandatory Prepayment Event:</p>	<p>Means:</p> <ul style="list-style-type: none"> (i) a direct or indirect disposal of one or more Existing Vessel(s) to an entity not being a Group Company (a “Vessel Disposal Event”); and (ii) an actual or constructive total loss of any Existing Vessel (a “Total Loss Event”).
<p>Mandatory Prepayment:</p>	<p>The Issuer shall:</p> <ul style="list-style-type: none"> (i) upon a Vessel Disposal Event, not later than 30 calendar days following such event, redeem the pro rata portion of the Outstanding Bonds (such pro-rata portion to be based on the number of Existing Vessels disposed of in such Vessel Disposal Event relative to the number of Existing Vessels owned by the Group prior to the Vessel Disposal Event) at a redemption price as set out under “Issuer’s Call Options” above (with the redemption price to be based on the date the Mandatory Prepayment Event occurred) (plus accrued interest on the redeemed Bonds). (ii) upon a Total Loss Event, promptly once insurance proceeds (if any) are available to it, but in any event no later than 120 calendar days following the Total Loss Event, redeem on a pro-rata basis relative to the Outstanding Bonds (such pro-

	<p>rata portion to be based on the number of Existing Vessels subject to the Total Loss Event relative to the number of Existing Vessels owned by the Group prior to the Total Loss Event) at 100% of par value (plus accrued interest on the redeemed Bonds).</p> <p>Following the completion of a Vessel Disposal Event, any excess cash (the “Excess Cash”) from such disposal after deducting the related portion of any Senior Bank Facility and the redemption of Outstanding Bonds as described in (i) above, an amount equal to 50% of the Excess Cash shall be transferred to an escrow account (pledged in favour of the Trustee on behalf of the bondholders) and solely be applied for the purpose of acquiring Outstanding Bonds, and such Bonds when acquired shall be immediately redeemed and discharged.</p>
Event of Default:	<p>The Bond Agreement shall include standard event of default provisions related to the Group in respect of non-payment, breach of other obligations, cross default, insolvency proceedings, creditors’ process, impossibility or illegality and Material Adverse Effect, with applicable remedy provisions and exceptions.</p> <p>A Material Regulatory Event shall constitute an event of default.</p> <p>The cross default and creditor’s process provisions will have a threshold on any financial indebtedness or assets (as the case may be) of USD 5 million, or the equivalent thereof in other currencies. Event of default will not arise solely if a Group Company is not able to or admits inability to pay its debts as they fall due or if the value of the assets of any Group Company is less than its liabilities.</p>
Material Regulatory Event	<p>Material Regulatory Event means an event where the Jones Act is repealed or substantially modified in a manner that could reasonably be expected to have a Material Adverse Effect.</p>
Change of Control Event:	<p>Means:</p> <ul style="list-style-type: none"> (i) if any person, or group of persons under the same Decisive Influence, or two or more persons acting in concert obtains Decisive Influence over the Parent, American Tanker Holding Company, Inc or the Issuer, other than Aker ASA or its Affiliates or other parties acting in concert with Aker ASA or its Affiliates; or (ii) a de-listing of the Parent’s shares from the Oslo Stock Exchange or another internationally recognized stock exchange (if applicable) that does not occur in connection with a listing of the Parent’s shares on another internationally recognized stock exchange. <p>If Aker ASA or its Affiliates or other parties acting in concert with Aker ASA or its Affiliates acquires 100% of the shares in Parent, and following such acquisition the shares of the Parent is de-listed as described in (ii) above, such de-listing shall not constitute a Change of Control Event as long the Bond Issue is listed on a reputable exchange and remains listed until the Final Maturity Date.</p>
Change of Control Clause:	<p>Upon the occurrence of a Change of Control Event, each Bondholder will have the right (a “Put Option”) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price of 101% of par value (plus accrued interest) during a period of 15 calendar days following the notice of a Change of Control Event, with prepayment to be effected within 30 calendar days following the notice of a Change of Control Event.</p>
Approvals:	<p>The Bonds will be issued in accordance with the Issuer’s board approval dated 6 February 2017.</p>

Issuer's ownership of Bonds:	The Issuer has the right to acquire and own the Bonds. Such Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.
Listing of Bonds:	An application will be made for the Bonds to be listed on Oslo Børs within 12 months from the Settlement Date.
Market making:	No market-maker agreement has been made for this Issue.
Joint Lead Managers:	Arctic Securities AS, Haakon VII's gate 5 , NO-0123 Oslo, Norway, Clarksons Platou Securities AS, Munkedamsveien 62 C, NO-0270 Oslo, Norway; Pareto Securities AS, Dronning Mauds gt. 3, NO-0115 Oslo, Norway; and Skandinaviska Enskilda Banken AB (publ), Oslo Branch, Filipstad Brygge 1, NO-0252 Oslo, Norway.
Co-Manager:	Sparebanken 1 Markets
Settlement Procedures:	The Bonds shall be settled as further set out in the Application Form, and which shall include settlement in: <ul style="list-style-type: none"> (i) in cash; and/or (ii) in kind by delivery of bonds issued under Issuer's existing bond issue with ISIN NO 001 0699879 (the "Existing Bonds") (when receipt of subscriptions from holders of Existing Bonds), and which shall include the amount of accrued interest and any call premium on such Existing Bonds.
Trustee:	Nordic Trustee ASA, P. O. Box 1470 Vika, NO-0116 Oslo, Norway.
Registration:	The Norwegian Central Securities Depository (VPS). Principal and interest accrued will be credited the Bondholders through VPS. The Bonds will initially be issued to and registered on Euroclear Bank SA/NV's custody account with the VPS (administered by Nordea Bank Norge ASA) as nominee. The Bonds will be available to the subscribers through Euroclear Bank SA/NV.
Trading:	The Bond Issue will be blocked for all trading in the VPS and all trading in the Bonds will be made through Euroclear Bank SA/NV and all buyers and sellers of Bonds must therefore have or open a securities account with Euroclear Bank SA/NV or have an agreement with an authorized nominee in Euroclear Bank SA/NV holding the Bonds on behalf of the subscriber or become a direct or sponsored member of Euroclear Bank SA/NV. No other International Central Securities Depository can hold the Bonds in the VPS and may therefore not be a substitute to Euroclear Bank SA/NV. Please see the Offering Memorandum and in particular chapter 5 for further information.
Offering Memorandum:	The offering memorandum issued by the Issuer in connection with the Bond Issue and dated on the date of this Term Sheet.
Paying Agent:	DNB Bank ASA.
Taxation:	The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws). The Issuer is responsible for withholding any withholding tax imposed by applicable

	<p>law on any payments to be made by or on behalf of it in relation to the Finance Documents. The Issuer is required to gross up the amount of any payment due from it to ensure that the Bondholders or the Trustee (as the case may be) receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required.</p> <p>The gross-up obligation is subject to significant exceptions, please refer to the Offering Memorandum and in particular chapter 10 for a further description of such exceptions.</p>
Taxation/gross-up:	The Bond Agreement shall contain provisions regarding taxation, including the taxation provisions set out in the Appendix (Taxation) hereto.
Bond Agreement:	<p>The Bond Agreement will be entered into by the Issuer and the Trustee acting as the Bondholders' representative, and it shall be based on the new Norwegian standard bond agreement as adjusted for this Term Sheet.</p> <p>The Bond Agreement shall regulate the Bondholders' rights and obligations with respect to the Bonds. If any discrepancy should occur between this Term Sheet and the Bond Agreement, then the Bond Agreement shall prevail. The Bond Agreement shall include provisions where after repayment of principal amount upon default shall be equal to the relevant Call Option price at such time.</p> <p>Each subscriber in the Bonds, such subscription documented by an application form, a taped telephone conversation, e-mail or otherwise, is deemed to have granted authority to the Trustee to finalize the Bond Agreement. Minor adjustments to the structure and terms described in this Term Sheet may occur.</p>
Terms of Subscription:	<p>Any subscriber of the Bonds specifically authorizes the Trustee to execute and deliver the Bond Agreement on behalf of the prospective bondholders, who will execute and deliver such Application Forms prior to receiving Bond allotments. On this basis, the Issuer and the Trustee will execute and deliver the Bond Agreement and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Agreement. The Bond Agreement specifies that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with.</p> <p>The Bond Agreement shall specify that it shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request by the Trustee or the Issuer.</p>
Governing Law:	Norwegian law.
Eligible purchasers:	<p>All buyers and sellers of Bonds must have or open a securities account with Euroclear Bank SA/NV or have an agreement with an authorized nominee in Euroclear Bank SA/NV holding the Bonds on behalf of the subscriber or become a direct or sponsored member of Euroclear Bank SA/NV.</p> <p>The Bonds shall only be offered to (i) non-"U.S. persons" in "offshore transactions" (each as defined in Rule 902 of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and (ii) to persons located in the United States, its territories and possessions that are "qualified institutional buyers" ("QIB") (as defined in Rule 144A under the Securities Act ("Rule 144A")) in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of Securities Act. In addition to the application form that each investor will be required to execute, each U.S. investor that wishes to purchase Bonds will be required to execute and deliver to the Issuer a certification in a form to be provided</p>

	<p>by the Issuer stating, among other things, that the investor is a QIB.</p> <p>The Bond Agreement will contain customary terms and provisions for a U.S. Rule 144A or Regulation S (Category 3) placement.</p> <p>The Bonds may not be purchased by, or for the benefit of, persons resident in Canada.</p>
Transfer restrictions:	<p>For 40 days from the issuance of the Bonds (the “Compliance Period”), the Bonds may only be reoffered, resold, pledged or otherwise transferred to (i) a non-U.S. person in an offshore transaction or (ii) a person whom the seller and/or any person acting on its behalf reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A. Each person transferring Bonds during the Compliance Period is required to obtain a certificate from the transferee certifying as to such transferee’s status as a non-U.S. person or QIB, as the case may be.</p> <p>The Bonds will in the Compliance Period have ISIN NO 001 077750.1. Upon expire of the Compliance Period the Bonds will automatically be converted to a new ISIN, being ISIN NO 001 077751.9, without any action necessary on the part of the Bondholders, and such new ISIN shall apply for the remaining term of the Bond Issue.</p> <p>After the expiration of the Compliance Period, Bondholders located in the United States will not be permitted to transfer the Bonds except (a) to the Issuer, (b) pursuant an effective registration statement under the Securities Act, (c) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, in a transaction meeting the requirements of Rule 144A, (d) to a non-U.S. person in an offshore transaction satisfying the requirements of Rule 904 of Regulation S under the Securities Act, and (e) in accordance with Rule 144 under the Securities Act (if available) and (f) pursuant to any other available exemption from registration under the Securities Act. The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the date the Bonds were originally issued.</p>

Oslo, 9 February 2017

American Tanker, Inc.
As Issuer

American Shipping Company ASA
American Tanker Holding Company, Inc.
As Guarantors

Arctic Securities, Clarksons Platou Securities, Pareto Securities and Skandinaviska Enskilda Banken AB (publ),
Oslo Branch
As Joint Lead Managers

Co- Manager: SpareBank 1 Markets AS

APPENDIX - TAXATION

1.1 Taxation

- (a) Each Obligor is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by or on behalf of it in relation to the Finance Documents.
- (b) If any tax (whether stated to be a tax, assessment, governmental charge or otherwise) is withheld in respect of the Bonds by or on behalf of each Obligor under the Finance Documents, the Obligors shall:
 - (i) subject to the exceptions and limitations set forth in paragraph (c) below, gross up the amount of the payment due from it (or on behalf of it) up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received by such person if no withholding had been required; and
 - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.
- (c) Paragraph (b) shall not apply:
 - (i) to any tax imposed by reason of the Bondholder (or the beneficial owner for whose benefit such Bondholder holds one or more Bonds), or a fiduciary, settlor, beneficiary, member or shareholder of the Bondholder if the relevant Bondholder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary Bondholder, being considered as:
 - (A) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - (B) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Bonds, the receipt of any payment or the enforcement of any rights relating to the Bonds), including being or having been a citizen or resident of the United States or being or having been present in the United States;
 - (C) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes, a corporation that has accumulated earnings to avoid U.S. federal income tax, or a foreign tax exempt organisation with respect to the United States;
 - (D) being or having been a "10-percent shareholder" of the Issuer as defined in section 871(h)(3) or 881(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "**Code**") or any successor provision; or
 - (E) being a bank purchasing the Bonds in the ordinary course of its lending business; or
 - (ii) to any tax that is payable otherwise than by withholding by the Issuer from payments made by it, a paying agent or Euroclear to the Bondholders; or

- (iii) to any tax or other withholding obligation imposed under Sections 1471 through 1474 of the Code (commonly referred to as FATCA) (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or
- (iv) to the extent any tax would not have been imposed but for the failure of the Bondholder or any other person:
 - (A) to provide a properly completed and executed Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8ECI or Form W-8IMY (and related documentation), as applicable, or any subsequent version thereof or successor thereto; or
 - (B) upon receiving a reasonable prior written notice, to otherwise comply with any applicable certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Bondholder or beneficial owner of one or more Bonds, if compliance is required by any applicable law, regulation or tax treaty to which the United States is a party as a precondition to partial or complete exemption from such tax; or
- (v) payments to, or to a third party on behalf of, a Bondholder where no such withholding would have been required to be made if the Bonds, at the time of payment, had been credited to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside the United States; or
- (vi) payments to the extent such withholding or deduction is payable by or on behalf of a Bondholder who could lawfully mitigate (but has not so mitigated) such withholding by:
 - (A) complying or procuring that any third party complies with any statutory requirements; or
 - (B) by making or procuring that a third party makes a declaration of non-residence; or
 - (C) other similar claim for exemption to any tax authority in the place where the payment is effected; or
- (vii) to any Bondholder that is not the sole beneficial owner of the Bonds, or a portion of the Bonds, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the Bondholder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- (viii) where such withholding is imposed on a payment to or for an individual and is required to be made pursuant to Council Directive 2003/48/EC on the taxation of savings income or any other directive or law implementing or complying with, or introduced in order to conform to, such Directive, the ECOFIN Council meeting of 26-27 November 2000 or any other law implementing or complying with any arrangement entered into between the EU member states and certain third countries and territories in connection with such Directive (including, for the avoidance of doubt, any replacement directive or law); or

- (ix) to any combinations of paragraph (c) (i)-(viii).
- (d) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.
- (e) The Bond Trustee shall not have any responsibility with respect to obtaining information about the Bondholders or any other information relevant for the tax obligations referred to herein or with respect to any tax payable by any party pursuant to these Bond Terms.