



Norwegian Air Shuttle ASA

(Incorporated in Norway as a public limited liability company)
(Business registration number: 965 920 358)

Prospectus

Rights Issue and listing on Oslo Børs of 90,871,318 Offer Shares at a Subscription Price of NOK 33.00 per Offer Share with Subscription Rights for Existing Shareholders

Subscription Period for the Rights Issue:
From 09:00 hours (CET) on 22 February 2019 to 16:30 hours (CET) on 8 March 2019

Trading in Subscription Rights:
From 09:00 hours (CET) on 22 February 2019 to 16:30 hours (CET) on 6 March 2019

The information in this prospectus (the "**Prospectus**") relates to the underwritten rights issue (the "**Rights Issue**") by Norwegian Air Shuttle ASA (the "**Company**" or "**Norwegian Air Shuttle**"), a public limited company incorporated under the laws of Norway (together with its consolidated subsidiaries, the "**Group**" or "**Norwegian**") and the listing on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**"), of 90,871,318 new shares in the Company with a nominal value of NOK 0.10 each (the "**Offer Shares**") to be issued at a subscription price of NOK 33.00 per Offer Share (the "**Subscription Price**").

The shareholders of the Company as of 19 February 2019 (and being registered as such in the Norwegian Central Securities Depository (the "**VPS**") on 21 February 2019 pursuant to the two days' settlement procedure (the "**Record Date**") (the "**Existing Shareholders**"), will be granted subscription rights (the "**Subscription Rights**") in the Rights Issue that, subject to applicable law, provide preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price. The Subscription Rights will be registered on each Existing Shareholder's VPS account. Subscription Rights will not be issued in respect of any existing shares held in treasury by the Company. The Subscription Rights will be listed and tradable on the Oslo Stock Exchange from 09:00 hours Central European Time ("**CET**") on 22 February 2019 to 16:30 hours (CET) on 6 March 2019 under the ticker code "NAS T".

Each Existing Shareholder will be granted two (2) Subscription Rights for each existing share registered as held by such Existing Shareholder as of the Record Date. Subscription Rights acquired during the trading period for the Subscription Rights as set out above carry the same right to subscription as the Subscription Rights held by Existing Shareholders. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one Offer Share. Over-subscription and subscription without Subscription Rights is permitted. The subscription period will commence at 09:00 hours (CET) on 22 February 2019 and expire at 16:30 hours CET on 8 March 2019 (the "**Subscription Period**").

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period or sold before 16:30 hours (CET) on 6 March 2019 will have no value and will lapse without compensation to the holder.

The Rights Issue is underwritten by DNB Markets, a part of DNB Bank ASA, Danske Bank, Norwegian Branch and Sterna Finance Ltd. (the "**Underwriters**") and other certain pre-committing shareholders.

The Company's existing shares are, and the Offer Shares will be, listed on the Oslo Stock Exchange under the ticker code "NAS". Except where the context requires otherwise, references in this Prospectus to "Shares" will be deemed to include the existing Shares and the Offer Shares. All of the existing Shares are, and the Offer Shares will be, registered in the VPS in book-entry form. All of the issued Shares rank pari passu with one another and each carry one vote.

Investing in the Subscription Rights or the Shares, including the Offer Shares, involves a high degree of risk. Prospective investors should read the entire document and, in particular, consider Section 2 "Risk factors" beginning on page 25 when considering an investment in the Company.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares and Subscription Rights may lawfully be made and, for jurisdictions other than Norway, would not require any filing, registration or similar action.

The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S under the U.S. Securities Act ("**Regulation S**"). The distribution of this Prospectus and the offer and sale of the Subscription Rights and the Offer Shares in certain jurisdictions may be restricted by law.

For more information regarding restrictions in relation to the Rights Issue, see Section 5.27 "Selling and transfer restrictions".

The due date for the payment of the Offer Shares is expected to be on or about 13 March 2019. Delivery of the Offer Shares is expected to take place on or about 15 March 2019 through the facilities of the VPS. Trading in the Offer Shares on the Oslo Stock Exchange is expected to commence on or about 18 March 2019.

Sole Global Coordinator

DNB Markets, a part of DNB Bank ASA

Joint Bookrunners

DNB Markets, a part of DNB Bank ASA

Arctic Securities AS

Danske Bank, Norwegian Branch

The date of this Prospectus is 21 February 2019

Important Information

This prospectus (the "**Prospectus**") has been prepared in connection with the Rights Issue and the listing of the Offer Shares on the Oslo Stock Exchange (the "**Listing**").

For the definitions of terms used throughout this Prospectus, see Section 17 "Definitions and glossary".

This Prospectus has been prepared to comply with the Securities Trading Act of 29 June 2007 no. 75 ("verdipapirhandelloven") (the "**Norwegian Securities Trading Act**") and the Norwegian Regulation on Contents of Prospectuses, which implements the Prospectus Directive (EC/2003/71), including the Commission Regulation EC/809/2004 as amended, in Norwegian law. The Financial Supervisory Authority of Norway (the "**Norwegian FSA**", No.: *Finanstilsynet*) has reviewed and approved (approval date: 21 February 2019) this Prospectus in accordance with the Norwegian Securities Trading Act sections 7-7 and 7-8. The Norwegian FSA has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. This Prospectus has been published in an English version only and is valid for twelve (12) months from the date of approval.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors in the Offer Shares or the Subscription Rights between the time of approval of this Prospectus by the Norwegian FSA and the listing of the Offer Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, nor the granting of any Subscription Rights nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

The Company has furnished the information in this Prospectus. The Company has engaged DNB Markets, a part of DNB Bank ASA ("**DNB Markets**") as the Sole Global Coordinator and DNB Markets, Arctic Securities AS ("**Arctic**") and Danske Bank, Norwegian branch ("**Danske Bank**") as Joint Bookrunners for the Rights Issue (the "**Managers**"). None of the Company or the Managers, or any of their respective representatives or advisers, is making any representation to any offeree or subscriber of the Offer Shares or holder of Subscription Rights regarding the legality of an investment in the Offer Shares or the Subscription Rights by such offeree or subscriber under the laws applicable to such offeree or subscriber.

Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a subscription of the Offer Shares with or without the use of the Subscription Rights.

No person is authorized to give information or to make any representation concerning the Group or in connection with the Rights Issue or the offer of the Offer Shares or the Subscription Rights other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or the Managers or by any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

In the ordinary course of their respective businesses, the Managers and certain of their affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Group. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs ASA ("**Oslo Børs**" or the "**Oslo Stock Exchange**") and distributed through its information system.

The distribution of this Prospectus and the offer and sale of the Offer Shares and the granting or use of the Subscription Rights in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to subscribe for, any of the Offer Shares with or without the use of the Subscription Rights in any jurisdiction in which such offer, sale or subscription would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that is in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Shares and the Subscription Rights are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with

these restrictions may constitute a violation of applicable securities laws. See Section 5.27 "Selling and transfer restrictions".

This Prospectus and the terms and conditions of the Rights Issue as set out herein, and any offer and subscription of Offer Shares and the granting and use of the Subscription Rights hereunder, shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue or this Prospectus.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General information".

Notice to investors in the United States

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares or the Subscription Rights. The Offer Shares and the Subscription Rights have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in "offshore transactions" as defined in, and in reliance on, Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares or Subscription Rights may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See Section 5.27.2 "United States".

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1. SUMMARY

The following summary of the information and consolidated financial and other data appearing elsewhere in this Prospectus is qualified in its entirety by such more detailed information set forth elsewhere herein and in the documents incorporated hereto by reference, see Section 16.3 "Documents incorporated by reference". This summary does not contain all of the information that may be important to potential investors and it should be read as an introduction to the Prospectus. Potential investors should review carefully the entire Prospectus, including the risk factors and the more detailed financial and other data included herein or incorporated hereto by reference, before making an investment decision (financial data is available on www.norwegian.no). Following the implementation of the relevant provisions of the Prospectus Directive (EC/2003/71) in each member state (a "**Member State**") of the European Economic Area ("**EEA**") in which an offer which is subject to the Prospectus Directive is conducted, no civil liability will attach to the responsible persons in any such member state solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Section A – Introduction and Warnings

A.1 Warning	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2 Resale and financial placement by financial intermediates	No consent is granted by the Company for the use of this Prospectus connected to any subsequent resale or final placement of Shares in the Company.

Section B – Issuer

B.1 Legal and commercial name	Norwegian Air Shuttle ASA.
B.2 Domicile and legal form, legislation and country of incorporation	<p>The Company is a public limited liability company organized under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("allmennaksjeloven") (the "Public Limited Liability Companies Act"). The Company was incorporated on 22 January 1993. The Company is registered by the Norwegian Register of Business Enterprises ("Foretaksregisteret") (the "Company Register") under business register number 965 920 358.</p>

<p>B.3 Current operations, principal activities</p>	<p>The Company's business is defined in § 3 of its articles of association (the "Articles of Association"), which states that <i>"The Company's objective is to be engaged in aviation, other transport and travel related business activities as well as activities connected therewith. The Company may also directly or indirectly be engaged in other forms of internet-based provision of goods and services, including car-rental, hotel booking, payment services, financial services and services related to credit cards. Participation in such activities as mentioned may take place through co-operation agreements, ownership interests or by any other means."</i></p> <p>The Company was founded in 1993, but only began operating as a low-cost carrier with larger Boeing 737 aircraft in 2002.</p> <p>Over the recent years, the Company has been introducing brand new aircraft to its fleets and launched new routes and established new bases in Europe, Asia, South America and the United States (the "U.S.").</p> <p>As of the end of 2018, the Group's fleet comprised 164 aircraft, excluding two aircraft on external lease and the Group had an additional 195 aircraft on order, including Boeing MAXs, Boeing 787 Dreamliners, Airbus A321 Long Ranges and Airbus A320s.</p> <p>The Group has four main business areas:</p> <ol style="list-style-type: none"> 1. People & Services The Group's crew, airline and crew support and administrative functions are mainly organized through companies in the business area "People & Services", and provide services across the Group's business areas. 2. Aircraft Operations The Group's commercial airline activities are organized in the ultimate parent company, Norwegian Air Shuttle ASA ("NAS" or the "Company"), based at Fornebu, Norway, and NAI and NUK (see item B.5 below). Each of NAS and the following wholly-owned subsidiaries of the Company holds an Air Operator's Certificate (an "AOC") in its relevant jurisdiction: Norwegian Air International Limited ("NAI"), based in Dublin, Ireland; Norwegian UK Limited ("NUK"), based in London, the United Kingdom; Norwegian Air Norway AS ("NAN"), based at Fornebu, Norway, Norwegian Air Argentina ("NAA"), based in Buenos Aires, Argentina and Norwegian Air Sweden AB ("NSE"), based at Arlanda, Sweden. The Group's commercial airline activities are operated through 35 bases globally in the following geographical locations: Norway, Sweden, Denmark, Finland, United Kingdom (the "UK"), Spain, Thailand, the U.S., Italy, Netherlands, Ireland, France and French Caribbean. 3. Assets and Financing The Group's assets are organized in a group of wholly-owned subsidiaries in Dublin, Ireland. Arctic Aviation Assets DAC ("AAA") is the parent company of this group of subsidiaries of the Company. The business area "Assets and Financing" handles aircraft financing, leases and ownership. 4. Other business areas, including the Norwegian brand and Norwegian Reward.
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<p>B.4 Significant recent events and trends</p>	<p>Key recent trends in the airline industry revolve around political factors, as well as new market models being introduced by market participants.</p> <p>2017 and 2018 were challenging years for the industry. Various geopolitical and macroeconomic issues have impacted the trading environment. Terrorist attacks in Barcelona and London and the Brexit vote have dulled consumer confidence. These issues have dampened demand and have been major contributing factors to several high-profile airline failures (Monarch, Air Berlin and Alitalia administration).</p> <p>The Group has been well placed to react to these issues. With such a wide network throughout Europe, the Group is not as reliant as some other airlines on one key market. The Group's capacity has been redeployed quickly within the affected markets.</p> <p>Competitors have responded to the Group's long-haul growth. In 2017, the European aviation group International Airlines Group ("IAG") launched a new low-cost long-haul airline, "Level", serving the US and South America from Barcelona. In addition, British Airways has responded to the Group's London growth by adding seats to their Boeing 777s flying out of Gatwick.</p> <p>Further on, Aer Lingus has changed its business model to compete with the Group's new 737 MAX transatlantic product from Dublin. Aer Lingus has introduced lower fares and a Hand Baggage Only product to compete with the Group's new services.</p> <p>Actions by airline competitors show that the Group's expansion plans have an impact on the competitors' profitability. The Company will continue to target routes where competitors are keeping fares high. Continuing to operate with new aircraft enables the Group to offer more competitive fares than the competition and grow its market share.</p> <p>As part of the Group's strategy to maintain a modern fleet, the Group is considering to divest up to 140 aircraft not needed for its own business and replace older aircraft with new aircraft currently on order. During 2018 the Company has divested 13 aircraft and has signed LOIs regarding sale of two additional A320neo aircraft with delivery during first quarter of 2019. The divestments are part of the Company's fleet renewal program.</p> <p>On 12 April 2018, it was announced that IAG had acquired 4.61 per cent of the Shares in NAS, and was considering to make an offer for all the Shares in the Company.</p> <p>Subsequently, the Company received enquiries from several parties who expressed interest for structural transactions, financing of the Company and various forms of operational and financial cooperation. Discussions with such parties have been ongoing on several levels and with different approaches. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the shares in the Company, which were rejected by the Company on the basis that they undervalued the Company and its prospects.</p> <p>Following, among other issues, severe delays in aircraft and engine deliveries, the Company has for some time been assessing financing needs and financing alternatives, including raising equity. The Company secured stand-by underwriting commitment for a rights issue of up to NOK 3 billion in Q4 2018. However, during Q4 2018 and through December 2018, it has not been in</p>
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	<p>position to raise equity while being engaged in new, concrete and specific negotiations related to the acquisition of the Shares of the Company. No such discussions are currently ongoing.</p> <p>On 24 January 2019, IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company.</p> <p>Challenges with the Rolls-Royce engines on the Company's Dreamliners have caused disruptions for the Company's long-haul operation. In December 2018 the Company announced that it had reached an agreement with Rolls-Royce with regards to compensation for the disruptions which will have a positive effect from the first quarter of 2019. The commercial terms of the agreement remain confidential.</p> <p>As a measure to reduce unit cost and streamline the operation for a lower-growth phase, the Company has launched an extensive cost reduction program, #Focus2019, which is expected to reduce costs with a minimum of NOK 2 billion in 2019.</p> <p>The program reaches across the organization with tangible results expected in all areas ranging from supplier relations, route network development and process improvement. Both major structural changes and smaller optimization efforts are being implemented. By January 2019, the Company has completed initiatives that will generate cost reductions of NOK 500 million over the full year. This includes renegotiations with airport and handling agents, optimized in-flight service offering and improved crew utilization.</p> <p>The Company has entered into a letter of intent ("LOI") regarding the formation of a joint venture for ownership of aircraft with an Asian company. The new joint venture company is planned to take delivery of aircraft which the Company has under order.</p> <p>In February 2019, the Company announced that it had signed an agreement for the sale of two A320neo aircraft with expected delivery during February 2019.</p> <p>The Company also announced that it had reached an agreement with Boeing Commercial Airplanes for postponement of twelve 737-Max aircraft from 2020 to 2023 and 2024, significantly reducing pre-delivery payments in 2019 and capital expenditures for 2020.</p> <p>In addition, the Company had signed an agreement with Airbus S.A.S. for postponement of four A321LR aircraft from 2019 to 2020, reducing the expected capital expenditures for 2019.</p> <p>The Company has also signed an LOI for sale of an additional four aircraft.</p>
<p>B.5 Description of the Group</p>	<p>The Company's group (the "Group") consists of the ultimate parent company, Norwegian Air Shuttle ASA, and its directly or indirectly owned subsidiaries in Norway, Sweden, Denmark, Finland, Spain, the UK and Argentina.</p> <p>The Group's commercial airline activities are organized in the ultimate parent company, Norwegian Air Shuttle ASA and in its wholly-owned subsidiaries NAI and NUK. As stated in Section B.3 above, the wholly-owned subsidiaries NAI, NUK, NAN, NAA and NSE each holds an AOC in its relevant jurisdiction.</p>

	<p>Norwegian Brand Limited ("NAB"), a wholly-owned subsidiary of the Company, is responsible for developing and maintaining the Norwegian brand across all business areas.</p> <p>Norwegian Cargo AS, based at Fornebu, Norway, carries out the Group's commercial cargo activities.</p> <p>Norwegian Holidays AS, also based at Fornebu, Norway, provides holiday packages to customers in the end-market through the Group's web booking.</p> <p>Red Handling UK Limited and Red Handling Spain S.L. carry out ground handling services and are established in the United Kingdom and Spain, respectively. Red Handling UK Limited provides ground handling services at London Gatwick (LGW), and Red Handling Spain S.L. provides handling services at Barcelona Airport (BCN), Alicante Airport (ALC), Palma de Mallorca Airport (PMI), Malaga Airport (AGP) and Las Palmas Airport (LPA).</p>																																																																																								
<p>B.6 Interests in Norwegian Air Shuttle and voting rights</p>	<p>The 20 largest Shareholders in the Company per 19 February 2019 are shown in the table below:</p> <table border="1" data-bbox="595 817 1404 1904"> <thead> <tr> <th>#</th> <th>Shareholder</th> <th>Shareholding</th> <th>Share</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>HBK Holding AS*</td> <td>11,204,809</td> <td>24.66%</td> </tr> <tr> <td>2</td> <td>Folketrygdfondet</td> <td>2,746,556</td> <td>6.04%</td> </tr> <tr> <td>3</td> <td>Verdipapirfondet DNB Norge (IV)</td> <td>1,788,407</td> <td>3.94%</td> </tr> <tr> <td>4</td> <td>Danske Bank A/S</td> <td>1,166,161</td> <td>2.57%</td> </tr> <tr> <td>5</td> <td>Danske Invest norske Instit. II.</td> <td>1,074,982</td> <td>2.37%</td> </tr> <tr> <td>6</td> <td>Verdipapirfondet Pareto Investment</td> <td>890,000</td> <td>1.96%</td> </tr> <tr> <td>7</td> <td>Sneisungen AS</td> <td>645,161</td> <td>1.42%</td> </tr> <tr> <td>8</td> <td>Morgan Stanley & Co. International</td> <td>591,120</td> <td>1.30%</td> </tr> <tr> <td>9</td> <td>Danske Invest norske Aksjer Inst.</td> <td>568,797</td> <td>1.25%</td> </tr> <tr> <td>10</td> <td>Stenshagen Invest AS</td> <td>500,395</td> <td>1.10%</td> </tr> <tr> <td>11</td> <td>Goldman Sachs Int. Equity</td> <td>442,444</td> <td>0.97%</td> </tr> <tr> <td>12</td> <td>SIX SIS AG</td> <td>423,654</td> <td>0.93%</td> </tr> <tr> <td>13</td> <td>Nordnet Bank AB</td> <td>306,680</td> <td>0.67%</td> </tr> <tr> <td>14</td> <td>J.P. Morgan Securities Plc.</td> <td>300,223</td> <td>0.66%</td> </tr> <tr> <td>15</td> <td>DNB NOR Markets, Aksjehand/Analyse</td> <td>280,082</td> <td>0.62%</td> </tr> <tr> <td>16</td> <td>Nordnet Livsforsikring AS</td> <td>279,346</td> <td>0.61%</td> </tr> <tr> <td>17</td> <td>Stavanger Forvaltning AS</td> <td>260,000</td> <td>0.57%</td> </tr> <tr> <td>18</td> <td>Verdipapirfondet Pareto Nordic</td> <td>253,856</td> <td>0.56%</td> </tr> <tr> <td>19</td> <td>Bank of America, N.A.</td> <td>251,237</td> <td>0.55%</td> </tr> <tr> <td>20</td> <td>O.N. Sunde A/S</td> <td>250,000</td> <td>0.55%</td> </tr> <tr> <td></td> <td>Total</td> <td>24,223,910</td> <td>53.31%</td> </tr> </tbody> </table> <p>*The shareholding of HBK Holding AS reflects the actual shareholding and may deviate from the official shareholder register as HBK Holding AS has signed a securities lending agreement with Nordea and Danske Bank. Under this agreement, these institutions may borrow shares from HBK</p>	#	Shareholder	Shareholding	Share	1	HBK Holding AS*	11,204,809	24.66%	2	Folketrygdfondet	2,746,556	6.04%	3	Verdipapirfondet DNB Norge (IV)	1,788,407	3.94%	4	Danske Bank A/S	1,166,161	2.57%	5	Danske Invest norske Instit. II.	1,074,982	2.37%	6	Verdipapirfondet Pareto Investment	890,000	1.96%	7	Sneisungen AS	645,161	1.42%	8	Morgan Stanley & Co. International	591,120	1.30%	9	Danske Invest norske Aksjer Inst.	568,797	1.25%	10	Stenshagen Invest AS	500,395	1.10%	11	Goldman Sachs Int. Equity	442,444	0.97%	12	SIX SIS AG	423,654	0.93%	13	Nordnet Bank AB	306,680	0.67%	14	J.P. Morgan Securities Plc.	300,223	0.66%	15	DNB NOR Markets, Aksjehand/Analyse	280,082	0.62%	16	Nordnet Livsforsikring AS	279,346	0.61%	17	Stavanger Forvaltning AS	260,000	0.57%	18	Verdipapirfondet Pareto Nordic	253,856	0.56%	19	Bank of America, N.A.	251,237	0.55%	20	O.N. Sunde A/S	250,000	0.55%		Total	24,223,910	53.31%
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	<p>Holding AS for a limited period to improve the liquidity in the share trading, for example by fulfilling their market maker obligations. As per 19 February 2019 1,740,000 shares were lent out under the securities lending agreement.</p> <p>In accordance with the disclosure obligations under the Norwegian Securities Trading Act, where a shareholder's proportion of shares and/or rights to shares reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or voting rights of a company listed on Oslo Børs, such person must notify Oslo Børs immediately. The table above shows the percentage held by each shareholder and each shareholder with 5.0% or more of the shares is subject to the disclosure requirement when such shareholder reaches, exceeds or falls below any of these thresholds.</p>
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B.7	Selected historical key financial information
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Key financial data for the Group

<i>In NOK millions</i>	2018	2017	2016	2015
Total operating revenue	40,266	30,948	25,951	22,491
EBITDAR	2,171	3,948	5,958	3,694
EBITDA	-2,183	59	3,116	1,481
EBIT	-3,851	-2,002	1,820	348
EBT	-2,490	-2,562	1,508	75
Net profit/ loss (-)	-1,454	-1,794	1,135	246
Book equity per share (NOK)	37.5	58.7	113.2	113.2
Equity ratio (%)	3 %	5 %	11 %	9 %
Net interest bearing debt	31,917	22,265	21,151	17,131
<i>Ratios in NOK</i>	2018	2017	2016	2015
Yield	0.38	0.39	0.42	0.44
Unit Revenue	0.33	0.34	0.36	0.38
Unit Cost incl depreciation	0.43	0.45	0.43	0.44
Unit Cost incl depreciation ex fuel	0.31	0.35	0.34	0.34
Unit Cost excl depreciation	0.42	0.43	0.41	0.42
Unit Cost excl depreciation ex fuel	0.29	0.33	0.32	0.31
Ancillary Revenue/PAX	168	145	134	129
ASK (million)	99,220	72,341	57,910	49,028
RPK (million)	85,124	63,320	50,798	42,284
Passengers (million)	37.3	33.1	29.3	25.8
Load Factor	85.8 %	87.5 %	87.7 %	86.0 %
Average sector length (km)	1,843	1,607	1,473	1,407
Fuel consumption (metric tonnes)	1,956,174	1,465,100	1,190,017	1,015,337
CO2 per RPK	72	73	74	76

The Group's condensed consolidated income statement for the years 31 December 2017, 2016 and 2015 (audited) and the year 2018 (unaudited), prepared in accordance with IFRS.

In NOK million	Unaudited		Audited	
	2018	2017	2016	2015
Revenue	40,266	30,948	25,951	22,491
Total operating revenue	40,266	30,948	25,951	22,491
Operational expenses	28,610	20,132	15,183	13,626
Payroll and other personnel expenses	6,665	5,316	3,971	3,434
Other operating expenses	2,820	1,552	839	1,737
Total operating expenses ex lease	38,095	27,000	19,992	18,797
EBITDAR	2,171	3,949	5,958	3,694
Leasing	4,354	3,890	2,842	2,213
EBITDA	-2,183	59	3,116	1,481
Depreciation and amortization	1,668	1,405	1,296	1,133
Impairment assets held for sale	-	656	-	-
Operating profit/loss (EBIT)	-3 851	-2,002	1,820	348
Interest income	118	71	44	74
Interest expense	1,159	959	686	463
Other financial income (expenses)	2,274	35	118	13
Net financial items	1,232	-852	-525	-376
Share of profit from associated companies	129	292	213	103
Profit (loss) before tax	-2,490	-2,562	1,508	75
Income tax expense (income)	-1,036	-768	373	-171
PROFIT (LOSS) FOR THE YEAR	-1,454	-1,794	1,135	246

The Group's condensed consolidated statement of financial positions at 31 December 2017, 2016 and 2015 (audited) and as at 31 December 2018 (unaudited), prepared in accordance with IFRS.

In NOK million	Unaudited		Audited	
	2018	2017	2016	2015
ASSETS				
<i>Non-current assets</i>				
Intangible assets	2,886	1,220	440	800
Tangible fixed assets	40,106	31,451	30,100	24,812
Fixed asset investments	1,216	1,656	1,430	913
Total non-current assets	44,209	34,328	31,969	26,525
<i>Current assets</i>				
Assets held for sale	851	-	-	-
Inventory	167	102	103	104
Investments	2,084	696	353	-
Receivables	6,753	4,358	3,014	2,551
Cash and cash equivalents	1,922	4,040	2,324	2,454
Total current assets	11,777	9,195	5,793	5,109
TOTAL ASSETS	55,985	43,523	37,763	31,634
EQUITY AND LIABILITIES				
<i>Shareholder's equity</i>				
Shareholder's equity	1,687	2,086	4,038	2,965
Non-controlling interests	17	12	11	-
Total equity	1,704	2,098	4,049	2,965
<i>Non-current liabilities</i>				
Other non-current liabilities	4,132	2,966	1,597	1,392
Long term borrowings	22,280	22,060	18,706	16,543
Total non-current liabilities	26,412	25,026	20,303	17,936
<i>Short-term liabilities</i>				
Current liabilities	9,403	5,660	3,976	3,677
Short term borrowings	11,559	4,244	4,769	3,041
Air traffic settlement liabilities	6,907	6,494	4,666	4,014
Total short term liabilities	27,869	16,398	13,411	10,733
Total liabilities	54,281	41,424	33,714	28,669
TOTAL EQUITY AND LIABILITIES	55,985	43,523	37,763	31,634

The Group's condensed consolidated statement of cash flow for the years ended 2017, 2016 and 2015 (audited) and the year ended 2018 (unaudited), prepared in accordance with IFRS.

	Unaudited	Audited		
<i>In NOK million</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit (loss) before tax	-2,490	-2,562	1,508	75
Taxes paid	-23	35	-29	-44
Depreciation, amortization and impairment	1,668	2,061	1,296	1,133
Fair value adjustment of financial assets (PL)	-1,940	-391	-	-
Change in air traffic settlement liabilities	414	1,827	652	1,049
Change in accounts receivable	-2,548	-1,016	-549	-175
Other adjustments	5,382	2,948	169	319
Net cash flow from operating activities	<u>463</u>	<u>2,901</u>	<u>3,047</u>	<u>2,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases, proceeds and prepayment of tangible assets	-8,782	-3,557	-6,447	-5,189
Other investing activities	219	129	-65	0
Net cash flow from investing activities	<u>-8,563</u>	<u>-3,428</u>	<u>-6,513</u>	<u>-5,189</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES:				
Loan proceeds	12,547	8,210	5,806	5,771
Principal repayments	-6,519	-4,491	-1,573	-1,828
Financing costs paid	-1,499	-1,428	-942	-800
Proceeds from issuing new shares	1,456	-	-	138
Other financing activities	-	-	12	-
Net cash flow from financial activities	<u>5,984</u>	<u>2,291</u>	<u>3,303</u>	<u>3,282</u>
Foreign exchange effect on cash	-2	-48	33	-7
Net change in cash and cash equivalents	-2,118	1,716	-131	443
Cash and cash equivalents at January 1	4,040	2,324	2,454	2,011
Cash and cash equivalents at December 31	<u>1,922</u>	<u>4,040</u>	<u>2,324</u>	<u>2,454</u>

B.8	Selected key pro forma financial information	Not applicable. There is no pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates are made.
B.10	Audit report qualifications	<p>The Company's auditor is Deloitte AS ("Deloitte"). Deloitte is a member of the Norwegian Institute of Public Accountants ("Den Norske Revisorforeningen").</p> <p>Deloitte has been the Company's auditor since 15 May 2013.</p> <p>Deloitte has been auditing the Company's annual accounts for the fiscal years ended 31 December 2013, 2014, 2015, 2016 and 2017 and all audit opinions have been issued without qualifications.</p>
B.11	Working capital statement	<p>The restrictive covenants in the Company's bond financing arrangement that the Company is required to maintain a book equity of minimum NOK 1,500 million and a liquidity of minimum NOK 500 million, entails that the Company does not have sufficient working capital for its present requirements. In order to comply with the covenants and to establish a satisfactory buffer to them for the next twelve (12) months, the Company is dependent on new equity and more specifically on a successful completion of the Rights Issue. Without the Rights Issue the Company expects to be in breach of the covenant regarding book equity on or about Q1 2019.</p> <p>The Rights Issue has been fully underwritten by the Underwriters, the Additional Underwriters and the Pre-committing Shareholders. On this basis, the Company is confident of a successful completion of the Rights Issue which will result in gross proceeds for the Company in the amount of approximately NOK 3 billion.</p> <p>Based on the above, the Company is confident that it will have sufficient equity and liquidity in place to meet the requirements under the said restrictive covenants for the next twelve (12) months.</p>

Section C – Securities

C.1	Type and class of securities admitted to trading and identification number	<p>The Company has one class of Shares in issue.</p> <p>The Company's tradable Shares have been created under the Public Limited Liability Companies Act and are registered in book-entry form with the Norwegian Central Securities Depository, Verdipapirsentralen ASA ("VPS"), under International Securities Identification Number ("ISIN") NO 001 0196140.</p>
C.2	Currency of issue	The Shares are issued in Norwegian Kroner (" NOK ").
C.3	Number of shares in issue and par value	As at the date of this Prospectus, the Company has a fully paid share capital of NOK 4,543,705.90 divided into 45,437,059 shares, each with a par value of NOK 0.10 (existing and new shares in the Company hereinafter referred to as " Shares ").
C.4	Rights attaching to the securities	The Company has one class of Shares. The Shares are equal in all respects, including the right to dividend; voting rights; rights to share in the Company's profit; rights to share in any surplus in the event of liquidation; redemption provisions; reserves or

		sinking fund provisions; (lack of) liability to further capital calls by the Company; and any provision discriminating against or favoring any existing or prospective holder of such securities as a result of such Shareholder owning a substantial number of Shares. Each Share carries one (1) vote at the Company's general meeting (" General Meetings " means the annual and extraordinary general meetings in the Company, and a " General Meeting " means any one of them).
C.5	Restrictions on transfer	The Shares are freely transferrable and, subject to applicable securities law (further information below), there are no restrictions in the Company's securities. Share transfers are not subject to approval by the Company's board of directors, as elected from time to time (the " Board " or the " Board of Directors ").
C.6	Admission to trading	The Company was listed, and the Shares were admitted to trading, on Oslo Børs on 18 December 2003. The Shares are not currently admitted to trading on any other regulated market.
C.7	Dividend policy	The Company aims to generate competitive returns to its shareholders. The Board has recommended not to distribute dividends but to retain earnings for investment in expansion and other investment opportunities as stated in the articles of association, thereby enhancing profitability and returns to shareholders. The Company has not paid dividends during the last four years.

Section D – Key Risks

D.1	Key risks specific to the Company or its industry	<p>The following is a summary of key risks that relate to the Group, the Group's industry and operations, laws, regulation and litigation and financing and market risks.</p> <p>Risks related to macroeconomic conditions and geopolitical tension:</p> <ul style="list-style-type: none"> Uncertain global economic and financial market conditions and geopolitical tension could adversely affect the Group's business, results of operations, financial condition, liquidity and capital resources. <p>Risk related to the airline industry:</p> <ul style="list-style-type: none"> The airline industry is cyclical by nature and vulnerable to general economic conditions significantly affecting the Company's business, financial condition and results of operations. Competition in the airline industry is intense with a large number of participants, including low-cost carriers, traditional airlines and charter airlines, and new market entrants could disrupt the Group's competitive environment. Demand for airline travel and the Group's business is subject to strong seasonal variations. The Group's profitability depends on accurately estimating capacity development as the capacity of airlines is a decisive factor to their profitability. High fixed costs mean that the airline industry is vulnerable to relatively small changes in the number of
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	<p>passengers and/or the fares paid.</p> <ul style="list-style-type: none"> • The airline industry is exposed to increases in airport, transit and landing fees, as well as changes in air security policies and air traffic security costs affecting the airline industry. • The airline industry is subject to extensive taxes, aviation and license fees, charges and surcharges, which can affect demand. • The Group is exposed to volatile aviation fuel prices, as fuel costs are the single largest cost item for the Group. • Fluctuations in exchange rates, particularly between the Norwegian Krone and the U.S. Dollar and between the Norwegian Krone and the Euro, may have a material adverse effect on the Group as a result of the Group's fuel and aircraft purchases, etc. which mainly are made in U.S. Dollars or Euros. • The Company seeks to mitigate the effects of market fluctuations in currency, interest rate and jet fuel positions through the use of derivative instruments and the market price of such derivatives may involve risks. • Epidemics, pandemics or natural disasters can adversely affect the demand for air travel and have a significant impact on the Group's operations. • The Group is exposed to the risk of significant losses from aviation accidents involving its operations, including plane crashes, and other disasters, and the Group's insurance coverage may not be adequate in such circumstances. • Insurance cover in the event of the loss of any aircraft may not be sufficient. In addition, insurance may become too expensive or too difficult to obtain. • Terrorist attacks and armed conflicts, as well as their aftermath, may have a material adverse effect on the Group's business. • The airline industry is exposed to changes to regional, national or international law or regulations including (among other things) infrastructure issues relating to slot capacity and route flying rights, environmental and security requirements, safety, licensing, competition, consumer protection and tax. • Other macroeconomic factors, policy changes or decisions to which the airline industry is exposed and may not be able to pass on to passengers. • The airline industry is exposed to risks associated with the limitation of greenhouse gas emissions and related trading schemes or allowances and any changes in environmental regulation. <p>Risks relating to the Group's business and operations:</p> <ul style="list-style-type: none"> • Operational difficulties such as technical problems, problems with information technology systems, third party service providers failing to deliver services in a satisfactory manner etc. may have a negative effect on the Company's operations. • Delay in deliveries of Airbus 320/321 aircraft may affect the Company's business.
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	<ul style="list-style-type: none"> • Contracts for completion and financing of the Group's aircraft acquisitions may be terminated due to a change in the ownership situation in AAA. • The operations and development of the Group is dependent on traffic rights and to the extent the Group should wish to expand its operations outside the scope of its existing AOCs or any of the existing AOCs should for any reason be revoked or fall away, this may limit the Group's ability to operate certain flights. • The Group's business, financial condition and results of operations will be affected by the success of its strategy. • The Group's business, financial condition and results of operations may be affected by ability to secure new efficient aircraft deliveries in the future. • Large Existing Shareholders may have the ability to exert significant influence over the Company's actions. • Capacity constraints at airports or an inability to acquire and maintain airport slots or overflight rights may have a material adverse effect on the Group's business, financial condition or results of operations. • The Group's dependence on third-party suppliers has increased in recent years in line with the growth of the Group, exposing it to the risk that quality and availability issues and/or unexpected costs associated with third-party suppliers have a material adverse effect on the Group. • The Group may not achieve its goals in future negotiations regarding the terms of collective labour agreements of its unionized work groups, exposing it to the risk of strikes and other work-related disruptions. • The Group is exposed to tax related risks. The Group conducts its business, including transactions between Group Companies, in Scandinavia and a number of other countries in accordance with applicable tax laws and treaties, and the requirements of tax authorities in such countries. However, there will always be a risk that the tax authorities in Norway and other relevant countries could have conflicting views on the application of tax rules by the Group. • The Group's deferred tax assets, and in particular the Group's unused tax losses, are substantial both in nominal terms and in relation to total equity. If the Group is unable to utilize its deferred tax assets, this will have a significant adverse effect on the Group's financial position. • The Group is dependent on its capability to attract, train and retain qualified airline personnel. • The Group is dependent on the uninterrupted operation and security of information technology systems. • Any deterioration in brand image or consumer confidence in the Norwegian brand may adversely affect the Group's ability to market its services and attract and retain customers. • Possible litigation and arbitration proceedings may have a material adverse effect on the Group. • The value of the Group's shareholding in Bank Norwegian
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	<p>may fluctuate.</p> <ul style="list-style-type: none"> • The Company is dependent upon cash flow from subsidiaries to meet its obligations. <p>Financial risks:</p> <ul style="list-style-type: none"> • The amount of indebtedness that the Company currently has and which it may incur in the future could have a material adverse effect on the Group. • Insufficient access to capital may threaten the Group's capacity to grow, execute its business model and generate future financial returns. • The Group has significant liabilities relating to aircraft acquisitions and may not obtain financing of such acquisitions. • The Group is exposed to cash flow and fair value interest rate risk. • The Group is exposed to the residual value risk and also to the impairment of the value of the aircraft it owns during the ownership period. • Future changes in accounting standards may affect the Group's financial position. <p>Regulatory risks:</p> <ul style="list-style-type: none"> • The Group is dependent on several public authorizations, hereunder relating to the operations of its aircraft and routes, and any cancellation of such authorizations might have a material adverse effect on the Group's business, financial condition and results of operations. • Future application of restrictions in regard to noise pollution, greenhouse gas emissions and other environmental laws and regulations may have a material adverse effect on airline companies. • The adoption of new regional, national and international regulations, or the revision of existing regulations, could have a material adverse effect on the Group's business, financial condition and results of operations. • The contemplated exit of the United Kingdom from the European Union might have a material adverse effect on the Group's business, financial condition and results of operations. • The Group is subject to an increasing body of data protection regulations, infringements of which could result in fines and reputation damage.
<p>D.2 Key risks specific to the securities</p>	<p>The following is a summary of key risks that relate to the Shares and the Rights Issue.</p> <p>Risks related to the Shares:</p> <ul style="list-style-type: none"> • The Company has previously announced that after IAG's first interest in the Company announced on 12 April 2018, the Company received enquiries from several parties who expressed interest for structural transactions, financing of the Company and various forms of operational and financial cooperation. As earlier explained, the Company received two preliminary and non-binding conditional proposals from IAG to acquire all the Shares in the Company, which were rejected by the Company on the

	<p>basis that they undervalued the Company and its prospects. During Q4 2018 and through December 2018, the Company has been engaged in new, concrete and specific negotiations related to the acquisition of the Shares of the Company. On 24 January 2019, IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company. As of the date of this prospectus, the Company is not in any discussions regarding Share acquisition/structural transactions, and no guarantees can be made that any offer to purchase Shares will be presented or that any transaction will be carried out in relation to the Shares.</p> <ul style="list-style-type: none"> • The trading price of the Shares on Oslo Børs has historically been, and still is, subject to substantial volatility also due to other circumstances than the interest expressed by IAG and other parties, such as, <i>inter alia</i>, the financial situation of the Group, variations in operating results, response to quarterly and annual reports issued by the Group, changes in earnings estimates by analysts, adverse business developments, changing conditions in the oil and gas industry at large, changes in general market or economic outlook, interest rate changes, foreign exchange rate movements, matters announced in respect of major competitors or changes to the regulatory environment in which the Group operates or rumors and speculation in the market. • Substantial future sale of Shares by its current or future holders or any future share issuances by the Company could cause its share price to decline. • Future issuances of Shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares. • The Company may be unwilling or unable to pay any dividends in the future. • Holders of the Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS. • The Subscription Rights are not available to U.S holders, and other pre-emptive rights may not be available to U.S. holders. • Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway. • Transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions. • Existing Shareholders outside of Norway are subject to exchange rate risk. <p>Risks related to the Rights Issue:</p> <ul style="list-style-type: none"> • Existing Shareholders who do not participate in the Rights Issue may experience significant dilution in their shareholding. • An active trading market in Subscription Rights may not
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	<p>develop on the Oslo Stock Exchange and/or the market value of the Subscription Rights may fluctuate.</p> <ul style="list-style-type: none"> The sale of Subscription Rights by or on behalf of Existing Shareholders may result in a reduction in the market price of the Subscription Rights and increased volatility in the Shares.
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Section E – The Rights Issue

E.1	Net proceeds and estimated expenses	The transaction costs of the Company related to the Rights Issue are estimated to approximately NOK 90 million, and accordingly the net proceeds of the Rights Issue will be approximately NOK 2,909 million.
E.2	Reasons for the Rights Issue and use of proceeds	The net proceeds will be used to strengthen the Company's balance sheet, to facilitate a buffer to the Company's bond covenants compared to the Company's business plan and financing of general corporate purposes.
E.3	Terms and conditions of the Rights Issue	<p>The Rights Issue consists of an offer by the Company to issue 90,871,318 Offer Shares at a Subscription Price of NOK 33.00 per Offer Share, thereby raising gross proceeds of approximately NOK 2,999 million. The Offer Shares have a nominal value of NOK 0.10 each.</p> <p>Existing Shareholders will be granted tradable Subscription Rights that, subject to applicable law, provide preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Rights Issue. Over-subscription and subscription without Subscription Rights is permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions.</p> <p>The Subscription Period will commence at 09:00 hours (CET) on 22 February 2019 and end at 16:30 hours (CET) on 8 March 2019. The subscription period may not be shortened, but the Board may extend the subscription period if this is required by law due to the publication of a supplement to the Prospectus.</p> <p>The Subscription Rights will be tradable and listed on the Oslo Stock Exchange with ticker code "NAS T" from 09:00 hours (CET) on 22 February 2019 and end at 16:30 hours (CET) on 6 March 2019.</p> <p>The payment for Offer Shares allocated to a Subscriber falls due on the Payment Date 13 March 2019.</p> <p>Subject to timely payment of the entire subscription amount in the Rights Issue, the Company expects that the share capital increase pertaining to the Rights Issue will be registered with the Norwegian Register of Business Enterprises on or about 15 March 2019 and that the Offer Shares will be delivered to the VPS accounts of the Subscribers to whom they are allocated on or about the same day.</p> <p>The Offer Shares allocated in the Rights Issue are expected to be traded on the Oslo Stock Exchange from and including 18 March 2019.</p>
E.4	Material and conflicting interests	DNB Markets, Arctic and Danske Bank serve as Managers in connection with the Rights Issue, and receive fees and commission in this regard. See Section 5.24 "Net proceeds and expenses related to the Rights Issue", for information on the fees

		<p>to the Managers.</p> <p>The Managers and their affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate of them may currently own Shares in the Company. Further, in connection with the Rights Issue, the Managers, their employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Existing Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares or Subscription Rights and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Rights Issue. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.</p> <p>The chairman of the Board in the Company, Bjørn H. Kise, is a partner at the Oslo office of Advokatfirmaet Simonsen Vogt Wiig AS, which is acting as the Company's legal counsel in connection with the Offering.</p> <p>Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons involved in the Rights Issue that may have conflicting interest.</p>
E.5	Selling shareholders and lock-up agreements	Not applicable. There are no selling Shareholder in the Rights Issue and no lock-up on any Shareholders or members of the executive management of the Group (the " Management ") or Board of Directors who are holders of Shares.
E.6	Dilution resulting from the Rights Issue	The Rights Issue will result in an immediate dilution of approximately 66.67% for Existing Shareholders who do not participate in the Rights Issue.
E.7	Estimated expenses charged to investor	Not applicable. The expenses related to the Rights Issue will be paid by the Company.

2. RISK FACTORS

Risk and risk-taking are inevitable parts of investing in the Offer Shares. There are risks both regarding circumstances linked to the Company and the Group and those which bear no specific relation to the Company or the Group.

Potential investors should carefully consider each of the following risks and all of the information set forth in this Prospectus, including information incorporated hereto by reference, see Section 16.3 "Documents incorporated by reference", before deciding to invest in the Offer Shares. If any of the following risks and uncertainties develops into actual events, the Group's business, financial conditions, results of operations or cash flows could be materially adversely affected. In that case, the trading price of the Shares could decline and potential investors may lose all or part of their investment.

The risks described below are not the only ones to the Company and the Group are exposed to. Additional risks that are not currently known to the Company, or that the Company considers to be immaterial, could have a material adverse effect on the Company, the Group and the Group's business.

The order in which risks are presented is not intended to provide an indication of the likelihood of their occurrence or their relative significance.

2.1 RISKS RELATING TO MACROECONOMIC CONDITIONS AND GEOPOLITICAL TENSION

Uncertain global economic and financial market conditions and geopolitical tension could adversely affect the Group's business, results of operations, financial condition, liquidity and capital resources

The Group is exposed to general developments in the global economy and the capital markets. The global economy is currently faced with significant uncertainty.

The current increase in geopolitical tensions, in particular the developing trade war between the U.S. on the one hand and, on the other, in particular China, but also other significant economies, create uncertainty to the global markets. This comes in addition to uncertainty due to the reintroduced sanctions from the U.S. against Iran and corporations outside of the U.S. doing business with Iran, by the U.S. and the European Union (the "EU") against Russia due to events in Crimea and alleged interference in national elections and export limitations imposed by Russia towards the EU and the U.S. as a counteraction. Such geopolitical tensions may have a material adverse effect on the economic climate, can impact the demand of leisure and business travelers for flights as well as potentially impeding the Group's supply of fuel or other inputs.

There are also the current signs of macroeconomic uncertainty. The capital markets have experienced significant turbulence over the last few months, with significant falls in share prices. Indications of an economic slowdown in China and the continuing uncertainty surrounding Brexit are among other factors which create uncertainty as to how the global economy will develop in the coming months and years.

Reduction in the demand for passenger flights due to slowing or non-existent economic growth in the Group's main markets constitutes a risk for the Group's revenue development. Further, slowing growth in some economies may reduce demand for air travel, which could affect the implementation of the Company's strategy of becoming a global airline.

Future demand is dependent on sustained consumer and business confidence in the Group's key markets. A market place where capacity growth exceeds market growth will increase the risk of yield pressure. However, low yield stimulates new demand, thus growing the market further. This necessitates a similar reduction in the cost level in order to maintain profitability.

There can be no assurance that the Group's liquidity and access to financing will not be affected by further changes in the global financial markets or international sanctions or that its capital resources will, at all times, be sufficient to satisfy the Group's business and liquidity needs. Materialization of any of the above macroeconomic risks could adversely affect the Group's asset values, future cost of debt and access to bank and capital market financing, which could, in turn,

have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

2.2 RISKS RELATING TO THE AIRLINE INDUSTRY

The airline industry is cyclical by nature and vulnerable to general economic conditions

The airline industry is highly sensitive to general economic conditions.

General economic and industry conditions significantly affect the Company's business, financial condition and results of operations. Strong demand for air travel depends on various factors, including, but not limited to, favorable general economic conditions, low unemployment levels, strong consumer confidence, and the availability of consumer and business credit. Conversely, the airline industry tends to experience significant adverse financial results during general economic downturns. Changing corporate travel policies can change corporate travel patterns. Leisure travelers often choose to reduce, delay or eliminate the volume of their air travel during difficult economic times, and businesses also tend to reduce their spending on air travel due to cost savings initiatives or as a result of decreased business activity requiring travel. A quite significant share of the Group's operations and revenues are still in the Scandinavian countries, meaning that a potential slowdown in the economies of these countries may bring about a decrease in the Group's services.

Moreover, economic downturns in the airline industry generally result in a lower overall number of passengers which, in turn, leads to excess capacity (or increased existing excess capacity) and price pressure in the affected markets. This situation is exacerbated by the fact that flight operations have a high percentage of fixed costs. The share of total flight costs attributable to the cost for aircraft and hangars, which are the same regardless of the number of passengers flying, is very high compared to the marginal costs for each additional passenger, whereas the revenue from flight is primarily dependent on the number of passengers or the volume of cargo transported and the fares or freight rates paid. This means that any decline in passenger number, cargo volumes or fares or freight rates can lead to a disproportionate decline in profits, since the fixed costs generally cannot be reduced on short notice, and some of these costs cannot be reduced by any meaningful amount or at all. Furthermore, reducing flight frequency through the *ad hoc* cancellation of flights to reduce the fixed costs associated with flights is not always a viable option. After a certain point, decreasing the frequency of flights significantly decreases the attractiveness of the offers for the Group's customers, since the necessary minimum flight frequency is no longer assured.

The susceptibility of the airline industry to adverse economic developments can also lead to price pressure along the entire value chain, that is, pressure on cargo fees, on the price of passenger tickets, and on the prices the Group can charge for the services that it provides to its customers. The Group continuously seeks to improve its cost structure and increase its cost flexibility to address any decrease in passenger yield. Notwithstanding this, a failure to realize the benefits from the aforementioned and the high level of fixed costs and low profit margins that characterize the industry may have a material adverse effect on the Group's business, financial condition and results of operations.

Competition in the airline industry is intense, and new market entrants could disrupt the Group's competitive environment

The Group operates within a highly competitive industry. The Group's competitive environment may be disrupted as new entrants and/or alliances expand, airlines consolidate, or alliances and/or joint businesses gain competitive advantage over the Group's business. The Group is exposed to competition on itineraries between individual cities as well as on one-stop itineraries since passengers can choose from a number of different connecting options, especially in the long-haul markets. Within the Nordic market, SAS and Finnair are the main competitors. Within the European short-haul and medium-haul markets, the Group competes with a number of traditional flag carriers as well as low-fare and charter airlines, such as Lufthansa, SAS, British Airways, Ryan Air and Easy Jet. Within the long-haul market to Asia and the US, the Group mainly competes with a number of traditional flag carriers, such as Lufthansa, Air France, KLM, British Airways, Finnair, Thai Airways, Singapore Airlines and other Middle Eastern and Asian carriers.

Airlines also face competition from other sources of transportation, such as trains, buses, ferries and cars. Given that the Group relies on business travelers in addition to leisure travelers, it also faces competition from alternatives to business travel such as video conferencing and other

methods of electronic communication as these technologies continue to develop and become more widely used.

Failure to successfully respond to these competitive pressures could have a material adverse effect on the Group's business, financial condition, results of operation and future prospects.

Demand for airline travel and the Group's business is subject to strong seasonal variations

The airline industry tends to be seasonal in nature and the Company, like other airlines, has historically experienced substantial seasonal fluctuations. Generally, the demand peaks in the period from May to October and is relatively lower in the period from November to April. Furthermore, public holidays, which alter the general seasonal changes in demand, are usually addressed by adapting the schedule and network to the expected traffic flows around such holiday periods as well as offering seasonal routes. Should fluctuations be greater than expected or should the Group not adapt its network in accordance with the changed demand around holidays, this could have a material adverse effect on the Group's business, financial condition and results of operations.

If an event or circumstance were to weaken the demand for air travel or materially affect airline operations during that period (for instance industrial disputes with employees, an "Act of God", a terrorist incident or military conflict), this could have a disproportionate effect on results for the relevant financial year.

The Group's profitability depends on accurately estimating capacity development

The capacity of airlines is a decisive factor to their profitability. Due to the long delivery time, aircraft orders are based on long-term forecasts. This can lead to the Group having too much or too little capacity resulting in a subsequent price impact. Adjustments to capacity are based on different assumptions and estimates made by the industry in general as well as by individual airlines in relation to the expected development in demand for air travel and market growth. If the assumptions and estimates prove to be incorrect, it may have a material adverse effect on the Group's business, financial condition and results of operations.

Excess capacity due to lower than expected market growth may, for example lead to competitors lowering their ticket prices or transferring the excess capacity to markets and routes served by the Group. This could lead to increased competition and further price pressure on these routes which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

High fixed costs mean that the airline industry is vulnerable to relatively small changes in the number of passengers and/or the fares paid

Although the split between variable and fixed costs has changed over time, the nature of the airline business is such that a substantial percentage of a carrier's operating expenses are fixed costs that do not vary proportionally based on its load factors, the number of passengers or the amount of cargo carried, the number of flights flown or aircraft utilization rates. These costs include the costs of the aircraft, employee costs (including, the costs of specialist workers such as pilots), air traffic charges, taxes, landing rights and other aviation fees. Thus, a relatively small change in a carrier's unit revenues by ASK (Available Seat Kilometer) whether caused by load factor changes or yield fluctuations, can have a major effect on a carrier's profitability.

Revenues may also vary due to certain circumstances, such as pressure on yields by competitors, labor conflicts, relative weight of premium classes, and natural disasters. Also in terms of costs, fuel prices or coverage costs are also volatile and could materially affect a carrier's profitability.

In order to adjust capacity to demand, among other strategies, airlines modify the usage rates of fleets by reducing flights or by retiring aircraft from service.

The airline industry is exposed to increases in airport, transit and landing fees, as well as changes in air security policies and air traffic security costs affecting the airline industry

Airport, transit and landing fees, as well as charges and initiatives represent a significant operating cost to the Group and have an impact on its operations. Whilst certain airport and security charges

are passed onto passengers by way of surcharges, others are not. In the past, security measures have resulted in fee hikes.

Restrictive security policies could be implemented and additional airport fees may be levelled or existing fees increased, in each case in the market that the Group operates. If the Group is unable to pass onto customers the costs resulting from such policies or fees, then this could have a material adverse effect on the Group's business, financial condition and results of operations.

The airline industry is subject to extensive taxes, aviation and license fees, charges and surcharges, which can affect demand

The airline industry is subject to extensive fees and costs such as taxes (including ticket tax, passenger tax and value added taxes), aviation and license fees, charges and surcharges such as take-off charges, emission charges, noise charges, terminal navigation charges and security charges, which are typically levied on the basis of national legislation and thus vary among countries and represent a significant part of the Group's costs.

New taxes, fees or charges may be introduced and if the Group is unable to pass any increases in charges, fees or other costs onto its customers, these increases could have a material adverse effect on the Group's cash flows, financial condition and result of operations.

The Group is exposed to volatile aviation fuel prices

The Group's financial results are affected by the evolution of the market price of jet fuel, as fuel costs are the single largest cost item for the Group. Jet fuel costs represented 30 per cent of the Group's operating costs (before depreciation) in 2018. The residual impact of jet fuel price fluctuations is determined by the hedges in use at a point in time, and fuel purchases are hedged to some extent. Despite such hedging, the operating results of the Group can be materially affected by changes in the price and availability of jet fuel. Moreover, to the extent the Group has actually hedged its exposure to future jet fuel price increases, it will be subject to a risk of incurring material financial losses should jet fuel prices subsequently decrease which could have a material adverse impact in the Group's business, financial condition and results of operations. In addition, the Group may in such case be unable to participate fully in the economic benefits of the price decrease, which again could impact on the Group's short-term cost effectiveness. If hedging is not in place, or otherwise is unsuccessful in protecting the Group against price fluctuations, this could have a material adverse impact on the Group's business, financial condition and results of operations and future prospects, should jet fuel prices subsequently increase.

The Group, in line with other airlines, may also seek to reduce the impact of jet fuel price increases on its results by passing such costs on to passengers in the form of fuel surcharges. However, due to the one to two month time lag between any increase in the price of jet fuel and the corresponding increase in fares, surcharges do not fully protect against sudden changes in fuel prices. Further, such surcharges may also have a negative effect on passenger revenues if higher surcharges cause demand for air travel to decline. Therefore, such practice may not fully hinder a material adverse impact on the Group's business, financial condition and results of operations due to significant changes in the prices of jet fuel.

The Group is currently able to obtain adequate supplies of jet fuel, but it is impossible to predict its future availability. Weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning jet fuel production, transportation or marketing, changes in jet fuel production capacity, environmental concerns and other unpredictable events may result in unexpected fuel supply shortages and fuel price increases in the future.

Jet fuel prices are subject to numerous factors including, but not limited to, the level of economic activity, the rate of economic growth, political events, trading activity, weather (such as hurricanes along the U.S. Gulf Coast), refinery outages or maintenance, and the coordinated pricing decisions of producer cartels such as the Organization of Petroleum Exporting Countries. In accordance with the assembly of the International Civil Aviation Organization ("**ICAO**") policy since the 1950s, jet fuel for international commercial aviation is untaxed. Introduction of new taxes on jet fuel would lead to a substantial increase in the industry's jet fuel costs. In 2013, the ICAO agreed on a roadmap for developing a global market-based mechanism to tackle aviation emissions. Such global market-based mechanism is to be implemented by 2020.

Over the past few years, there have been discussions at the EU level and within EU member states about whether existing tax exemptions for jet fuel should be reviewed. The European Commission published a white book in 2001 covering fair and efficient price setting in the transportation sector, which proposed a review of the current tax exemptions. There can be no assurance that the current tax exemptions for the jet fuel will not be repealed. The elimination of these exemptions would lead to a substantial increase in the Group's jet fuel costs.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Exchange rate fluctuations may affect the Group's financial condition or results of operations

Fluctuations in exchange rates, particularly between NOK and the U.S. dollar ("**USD**") and between NOK and the Euro ("**EUR**"), may have a material adverse effect on the Group. The Group's foreign exchange risk mainly arises from fuel and aircraft purchases, aircraft maintenance, aircraft leasing payments and sales revenue denominated in foreign currencies. The largest investments, including the acquisition of aircraft and their spare parts, are also mainly made in USD and EUR. Fuel costs and aircraft leasing costs are also USD-denominated. Despite the Group's use of foreign exchange hedging, there can be no assurance, at any given time, that the Group will have sufficient derivatives in place to provide adequate protection against foreign exchange losses. Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The market price of derivatives may involve risks

The Company seeks to mitigate the effects of market fluctuations in currency, interest rate and jet fuel positions through the use of derivative instruments, according to the risk management principles provided by its Board of Directors.

The aim of the hedging policy is to mitigate the volatility of the Group's financial results caused by market price fluctuations. However, in certain circumstances the market price of the derivatives may change substantially and the Group may suffer substantial hedging losses. The Group has also incurred a not insignificant loss in Q4 2018 connected to hedge of its exposure to future jet fuel price increases. Incurrence of hedging losses may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Epidemics, pandemics or natural disasters can adversely affect the demand for air travel

Outbreaks of epidemics or pandemics can adversely affect the demand for air travel and have a significant impact on the Group's operations. As a result of such outbreaks, the Group may have to cancel or reduce the number of its flights to affected destinations. Should the Group's aircraft be involved in the spreading of diseases, it may also lead to claims for damages from its customers.

Similarly to other airlines, the Group is also exposed to potential significant losses in the event of major natural disasters. For example, nearly all European air traffic was affected by the ash cloud that followed the volcanic eruption in Iceland between April and May 2010. Such unexpected external shocks can rapidly affect the development of demand for air travel. While the Group has plans of action to minimize the operational impacts on air travel from various external disruptive factors affecting the demand for air travel, there can be no assurance that these measures will be sufficient in the event that such circumstances arise.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group is exposed to the risk of significant losses from aviation accidents involving its operations, including plane crashes, and other disasters, and the Group's insurance coverage may not be adequate in such circumstances

Similarly to other airlines, the Group is exposed to potential significant losses in the event that any of its aircraft is lost or involved in an accident, terrorist attack or other disaster, including significant costs related to passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. While the Group is insured against these occurrences, there can be no assurance that the amount of insurance coverage available to the Group upon the occurrence of such an event would be adequate to cover the resulting losses or that it will not be

exposed to significant losses as a result of any such event in the future, both financial and reputational. Any such event involving the Group could cause a substantial increase in the Group's insurance premiums. Airline insurance may also become too difficult or expensive to obtain, and there are limitations or exclusions of certain risks in the coverage of insurances.

Materialization of any of these risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects

Losses can also take the form of passenger claims and repair and replacement costs, as well as losses connected to any public perception that the Group's fleet is unsafe or unreliable, causing air travelers to be reluctant to fly with the Group's aircraft.

Insurance cover in the event of the loss of any aircraft may not be sufficient. In addition, insurance may become too expensive or too difficult to obtain

The Group's insures assets and employees to reduce the risk of major economic damage. The insurance covers a range of risks, hereunder all risk coverage for damage to the Group's aircraft fleet, spare parts and other technical equipment as well as liability exposure associated with airline operations.

If the Group was to suffer a loss of one or more of its aircraft for any reason, there can be no assurance that the amount of insurance cover, if any, available to the Group would be adequate to cover the resulting losses. The Group could be obliged to bear substantial costs if (i) its insurance policies do not cover a specific claim; (ii) the amounts insured under such policies are insufficient; or (iii) an insurer is not able to pay the insured amounts. In addition, the damage may not be limited to damages eligible for compensation but could include harm done to the Group's reputation.

Future terrorist attacks, acts of sabotage and other incidents, especially if they were to be directed against air traffic, could result in insurance coverage for aviation risks becoming more expensive and/or certain risks becoming uninsurable.

The Group insures its aircraft fleet in accordance with practices followed by other major airlines operating in the sector and in accordance with applicable regulations regarding indemnity payments. The Group considers that, based on these criteria, the insurance coverage is reasonable in order to carry out its commercial activities. However, if the Group's insurance coverage should prove to be insufficient, this could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Terrorist attacks and armed conflicts, as well as their aftermath, may have a material adverse effect on the Group's business

Acts of terror (such as the terrorist attacks of 11 September 2001, and subsequent attacks in the Middle East, Southeast Asia and Europe), political uprisings and armed conflicts or any actual or perceived risk thereof significantly impact the airline industry as a result of the consequential reduction in demand for air travel, limitations on the availability of insurance coverage, increase in insurance premia, increase in cost associated with additional security precautions and the imposition of flight restrictions over conflict zones. Future occurrences or risks thereof of terrorist attacks, uprisings or conflicts in the markets in which the Group operates may have a material adverse effect on the Group's business, financial condition and results of operations.

The airline industry is exposed to changes to regional, national or international law or regulations

The Company and the Group are subject not only to Norwegian laws and regulations but also to the laws and regulations of the EU and of a significant number of nations, international organizations and international bilateral and multilateral treaties. The scope of such laws and regulations includes (amongst other things) infrastructure issues relating to slot capacity and route flying rights, environmental and security requirements, safety, licensing, competition, consumer protection, and tax.

The Group cannot anticipate all changes that may be made to applicable laws, regulations and treaties in the future, nor the possible impact of such changes, but its ability to comply with such laws, regulations and treaties is key to maintaining its operational and financial performance.

Laws, regulations and treaties can impose costs on the Group either directly, if fees are levied, or indirectly due to compliance costs which the Group incurs as a result thereof. Any such changes in regional, national or international laws or regulations may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Other macroeconomic factors, policy changes or decisions to which the airline industry is exposed and may not be able to pass on to passengers

Macroeconomic decisions or policy changes may have an impact on taxes, duties or other charges to which the Group is subject. This is particularly relevant in the current economic climate where the focus is on reducing government deficits, including by raising taxes.

The airline industry is exposed to risks associated with the limitation of greenhouse gas emissions and related trading schemes or allowances and any changes in environmental regulation

As part of the continued effort to reduce CO₂ emissions by 20 per cent by 2020, the EU has issued Directive 2008/101/EC to member states, requiring the inclusion of the airline industry in the EU emissions trading system (the "**EU ETS**") by February 2010. As a result, from January 2012, all airline carriers flying into and out of the EU has to ensure compliance with the legal requirements set forth in Directive 2003/87/EC relating to greenhouse gas emissions. The future effects of this trading scheme for the Group are not currently foreseeable with certainty but may increase the costs borne by the Group. Due to the European focus of the scheme, the Group, like all European airlines, might also face competitive disadvantages in comparison with non-European air carriers who operate a lower proportion of routes into, out of or within the EU.

2.3 RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

Operational difficulties may have a negative effect on the Company's operations

The Company's flights can be negatively affected by a number of factors, many of which are outside the Company's control, such as technical problems, problems with information technology systems, third party service providers failing to deliver services in a satisfactory manner etc.

For example, due to the issues with the Rolls Royce Trent 1000 engines, the Company will continue the extraordinary inspections on Boeing 787 Dreamliner aircraft. The Company has reduced the route program by grounding up to five aircraft for 2019 to ensure there are aircraft in replacement of aircraft taken out for inspection, and this will substantially reduce the financial risk connected to wetlease. Although the Company has established these measures, the engine issue may affect the Group's operations going forward, if remained unsolved.

Such issues can result in delays or cancellations of flights or a failure to deliver satisfactory services to the Group's customers. This can have various negative effects, such as loss of income, the incurrence of additional costs, reputational damage and liability to pay compensation to customers. Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Delay in deliveries of Airbus 320/321 aircraft may affect the Company's business

Delays in deliveries to the Company of Airbus 320/321 aircraft have taken place due mainly to limited capacity in Airbus. Due to the delay, the payment schedule for these aircraft has been extended correspondingly. The delay has little impact on the Group's operations other than the number of aircraft to be leased out by Arctic Aviation Assets DAC ("**AAA**") having been reduced correspondingly.

Contracts for completion and financing of the Group's aircraft acquisitions may be terminated due to a change in the ownership situation in AAA

Certain of the Group's contracts, for instance related to AAA's completion and financing of new aircraft, include the condition that AAA and the lender being a subsidiary of AAA, shall both continue to be wholly owned (in some contracts 51%) by the Company. Breach of this condition will constitute a breach of contract and may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The operations and development of the Group is dependent on traffic rights

Under the laws and regulations which govern the aviation business, the Group requires traffic rights to operate its flights. Today there is a single aviation market within the EU, meaning any carrier from a member state (incl. EEC) can depart and arrive anywhere within the region. However, the right to fly from a member state to a non-member state, is regulated by bilateral agreements that typically restrict access to carriers and aircraft based on the agreement parties' nationality. The EU has negotiated certain agreements on behalf of its member states, such as with Canada and Brazil, but these do not apply to a Norwegian carrier as Norway is only part in the Open Skies agreement between EU and US. Even flying above foreign territory can be restricted, such as over Russia. The same bilateral system applies anywhere else in the world. In order for the Group to continue to grow outside Scandinavia and combine low-cost short haul in Europe with low-cost long-haul from Europe to the rest of the world, the Group needed traffic rights. The solution to this obstacle is a multiple airline model within the same Group, where each airline holds a national 'Air Operating Certificate' (AOC). This allows for optimization of the location of each AOC to get access to needed traffic and overflying rights. However, to the extent the Group should wish to expand its operations outside the scope of its existing AOCs or the any of the existing AOCs should for any reason be revoked or fall away, this may limit the Group's ability to operate certain flights. This could have a material adverse effect on the Company's results of operations, financial condition or prospects.

The Group's business, financial condition and results of operations will be affected by the success of its strategy

The core of the Group's strategy is to become the preferred supplier of air travel in its selected markets, through attracting customers and stimulating markets by offering competitive low fares and a quality travel experience based on low operating costs, operational excellence and a helpful and friendly service.

The Group's strategy to become the preferred supplier of air travel is based on its ability to offer competitive low fares, primarily through a young fleet with a low operational cost. With its fleet renewal programme and access to the most cost efficient aircraft, the Group believes that it is ideally positioned to benefit from future growth in the aviation markets. The Group's investments are, therefore, focused on ensuring a maintained low unit cost, and fleet acquisitions in the coming years are aimed at improving the Group's competitive position. However, there can be no assurance that the Group will continue to have access to the capital markets in order to finance these investments as planned, that there will not be any further delays in deliveries by aircraft manufacturers and that when made, these investments will allow the Group to grow its traffic as planned.

If changes were to occur in consumer preferences, perceptions, spending patterns or demographic trends with regards to travelling to and from its destinations, these could also affect the Group's business and the success of its strategy. In addition, the Group's strategy could be affected by a number of factors outside of the Group's control, such as reversals or delays in the opening of foreign markets, exchange controls, currency and political risks, taxation and changes in international government regulation of the Group's operations, including the inability to obtain or retain needed authorizations for accessing certain routes and/or airport slots.

As part of its strategy the Group may expand into new markets. For example, the Group has recently established operations in Argentina. There can be no assurance that such expansions will be successful.

A failure by the Group to implement its strategy or materialization of any of the above risks may have a material adverse effect on its business, financial condition, results of operations and future prospects.

The Group's business, financial condition and results of operations may be affected by ability to secure new efficient aircraft deliveries in the future

The strategy of the Group and its future growth is underpinned by its fleet renewal program and access to the most cost efficient aircraft. Even taken into consideration the Group's aircraft orders, its future growth may depend on further orders and access to the suppliers available delivery slots. There can be no assurance that the Group will be able to secure the ordering of the most cost efficient aircraft at the right time or in the right number, and this might have a material adverse effect on the Group's business, financial condition and results of operations and future prospects.

Further, the Group has secured a competitive cost advantage based on its current young fleet of cost efficient aircraft. There can be no assurance that technological disruption by aircraft suppliers in the market may not lead to a significant increase in effectiveness for new generations of aircraft, which the Group may not be fully positioned to take advantage of. If this risk materializes, it could undermine the Group's cost effectiveness vis-à-vis competitors and might have a material adverse effect on the Group's business, financial condition and results of operations and future prospects.

Large Existing Shareholders may have the ability to exert significant influence over the Company's actions

Large Existing Shareholders may have the ability to exert influence over the Company, even if it does not have decisive influence or formally exercises negative control. Such Existing Shareholders might in certain situations, depending on the participation of the General Meeting of the Company, be able to exert significant influence over matters to be voted on by the Existing Shareholders, including, among other things, approval of annual financial statements and dividends (which require support by a majority of the votes cast), the election and removal of directors (where the person receiving the most votes is elected), and even in decisions such as capital increases and amendments to the Company's Articles of Association (which require the support of Existing Shareholders holding at least two-thirds of the votes cast and the shares represented).

Capacity constraints at airports or an inability to acquire and maintain airport slots or overflight rights may have a material adverse effect on the Group's business, financial condition or results of operations

Air traffic is limited by the infrastructure of airports and the number of slots available for aircraft arrivals and departures. The Group's growth is dependent on access to the right airports in the geographical markets the Group has chosen and with a level of costs in accordance with the Group's low-cost strategy. Conditions that denies, delays, limits or defers the Group's access to airport or slot positions, which the Group already serves or wishes to serve in the future, will represent barriers to the Group's growth strategy. Changes in the terms and conditions for the Group's access to such facilities or an increase in the costs involved as a result of expiry or termination of its contracts may have a material adverse effect on the Group's earnings. Airports might also introduce limitations on operational hours, noise level, use of runway or total numbers of daily departures. These types of restrictions might affect the Group's ability to offer services or improve its range of services at such airports.

The price and availability of over-flight rights, which allow airlines to fly over individual countries or territories, as well as the cost of traffic charges, such as arrival, departure and navigation charges, affects the Group's business operations to a material extent. Increases in the prices of these charges and over-flight rights and/or absence of such rights may have a material adverse effect on the Group's business.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group's dependence on third-party suppliers has increased in recent years in line with the growth of the Group, exposing it to the risk that quality and availability issues and/or unexpected costs associated with third-party suppliers have a material adverse effect on the Group

The Group's business is dependent upon its ability to secure goods and services from a number of third-party suppliers. The Group has entered into agreements with third-party suppliers to provide for services such as catering, ground handling, aircraft maintenance, passenger handling, aircraft handling, baggage service and ticket counter space. The Group also hires-in pilots and cabin crew from third party suppliers.

An interruption in the provision of goods or services from any of these suppliers or any inability to renew these agreements or renegotiate contracts with other providers at comparable prices could have various negative consequences for the Group, such as an inability to deliver satisfactory services to its customers, increased costs, a shortage of pilots or cabin crew, cancellation of flights etc. Such interruptions may arise as a result of a wide range of causes, many of which are beyond the Group's control. Similarly, the efficiency, timeliness and quality of contract performance by third-party providers are largely beyond the Group's direct control and, if these are inadequate, the reputation and performance of the Company could be materially and adversely affected.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group may not achieve its goals in future negotiations regarding the terms of collective labor agreements of its unionized work groups, exposing it to the risk of strikes and other work-related disruptions

Most of the Group's employees are unionized. While the Group was able to negotiate a new collective labor agreement with the Norwegian Pilot Union in November 2017 and has collective labor agreements in place with all employee groups, there can be no assurance that the Group's future agreements with labor unions can be negotiated to the long-term benefit of the Group or that the outcome of new negotiations, mediations or arbitrations will be on terms consistent with the Group's expectations or comparable to agreements entered into by other airlines. If the Company or its Subsidiaries are unable to reach an agreement with any of their unionized work groups in future negotiations regarding the terms of their collective labor agreements or if additional segments of the Group's workforce become unionized, they may be subject to work interruptions, stoppages or other employee actions. Any such disputes or actions can have a number of negative consequences, such as cancellation of flights, loss of income, reputational damage and reduced ability to recruit or retain skilled employees. Negotiations with unions may also result in increased employee-related costs, which can negatively impact the Group's results of operations and financial condition.

For example, in February and March 2015, the Company experienced a strike in connection with negotiations with its unions. The strike lasted 11 days from 28 February. The strike resulted in a decrease in passenger numbers of 4 per cent compared with the same period the preceding year, impacting 2,000 flights and 200,000 passengers. According to the Company's calculations, the strike incurred losses and extra costs to the Company of approximately NOK 350 million, whereof NOK 120 million were related to lost revenue and NOK 110 million related to extra costs to cater for passengers impacted by the strike.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group is exposed to tax related risks

The Group conducts its business, including transactions between Group Companies, in Scandinavia and a number of other countries in accordance with applicable tax laws and treaties, and the requirements of tax authorities in such countries. However, there will always be a risk that the tax authorities in Norway and other relevant countries could have conflicting views on the application of tax rules by the Group. The Group's prior or present tax positions may change as a result of the decisions of tax authorities or changes in laws and regulations, possibly with retroactive effect, which may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group has received reassessments from the Central Tax Office for Large Enterprises in which the tax office argues that the rules on contingent tax-free transfers within a group do not apply to certain transfers of business to Irish group companies carried out in 2013 and 2014. The Company and its tax advisor are of the opinion that the reassessments by the tax office is without merit and the Company has not made any provision for any potential tax claim in the unaudited financial statements for the year ended 31 December 2018. The Company has concluded that the possibility of any outflow in settlement is remote. The reassessments have been appealed. For further information, refer to Section 15.1.2.

The Group is subject to risks relating to its substantial deferred tax assets

The Group's deferred tax assets, and in particular the Group's unused tax losses, are substantial both in nominal terms and in relation to total equity. As of 31 December 2018, the Group's deferred tax assets amounted to NOK 2,674 million, compared to NOK 1,019 million as of 31 December 2017 and NOK 242 million as of 31 December 2016. The increase in deferred tax assets from 2017 to 2018 is affected by a gross presentation of deferred tax in 2018 in certain regions as opposed to a net presentation in 2017. At 31 December 2018, a deferred tax liability of NOK 614 million was recognized, and the net deferred tax asset was NOK 2,059 million. The deferred tax assets are mainly explained by the historical tax losses of the Group. Unused tax losses are recognized to the extent that taxable profits are probable. Significant management judgment is required to determine the amounts of deferred tax assets that can be recognized, based on the

anticipated timing and level of future taxable profits together with future tax planning strategies. In situations where Group Companies have experienced recent losses, the Group will evaluate whether there are convincing other evidence supporting taxable profits and the future utilization of its carryforward losses, such as the #Focus2019 cost reduction program, changing strategic focus from growth to profitability, route and base optimization across the Group, moving capacity from non-profitable routes and selling aircraft with taxable gains. The Group has also considered effects on non-recurring events on historic tax losses, such as startup-costs for the long-haul operation, technical engine issues and cost of establishment in new markets. If the Group is unable to utilize its deferred tax assets, this will have a significant adverse effect on the Group's financial position.

The Group is dependent on its capability to attract, train and retain qualified airline personnel

The Group is dependent on qualified airline personnel, in particular pilots, cabin crew and employees with qualifications in aircraft maintenance, information technology and sales. The implementation of the Group's growth strategy will require hiring of new personnel and there can be no assurance that the Group will be able to retain employees in key positions or recruit a sufficient number of new employees with appropriate technical qualifications at a cost which enables the Group to remain competitive.

Materialization of any of the above risks may have a material adverse effect on Group's business, financial condition, results of operations and future prospects.

The Group is dependent on the uninterrupted operation and security of information technology systems

The Group has become increasingly dependent on information technology systems to reduce costs and to enhance customer service in order to compete in the current business environment. It depends on automated information systems and technology, including its computerized airline reservation system, its flight operations system, its website, its telecommunication systems and other automated systems. Thus, the performance and the reliability of information technology are critical to the Group's ability to attract and retain customers and for the Group's ability to compete effectively and implement its commercial strategy. These solutions will continue to have a direct impact on information technology and data security costs and, in addition, the development of the information system solutions and the information technology environment requires continuous investments.

The Group is continuously increasing its ticket sales over the internet. A fundamental requirement for online commerce, including sales of tickets online, is the secure transmission of confidential information. The Group may incur significant costs to protect against the threat of security breaches or to alleviate problems caused by any such breaches. Alleviating these problems could cause interruptions, delays or cessations in service to the Group's customers, which could adversely affect the Group's reputation and deter its customers from using its service or lead them to assert claims against the Group.

In addition, any internal error or failure or external interruption in information technology infrastructure the Group depends on, such as power, telecommunications or the internet, may disrupt its information technology network. Any individual, sustained or repeated failure of information technology could impact the Group's customer service and result in increased costs. Like all companies, the Group's information technology systems and related data may be vulnerable to a variety of sources of interruption due to events beyond its control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. Although the Group is continuously developing its information security and situation-management preparedness for serious disruptions to information systems and telecommunications, these measures may not be adequate or implemented properly to prevent a business disruption.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Any deterioration in brand image or consumer confidence in the Norwegian brand may adversely affect the Group's ability to market its services and attract and retain customers

As part of its overall business model, the Group relies on positive brand recognition, among other factors, to attract customers. Any deterioration in brand image or consumer confidence in its brand might adversely affect the Group's ability to market its services and attract and retain customers which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Possible litigation and arbitration proceedings may have a material adverse effect on the Group

The Group may, from time to time, be involved in litigation and arbitration proceedings. Many of these disputes relate to claims arising in the ordinary course of business including, but not limited to, litigation relating to service interruption, flight delays, lost or damaged luggage, flight accidents and personal injury claims. There can be no assurance as to the outcome of these proceedings, and the Group's reputation could be harmed even if a favorable judgment is received. If an unfavorable judgment against the Group would be made in either of these claims, it may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The value of the Group's shareholding in Bank Norwegian may fluctuate

The Company holds a minority share of approximately 16.40% in Norwegian Finans Holding ASA, the holding company for the consumer lending bank, Bank Norwegian AS. The shares in Norwegian Finans Holding ASA are listed on the Oslo Stock Exchange. Based on the closing price of the shares in Norwegian Finans Holding ASA on 19 February 2019, this shareholding was valued at NOK 2,202 million. The development of the share price of Norwegian Finans Holding ASA may be influenced by a variety of factors outside the control of the Group, including but not limited to the financial situation or operational performance of Norwegian Finans Holding ASA, regulatory developments in relation to consumer banking, changes in general market or economic outlook, interest rate changes or matters announced in respect of major competitors. A fall in the market value of the Company's shares in Norwegian Finans Holding ASA may have a material adverse effect on the Company's financial situation and operating results.

The Company is dependent upon cash flow from subsidiaries to meet its obligations

The cash that the Company obtains from its subsidiaries is the principal source of funds necessary to meet its obligations. Contractual provisions or laws, including laws or regulations related to the repatriation of foreign earnings, as well as the Company's subsidiaries' financial condition and, operating requirements, potential restrictive covenants in future debt arrangements and debt requirements, may limit the Company's ability to obtain cash from subsidiaries or joint ventures that it requires to pay its expenses or meet its current or future debt service obligations. Applicable tax laws may also subject such payments to the Company by subsidiaries to further taxation.

While the Company currently not is subject to any restrictions materially limiting its ability to transfer cash from its subsidiaries, the Company may become subject to such restrictions in the future. As a result, the Company may not be permitted to make the necessary transfers from its subsidiaries to meet its obligations. This means that, even though the Company may have sufficient resources on a consolidated basis to meet such obligations, the Company may not be permitted to make the necessary transfers from its subsidiaries to meet such obligations. A payment default by the Company, or any of the Group's subsidiaries, on any debt or operational payment obligation may have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

2.4 FINANCIAL RISKS

The amount of indebtedness that the Company currently has and which it may incur in the future could have a material adverse effect on the Group

The Company has, and will continue to have, a significant amount of indebtedness, including substantial fixed obligations under aircraft leases and financings. As at 31 December 2018, the Company's book equity ratio was 3 per cent. In addition to internal financing, the ongoing fleet renewal program is expected to require additional external financing as discussed below. The ability

of the Company to make scheduled payments under its indebtedness and to comply with financial covenants in its financing agreements will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Group's control. There can be no assurance that the Company will be able to generate sufficient cash from its operations to pay its debts and lease obligations in the future, to comply with financial covenants in its financing agreements or to refinance its indebtedness.

The Company's current bond financing arrangements contain restrictive financial covenants and require the Company to maintain a book equity of minimum NOK 1,500 million and a liquidity of minimum NOK 500 million. The Company's future borrowings and financing arrangements may be subject to covenants which limit the Group's operating and financial flexibility. If the Company is not able to comply with such covenants the lenders will have the right to declare default. If a default occurs under these agreements, lenders could terminate their commitments to lend or accelerate the outstanding loans and declare all amounts borrowed due and payable. Borrowings under debt arrangements that contain cross-acceleration, cross-default and/or material adverse effect provisions may also be accelerated and become due and payable. In addition, certain of the Group's financing agreements include change of control provisions and/or mandatory prepayment provisions in the event of a delisting of the Company which if triggered could result in the Group having to immediately prepay all amounts, including interest, accrued and owing under the relevant facility. If any of these events occur, the Group cannot guarantee that its assets will be sufficient to repay in full all of its outstanding indebtedness, and the Group may be unable to find alternative financing. Even if the Group could obtain alternative financing, that financing might not be on terms that are favourable or acceptable.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Insufficient access to capital may threaten the Group's capacity to grow, execute its business model and generate future financial returns

The growth of the Group may lead to periods with further liquidity needs. There can be no assurance that the Group will continue to obtain, on a timely basis, sufficient funds on terms acceptable to the Group in order to maintain adequate liquidity and to finance the operating and capital expenditures necessary to support its business strategy if cash flow from operations and cash on hands are insufficient. Failure to generate additional funds, whether from operations or additional debt or equity financings, may require the Group to delay or abandon some or all of its anticipated expenditures or to modify its growth strategy. Further, the ability of competitors to raise money more easily and on more favorable terms could create a competitive disadvantage for the Group. In addition, credit rating downgrades could have a material adverse effect on the Group's liquidity and cost of funds.

Insufficient access to bank and capital market financing may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group has significant liabilities relating to aircraft acquisitions and may not obtain financing of such acquisitions

As of the date of this Prospectus, the Group's firm aircraft orders totalled 195 aircraft with corresponding payment obligations as set forth in Section 9.4 "Investments". In accordance with airline industry market practice the total order is not fully financed. Debt financing of aircraft acquisitions will be secured on a periodic basis, the size and timing depending on the schedule of aircraft delivery. As per the date of this Prospectus, debt financing for all aircraft deliveries for the first half of 2019 (9 aircraft) is secured, subject to final agreements.

A failure to secure financing or to meet payment obligations under aircraft acquisition contracts may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group has historically utilized aircraft financing institutions, like the Export-Import Bank of the U.S. (the "Ex-Im") and European export credit agencies, as its primary funding source in relation to aircraft acquisitions, in addition to enhanced equipment trust certificates ("EETCs") and sale and leaseback arrangements. The Group is dependent on access to one of these financing forms to finance the delivery of aircraft. In the event any of these financing sources become unavailable,

this may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group is exposed to cash flow and fair value interest rate risk

The Group is subject to the effects of interest rate fluctuations on its floating rate financing arrangements and aircraft leases. Floating interest rate borrowings consist of unsecured bond issue, revolving credit facility, bank aircraft financing, loan facility and financial lease liabilities. As a result of these variable rate borrowings, an increase in interest rates would cause an increase in the amount of the Company's interest payments and could have a material adverse effect on the results of operations of the Group.

The Company is subject to fair value interest rate risk on its fixed interest rate financing arrangements. Long-term borrowings are denominated in USD, EUR, SEK and NOK.

Materialization of the interest rate risk may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group is exposed to the residual value risk and also to the impairment of the value of the aircraft it owns during the ownership period

When acquiring an aircraft, the Group enters into an agreement with the manufacturer to purchase the aircraft. The decision whether to own or sell and leaseback the aircraft is typically taken prior to the expected delivery of the aircraft. If the Group decides to own the aircraft, fluctuations in the value of the aircraft will have a material adverse effect on the Group's financial condition and results of operations should the value of the aircraft be impaired. As announced publically, the Group is also in the process of selling aircraft in order to strengthen its balance sheet and is, therefore, exposed to fluctuations in the second-hand aircraft market. A decrease in the second-hand prices or a delay in the planned disposal of second-hand aircraft may involve risks for the Group, especially to the extent that the Group wishes or needs to rely on the sales proceeds of sold aircraft to discharge debts relating to the financing of such aircraft.

Currency fluctuations and negative development in the general market conditions may also decrease the market value of the Group's owned fleet.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Future changes in accounting standards may affect the Group's financial position

The Group prepares its financial statements in accordance with International Financial Reporting Standards (the "**IFRS**") as adopted by the EU. Future changes in the IFRS accounting standards may lead to significant changes in the reported financial statements of the Group, which again could affect the Company's position in existing leasing and debt arrangements and the position when renewing or acquiring further financing. The occurrence of any such events could have a material adverse effect on the Company's business, financial condition and results of operations.

Effective for accounting periods beginning on or after 1 January 2019, *IFRS 16 Leases* replaces the current standards *IAS 17, Leases* and related interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to financial leases applying IAS 17. There will be a material impact on the Group's income statement and statement of financial position from the adoption of IFRS 16, whereas most of the impact arises from aircraft leases.

IFRS 16 allows for various adoption approaches, whereas the Group has decided to apply the modified retrospective approach under which all right-of-use assets are measured at an amount equal to the lease liability as per 1 January 2019. The cumulative effect of initially applying the standard to be recognized as an adjustment to the opening balance of retained earnings is hence expected to be zero.

2.5 REGULATORY RISKS

The Group is dependent on several public authorizations, hereunder relating to the operations of its aircraft and routes, and any cancellation of such authorizations might have a material adverse effect on the Group's business, financial condition and results of operations

The Group operates routes within Scandinavia, Europe and internationally. The Group is dependent on a several public licenses and authorizations to continue to operate within these markets, and any cancellation of such licenses and authorizations might have a material adverse effect on the Group's business, financial condition and results of operations. At present, the Group is operating its long-haul fleet on the Norwegian AOC held by NAS and the UK AOC held by NUK.

The revocation of any permit currently held by the Group could have a material adverse effect on the Group business, financial condition, results of operations and future prospects.

Future application of restrictions in regard to noise pollution, greenhouse gas emissions and other environmental laws and regulations may have a material adverse effect on airline companies

Airlines can have their activities restricted on account of noise control regulations. Noise control regulations typically concentrate on the level of noise and its impact on environment, especially in areas close to airports. Permits may, for example, include restrictions on night flights to meet the imposed noise level requirements. Any such restrictions could affect the Group's during night time operations.

Although environmental liability issues (such as soil contamination liabilities) are primarily covered by airports, airlines may be subject to direct or indirect environmental liabilities and incur additional costs. Inadvertent environmental damage might occur in the form of leaks of harmful or hazardous substances that could contaminate real estate or pollute waterways or groundwater. The event of such contamination or pollution could result not only in possible fines or other public law sanctions, but also in considerable costs for removal, restoration and disposal, as well as further liability risks. Public knowledge of such environmental damage caused by the Group could also damage its reputation significantly. Airlines may also be subject to additional costs in the case of changes in the EU ETS. The direct costs of emissions trading in the coming years may increase due to potential changes to the current EU ETS model.

Materialization of any of the above risks may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The adoption of new regional, national and international regulations, or the revision of existing regulations, could have a material adverse effect on the Group's business, financial condition and results of operations

Laws and regulations, as well as international bilateral and multilateral treaties, regulate airlines. These regulations relate to, among other things, security, safety, licensing, bonus programs and competition. While the impact of such regulations decreased with de-regulation of the airline industry in the European market, the Group cannot predict what laws, regulations and treaties will be adopted or amended, if any, and how this will impact its business, financial condition and results of operations. Regulations can impose costs on the Group either directly if fees are levied or indirectly due to compliance costs, which the Group may not be able to pass on to passengers and, as a result, could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The contemplated exit of the United Kingdom from the European Union might have a material adverse effect on the Group's business, financial condition and results of operations

In June 2016, voters in the United Kingdom (the "UK") voted to exit the EU in a non-binding referendum. On 29 March 2017, the UK commenced the process for leaving the bloc triggering Article 50 of the Treaty of Lisbon. Article 50 envisages a timeframe of two years from the date of notification to negotiate the UK's exit. The UK government has reached an agreement in this respect with the EU but on 15 January 2019, the UK Parliament refused to approve the agreement, which means that it is currently unclear if the UK will reach an agreement with the EU regarding withdrawal before the date Brexit is expected to take effect, currently set for 29 March 2019. The

implications of the UK's withdrawal without an agreement (so-called "hard Brexit") are unclear. There are risks, however, that the withdrawal could lead to adverse economic and market conditions, as well as legal and regulatory uncertainty, namely in relation to aviation, labor, the environment, data protection, competition and other matters applicable to the provision of air transportation services by the Group. Any of these effects may have a material adverse effect on the Group's business, financial condition and results of operations. The Company is working on contingency plans based on the different Brexit scenarios (including a hard Brexit).

On 13 November 2015, NUK was granted a UK AOC by British airline authorities. This license opens up bilateral traffic rights to a number of potential new markets and destinations, hereunder Asia, South America and South Africa, and might support the Group's further international expansion.

Even though the Group has operating licenses in other EU states such as Ireland and Sweden, Brexit might impair the Group's ability to grow as anticipated from its UK base, and might have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

The Group is subject to an increasing body of data protection regulations, infringements of which could result in fines and reputation damage

As part of its operations, the Group collects and retains personal information received from customers. This information is subject to data protection regulations in Europe and elsewhere. In particular, Regulation (EU) 2016/679 (the General Data Protection Regulation) (the "**GDPR**") has taken effect from May 2018. Compliance with the GDPR has added operational cost and there are substantial fines for non-compliance (up to EUR 20 million or 4 per cent of the Company's global annual turnover). The Group will continue to collect increasing amounts of personal data, raising the potential risk of non-compliance with the GDPR which, in turn, could have a material adverse effect on the Group's business, financial conditions and results of operations.

2.6 RISKS RELATED TO THE SHARES

No guarantee that any offer to purchase Shares will be presented

On 12 April 2018, it was announced that the European aviation group International Airlines Group ("**IAG**") had acquired 4.61 per cent of the Shares in NAS, and that IAG was considering to make an offer for all the Shares in the Company. Subsequently, the Company received enquiries from several parties who expressed interest for structural transactions, financing of the Company and various forms of operational and financial cooperation. Discussions with such parties have been ongoing on several levels and with different approaches. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the shares in the Company, which were rejected by the Company on the basis that they undervalued the Company and its prospects. During Q4 2018 and through December 2018, the Company has been engaged in new, concrete and specific negotiations related to the acquisition of the Shares of the Company. On 24 January 2019, IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company. As of the date of this Prospectus, the Company is not in any discussions regarding Share acquisition/structural transactions. No guarantees can be made that any offer to purchase Shares will be presented or that any transaction will be carried out in relation to the Shares.

Volatility of share price generally

The share price may experience substantial volatility also due to other circumstances than the interest expressed by IAG and other parties. The trading price of the Shares could fluctuate significantly in response to, *inter alia*, the financial situation of the Group, variations in operating results, response to quarterly and annual reports issued by the Group, changes in earnings estimates by analysts, adverse business developments, changing conditions in the oil and gas industry at large, changes in general market or economic outlook, interest rate changes, foreign exchange rate movements, matters announced in respect of major competitors or changes to the regulatory environment in which the Group operates or rumors and speculation in the market. The trading price of the Shares on Oslo Børs has historically and also during the last ten months been subject to significant volatility. The equity markets in general have experienced significant volatility that has at times been unrelated to the operating performance of particular companies. Both such Group related and/or broad market fluctuations may adversely affect the trading price of the Shares.

Substantial future sales of Shares by its current or future holders or any future share issuances by the Company could cause its share price to decline

The Company is unable to predict whether significant amounts of the Shares will be sold by its current or future holders following the Rights Issue. Any sales of substantial amounts of the Shares in the public market, or the perception that these sales might occur, could lower the market price of the Shares.

Existing Shareholders may risk being diluted

The Company may in the future see the need of additional equity investment in relation to financing capital intensive projects, or related to unanticipated expenses or liabilities. This may lead to a future need of additional issuance of Shares in the Company. The Company cannot guarantee that the current ownership of the Existing Shareholders will not be diluted. U.S. investors and/or other investors in the Company may not be able to participate in a new issuance of shares or other securities offered by the Company, from time to time, due to U.S. securities laws and/or the laws of certain other jurisdictions, or for other factors, and may therefore be diluted.

Limitations on dividends

Norwegian law provides that any declaration of dividends must be adopted by the Existing Shareholders at the Company's General Meeting or by the Board of Directors based on an authorization from the General Meeting. Dividends may only be declared to the extent that the Company has distributable funds and in compliance with requirements for an adequate equity and a liquidity, and subject to the Board of Directors finding such declaration to be in compliance with the said requirements and to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations. As a general rule when adopted by the General Meeting, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, an Existing Shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period.

Holders of the Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote for such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's General Meetings, or their beneficial ownership is confirmed by the nominee in time for the General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares, issue the required confirmations as to beneficial ownership or otherwise vote their Shares in the manner desired by such beneficial owners.

The Subscription Rights are not available to U.S holders, and other pre-emptive rights may not be available to U.S. holders

In accordance with Norwegian law, the Company must, connected to any issuance of Shares for consideration in cash, as a starting point offer holders of then-outstanding Shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a General Meeting. Accordingly, such pre-emptive rights (defined as the Subscription Rights) will be offered to the Existing Shareholders under the Rights Issue, and the Subscription Rights are transferrable and will be listed on Oslo Børs. Pre-emptive rights in later Share issuances are generally transferable during the subscription period for the related offering and may be quoted on Oslo Børs.

U.S. holders of the Shares, and possibly holders of Shares in other jurisdictions as well, are not able to receive, trade or exercise the Subscription Rights. In later issuances of shares, U.S. holders of the Shares, and possibly holders of Shares in other jurisdictions as well, may not be able to receive, trade or exercise pre-emptive rights for shares in the Company unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements of the U.S. Securities Act is available or is otherwise in compliance with the securities laws of any state or other jurisdiction of the United States (or similar

provisions in other jurisdictions). The Company is not currently subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or any other foreign jurisdiction reporting requirements, and currently has no intention to subject itself to such reporting requirements. In addition, the Shares have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States (or other foreign jurisdiction). If U.S. holders of the Shares, or possibly holders of Shares in other jurisdictions, are not able to receive, trade or exercise pre-emptive rights granted in respect of their Shares in any issue of new Shares by the Company, they may not receive the economic benefit of such rights. Any such rights may, at the sole discretion of the Company, be sold on behalf of such Existing Shareholders and such Existing Shareholders may receive any profits from such sale, but any profit will depend on the prevailing market prices for the pre-emptive rights and will be subject to exchange rate risk between NOK and US dollar or other foreign currency. In addition, such Existing Shareholders' proportionate ownership interests in the Company will be diluted.

Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway

The Company is incorporated in Norway, and all of the Company's directors and executive officers reside outside the United States. All or a substantially all of the assets of these persons and of the Company are located outside the United States. In addition, the Company's auditor is also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons or the Company in the United States, including for U.S. securities laws violations. Furthermore, as all or substantially all of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal or state securities laws of the United States against these persons or the Company. Additionally, there is doubt as to the enforceability in Norway of civil liabilities based on the civil liability provisions of the securities laws of the United States.

Transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States or any other jurisdiction outside of Norway, and there are no plans to file for such registration. As such, the Shares (including the Offer Shares and Subscription Rights) may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Existing Shareholders outside of Norway are subject to exchange rate risk

The Shares of the Company are priced in NOK, and any future payments of dividends or other distributions from the Company will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially adversely affected.

2.7 RISKS RELATING TO THE RIGHTS ISSUE

Existing Shareholders who do not participate in the Rights Issue may experience significant dilution in their shareholding

Subscription Rights that are not sold before 16:30 CET on 6 March 2019 or exercised by the end of the Subscription Period will have no value and will automatically lapse without compensation to the holder. To the extent that an Existing Shareholder does not sell its Subscription Rights before 16:30 CET on 6 March 2019 or exercise its Subscription Rights prior to the expiry of the Subscription Period, whether by choice or due to a failure to comply with procedures set forth in Section 5 "The Rights Issue", or to the extent that an Existing Shareholder is not permitted to subscribe for Offer Shares as further described in Section 5 "The Rights Issue", such Existing Shareholder's proportionate ownership and voting interests in the Company after the completion of the Rights Issue will be diluted. Even if an Existing Shareholder elects to sell its unexercised Subscription Rights, or such Subscription Rights are sold on its behalf, the consideration it receives

in the trading market for the Subscription Rights may not reflect the immediate dilution in its shareholding as a result of the completion of the Rights Issue.

An active trading market in Subscription Rights may not develop on the Oslo Stock Exchange and/or the market value of the Subscription Rights may fluctuate

An active trading market in the Subscription Rights may not develop on the Oslo Stock Exchange. In addition, because the trading price of the Subscription Rights depends on the trading price of the Shares, the price of the Subscription Rights may be volatile and subject to the same risks as described for the Shares in Section 2.6 "Risks related to the Shares".

The sale of Subscription Rights by or on behalf of Existing Shareholders may result in a reduction in the market price of the Subscription Rights and increased volatility in the Shares

Certain Existing Shareholders may be unable to take up and exercise their Subscription Rights as a matter of applicable law. The Subscription Rights of such Existing Shareholders, with the exception of Subscription Rights held through financial intermediaries, may be sold on their behalf in the market by the Managers pursuant to instructions from the Company, as further described in Section 5.8 "Subscription Rights", but no assurance can be given as to whether such sales may actually take place or as to the price that may be achieved. Other holders of Subscription Rights may also choose not to exercise their Subscription Rights and therefore sell them in the market. The sale of Subscription Rights by or on behalf of holders of such rights could cause significant downward pressure on, and may result in a substantial reduction in, the price of the Subscription Rights and the Shares.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Rights Issue and the listing of the Offer Shares described herein.

The Board of Directors of Norwegian Air Shuttle ASA (the "**Board of Directors**" or the "**Board**") accepts responsibility for the information contained in this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

21 February 2019

The Board of Directors of Norwegian Air Shuttle ASA

Bjørn H. Kise

Chair

Liv Berstad

Deputy chair

Sondre Gravir

Board member

Ada Merethe Stokstad Kjeseth

Board member

Christian Fredrik Stray

Board member

Geir Olav Øien

Board member

Eric Holm

Board member

Katrine Gundersen

Board member

4. GENERAL INFORMATION

4.1 OTHER IMPORTANT INVESTOR INFORMATION

The Company has furnished the information in this Prospectus.

The Managers disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising outside of contract, in contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Managers, or any of their respective affiliates, representatives, advisers or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

Investing in the Offer Shares involves a high degree of risk. See Section 2 "Risk factors" beginning on page 25.

4.2 PRESENTATION OF FINANCIAL AND OTHER INFORMATION

4.2.1 Financial information

The Group's consolidated financial statements as of, and for the years ended, 31 December 2017, 2016 and 2015 (the "**Financial Statements**") as well as the Group's unaudited consolidated financial statements as of, and for the year ended, 31 December 2018 (the "**Unaudited 2018 Financial Statements**") have been prepared in accordance with IFRS.

The Financial Statements have been audited by Deloitte, as set forth in their auditor reports included therein.

The Company presents the Financial Statements and the Unaudited 2018 Financial Statements in NOK rounded to the nearest thousands.

The Company's auditor, Deloitte, has issued all audit opinions without qualifications.

4.2.2 Non-IFRS financial measures

Certain financial measures have been included in this Prospectus that are not determined in accordance with IFRS or any other generally accepted accounting principles. These measures, which are defined in this Prospectus (see Section 17 "Definitions and glossary"), include Ancillary Revenue/PAX, Average Sector Length, CO2 per RPK, EBITDAR, EBITDA, Fuel Consumption (metric tonnes), Load Factor, RASK, Unit Cost, Unit Cost ex fuel, Unit Revenue, Yield, etc.

These measures are not uniformly or legally defined measures and are not recognized under IFRS or any other generally accepted accounting principles and should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with IFRS.

Other companies in the airline industry may calculate these measures differently, and consequently, the Group's presentation of such figures may not be readily comparable to other companies' figures.

The Company believes that these measures provide a clearer picture of results, on either the Group or business segment level, generated by its operating activities, thus enabling the Group to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) other measures that are calculated in accordance with IFRS.

4.2.3 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organizations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other

presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or a combination of the foregoing. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk factors" and elsewhere in this Prospectus.

4.2.4 Currency and rounding

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**USD**" are to the lawful currency in the U.S., and all references to "**EUR**" are to the official currency of the EU.

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3 CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. When used in this document, the words "anticipate", "believe" (Section 7.7.1), "estimate" (Section 7.5), "expect" (Sections 6.1.1, 6.1.2, 6.3, 7.8, 9.4.2 and 10.3.3), "seek to" and similar expressions, as they relate to the Group or its Management, are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggest, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause the Group's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to:

- General economic conditions in the Nordic region and elsewhere, and any adverse development in the Nordic region or global economic and financial markets;
- The competitive nature of the markets in which the Group operates;
- Variations in interests rates;
- Variations in costs and availability of funding;
- Availability of capital in the future;
- Credit ratings;
- Capital adequacy requirements;
- Increased levels of unemployment;
- Success of brand and ability to acquire and retain customers at a reasonable cost;
- Operational risks related to systems and processes and inadequacy in internal control procedures;
- Failure to attract or retain the management or other key employees;
- Failure or inadequacy in IT systems;
- Vulnerability to cyber-attacks and security breaches;
- Insufficient insurance coverage;
- Failure to implement the Group's business strategies;
- Changes in air transport and other legislation and regulations which may affect the Group's business;
- Dilution of the Existing Shareholders in times of stress due to applicable regulations;
- Significant litigation, claims and compliance risks;
- Money laundering activities and identity fraud;
- Failure in automated procedures and services from external providers;
- Risks related to the use of the Norwegian name;
- Changes in political events; and
- Force majeure events.

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such Forward-looking Statements and in the section entitled "Risk factors" (Section 2) in this Prospectus.

These forward-looking statements speak only as of the date of this Prospectus. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation.

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

5. THE RIGHTS ISSUE

5.1 OVERVIEW

The Rights Issue consists of an offer by the Company of 90,871,318 Offer Shares at a Subscription Price of NOK 33.00 per Offer Share, thereby raising gross proceeds of approximately NOK 2,999 million. The Offer Shares have a nominal value of NOK 0.10 each.

Existing Shareholders will be granted tradable Subscription Rights that, subject to applicable law, provide preferential right to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Rights Issue. Over-subscription and subscription without Subscription Rights is permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions.

The Underwriters, the Additional Underwriters and certain Pre-committing Shareholders have underwritten the Rights Issue. See Section 5.22 "The Underwriting" for further information.

The Offer Shares allocated in the Rights Issue are expected to be traded on the Oslo Stock Exchange from and including 18 March 2019.

The Subscription Rights and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to QIBs as defined in Rule 144A pursuant to transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S.

This Prospectus does not constitute an offer of, or an invitation to purchase or subscribe, the Offer Shares and/or the use of the Subscription Rights to subscribe for Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important information" and Section 5.27 "Selling and transfer restrictions".

5.2 USE OF PROCEEDS

The net proceeds from the Rights Issue are estimated to be approximately NOK 2,909 million, assuming that expenses related to the Rights Issue charged to the Company will be in the amount of approximately NOK 90 million. The net proceeds will be used to strengthen the Company's balance sheet, to facilitate a buffer to the Company's bond covenants compared to the Company's business plan and financing of general corporate purposes.

5.3 RESOLUTION TO ISSUE THE OFFER SHARES

On 19 February 2019, an extraordinary general meeting of the Company passed the following resolution to increase the share capital of the Company by issuing the Offer Shares in connection with the Rights Issue (translated from Norwegian):

- i. The share capital is increased with NOK 9,087,131.80 by issuance of 90,871,318 new shares, each with a nominal value of NOK 0.10, raising gross proceeds of NOK 2,998,753,494.
- ii. The subscription price is NOK 33 per share. Of the total proceeds of NOK 2,998,753,494, NOK 2,989,666,362.20 shall be allocated as share premium in the balance sheet.
- iii. Shareholders of the Company as of 19 February 2019 as registered as such in the Company's shareholders' register in the Norwegian Central Securities Depository (the "VPS") on 21 February 2019 (the "Record Date") (pursuant to the two days' settlement procedure of VPS) shall have preferential rights to subscribe for and be allocated the new shares in proportion to their shareholding in the Company, cf. Section 10-4 (1) of the Norwegian Public Limited Liability Companies Act.
- iv. Tradeable subscription rights will be issued and the subscription rights shall be registered in the VPS on a separate ISIN. Subscription rights will not be issued for shares held in treasury by the Company. The subscription rights shall be tradable from commencement of the subscription period and until 16:30 (Oslo time) two trading days prior to the end of the subscription period. Over-subscription and subscription without subscription rights is permitted.

- v. The Company shall in connection with the rights issue prepare a prospectus that shall be approved by the Financial Supervisory Authority of Norway. Unless the board of directors decides otherwise, the prospectus shall not be registered with or approved by any foreign prospectus authority. The new shares may not be subscribed for by investors in jurisdictions where such subscription is not permitted or to whom the new shares cannot lawfully be offered. The Company, or anyone appointed or instructed by the Company, shall have the right (but no obligation), for shareholders who in the Company's opinion are not entitled to subscribe for new shares due to limitations set out in law or other regulations in the jurisdiction where the shareholder is resident or a citizen, to sell the relevant shareholder's subscription rights against transfer of the net proceeds from the sale to the shareholder.
- vi. The subscription period shall commence on 22 February 2019 and expire at 16:30 hours (CET) on 8 March 2019. The subscription period may not be shortened, but the board of directors may extend the subscription period if this is required due to an obligation to make public a supplement to the prospectus. If the prospectus is not approved in time to uphold this subscription period, the subscription period shall commence on the first trading day on the Oslo Stock Exchange following the approval and expire at 16:30 hours (CET) two weeks thereafter. Subscription for shares shall be made on a separate subscription form prior to the expiry of the subscription period. Further details on the subscription procedure are expected to be included in the prospectus section 5.
- vii. The subscription amount shall be paid in cash. Payment for the new shares shall be made on or prior to 13 March 2019, or the third trading day on the Oslo Stock Exchange after the expiry of the subscription period if the subscription period is postponed or extended according to subparagraph vi. above. Subscribers who have a Norwegian bank account must, and will by signing the subscription form, provide a one-time irrevocable authorization to debit a specified Norwegian bank account for the amount payable for the shares which are allocated to the subscriber. The payable amount will be debited from the specified bank account on or around the payment date. Subscribers who do not have a Norwegian bank account must contact the settlement agent (DNB Markets) to ensure that payment with cleared funds for the new shares allocated to them is received on or before the payment date. Further details on the payment for the shares are expected to be included in the prospectus section 5.
- viii. The new shares shall be allocated by the board of directors or by any person so authorized by the board of directors. The following allocation criteria shall apply:
 - a) Allocation of shares to subscribers will be made in accordance with granted and acquired subscription rights which have been validly exercised during the subscription period. Each subscription right will give the right to subscribe for and be allocated one (1) new share.
 - b) If not all subscription rights are validly exercised, subscribers having exercised their subscription rights and who have over-subscribed, will be allocated additional new shares on a pro rata basis based on the number of subscription rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.
 - c) New shares not allocated pursuant to a) and b) above will be allocated to subscribers not holding subscription rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts.
- ix. The new shares will carry rights in the Company, including the right to dividend, from the time of registration of the share capital increase with the Norwegian Register of Business Enterprises.
- x. Section 4 of the Company's articles of association is amended to reflect the new share capital and the new number of shares following the share capital increase.
- xi. Shares not having been subscribed for by and allocated to other subscribers in the rights issue at the end of the subscription period shall be allocated pro rata to DNB Markets, a part of DNB Bank ASA; Danske Bank, Norwegian Branch and Sterna Finance Ltd. (together the "**Underwriters**") and existing shareholders that has underwritten an amount exceeding their pro rata shareholding ("**Additional Underwriters**"), who pursuant to an underwriting agreement dated 29 January 2019 (the "**Underwriting Agreement**") have

committed themselves to subscribe for shares for an aggregate amount of up to NOK 1,975 million, subject to (i) subscription according to the pre-commitments by the shareholders having pre-committed under the Underwriting Agreement, (ii) the absence of a material adverse change that is not disclosed by the Company on or prior to the date of the prospectus and (iii) other customary conditions. Such shares shall be subscribed for by the Underwriters on or prior to the payment date under the rights issue. Internally between the Underwriters, the liability is pro rata to their respective share of the total underwriting commitment, and each Underwriter's liability is limited to the amounts set out in an appendix to the Underwriting Agreement.

- xii. The costs payable by the Company in connection with the share capital increase are provisionally estimated to be between NOK 80 million and NOK 95 million, including a commission of 1.5% of the underwritten and pre-committed amounts.

5.4 TIMETABLE

The timetable set out below provides certain indicative key dates for the Rights Issue:

Last day of trading in the Shares including Subscription Rights	19 February 2019
First day of trading in the Shares excluding Subscription Rights	20 February 2019
Record Date	21 February 2019
Subscription Period commences	22 February 2019
Trading in Subscription Rights commences on the Oslo Stock Exchange.....	22 February 2019
Trading in Subscription Rights ends	6 March 2019 at 16:30 hours (CET)
Subscription Period ends	8 March 2019 at 16:30 hours (CET)
Allocation of the Offer Shares	Expected on or about 11 March 2019
Distribution of allocation letters.....	Expected on or about 11 March 2019
Payment Date	Expected on or about 13 March 2019
Delivery of the Offer Shares.....	Expected on or about 15 March 2019
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange	Expected on or about 18 March 2019

5.5 SUBSCRIPTION PRICE

The Subscription Price in the Rights Issue is NOK 33.00 per Offer Share.

The Subscription Price represents a discount of approximately 39.4% to the theoretical share price exclusive of the Subscription Rights (TERP) of NOK 54.45 based on the Company's closing share price of NOK 97.34 on 15 February 2019.

5.6 SUBSCRIPTION PERIOD

The Subscription Period will commence at 09:00 hours (CET) on 22 February 2019 and end at 16:30 hours (CET) on 8 March 2019. The Subscription Period may not be shortened, but the Board of Directors may extend the Subscription Period if required by law due to the publication of a supplement to the Prospectus.

5.7 RECORD DATE FOR EXISTING SHAREHOLDERS

Existing Shareholders who are registered in the Company's shareholder register in the VPS as of the Record Date (21 February 2019) will receive Subscription Rights.

Provided that the delivery of traded Shares was made with ordinary T+2 settlement in the VPS, Shares that were acquired until and including 19 February 2019 will give the right to receive Subscription Rights, whereas Shares that were acquired from and including 20 February 2019 will not give the right to receive Subscription Rights.

5.8 SUBSCRIPTION RIGHTS

Existing Shareholders will be granted tradable Subscription Rights giving a preferential right to subscribe for, and be allocated, Offer Shares in the Rights Issue. Each Existing Shareholder will be granted two (2) Subscription Rights for each existing Share registered as held by such Existing Shareholder on the Record Date. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one Offer Share in the Rights Issue. Subscription Rights will not be issued in respect of any existing Shares held in treasury by the Company.

The Subscription Rights will be credited to and registered on each Existing Shareholder's VPS account on or about 22 February 2019 under ISIN NO0010842990. The Subscription Rights will be distributed free of charge to Existing Shareholders.

The Subscription Rights (whether granted or acquired), must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 8 March 2019 at 16:30 hours (CET)) or sold before 6 March 2019 at 16:30 hours (CET). Subscription Rights that are not sold before 6 March 2019 at 16:30 hours (CET) or exercised before 8 March 2019 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that the acquisition of Subscription Rights does not in itself constitute a subscription for Offer Shares.

Subscription Rights of Existing Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares and Existing Shareholders located in the United States who the Company does not reasonably believe to be a QIB (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such crediting specifically does not constitute an offer to Ineligible Shareholders. The Company will instruct the Managers to, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts.

The Managers will use commercially reasonable efforts to procure that the Subscription Rights withdrawn from the VPS accounts of Ineligible Shareholders (and that are not held through financial intermediaries, see Section 5.13 "Financial intermediaries" below for a description of the procedures applicable to Subscription Rights held by Ineligible Shareholders through financial intermediaries) are sold on behalf of, and for the benefit of, such Ineligible Shareholders during the above period, provided that (i) the Managers are able to sell the Subscription Rights at a price at least equal to the anticipated costs related to the sale of such Subscription Rights, and (ii) the relevant Ineligible Shareholder has not by 16:30 hours (CET) on 27 February 2019 documented to the Company through the Managers the right to receive the Subscription Rights withdrawn from its VPS account, in which case the Managers shall re-credit the withdrawn Subscription Rights to the VPS account of the relevant Ineligible Shareholder. The proceeds from the sale of the Subscription Rights (if any), after deduction of customary sales expenses, will be credited to the Ineligible Shareholder's bank account registered in the VPS for payment of dividends, provided that the net proceeds attributable to such Ineligible Shareholder amount to or exceed NOK 100. If an Ineligible Shareholder does not have a bank account registered in the VPS, the Ineligible Shareholder must contact the Managers to claim the proceeds. If the net proceeds attributable to an Ineligible Shareholder are less than NOK 100, such amount will be retained for the benefit of the Company. There can be no assurance that the Managers will be able to withdraw and/or sell the Subscription Rights at a profit or at all. Other than as explicitly stated above, neither the Company nor the Managers will conduct any sale of Subscription Rights not sold before 16:30 hours (CET) on 6 March 2019 or utilized before the end of the Subscription Period.

5.9 TRADING IN SUBSCRIPTION RIGHTS

The Subscription Rights will be tradable and listed on the Oslo Stock Exchange with ticker code "NAS T" from and including 09:00 hours (CET) on 22 February 2019 to 16:30 hours (CET) on 6 March 2019.

The Subscription Rights will hence only be tradable during part of the Subscription Period.

Persons intending to trade in Subscription Rights should be aware that the trading in, and exercise of, Subscription Rights by holders who are located in jurisdictions outside Norway may be restricted or prohibited by applicable securities laws. See Section 5.27 "Selling and transfer restrictions" for a description of such restrictions and prohibitions.

5.10 SUBSCRIPTION PROCEDURES

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form included in Appendix B "Subscription form for the Rights Issue" (the "**Subscription Form**") to one of the Managers during the Subscription Period, or may, for Norwegian residents with a Norwegian personal identification number (Norwegian.: personnummer), be made online as further described below.

Subscriptions for Offer Shares by subscribers who are not Existing Shareholders must also be made on a Subscription Form in the form included in Appendix B "Subscription form for the Rights Issue".

Correctly completed Subscription Forms must be received by one of the Managers at the following address or email address, or in the case of online subscriptions be registered, by 16:30 hours (CET) on 8 March 2019:

DNB Markets, Registrar Department	Arctic Securities AS	Danske Bank, Norwegian branch
Dronning Eufemias gate 30	Haakon VIIIs gate 5	Bryggetorget 4
P.O. Box 1600 Sentrum	P.O. Box 1833 Vika	P.O. Box 1170 Sentrum
N-0021 Oslo	N-0123 Oslo	N-0107 Oslo
Norway	Norway	Norway
Tel: +47 23 26 80 20	Tel: +47 21 01 30 40	Tel: +47 85 40 55 00
E-mail: retail@dnb.no	E-mail: subscription@arctic.com	E-mail: emisjoner@danskebank.com

Subscribers who are Norwegian residents with a Norwegian personal identification number (Norwegian.: personnummer) are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.dnb.no/emisjoner, www.arctic.com/secno or www.danskebank.no/nas which will redirect the Subscriber to the VPS online subscription system). The VPS online subscription system is only available for individual persons and is not available for legal entities; legal entities must thus submit a Subscription Form in order to subscribe for Offer Shares.

None of the Company or the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by one of the Managers. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the Subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the Subscriber after having been received by one of the Managers or, in the case of subscriptions through the VPS online subscription system, upon registration of the subscription. The Subscriber is responsible for the correctness of the information filled into the Subscription Form or, in the case of subscriptions through the VPS online subscription system, the online subscription registration. By

signing and submitting a Subscription Form, or by registration of a subscription in the VPS online subscription system, the Subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Rights Issue must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber) and subscription without Subscription Rights is permitted. However, in each case, there can be no assurance that Offer Shares will be allocated for such subscriptions.

Multiple subscriptions (i.e. subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

All subscriptions in the Rights Issue will be treated in the same manner regardless of whether the subscription is made by delivery of a Subscription Form to one of the Managers or through the VPS online subscription system.

5.11 MANDATORY ANTI-MONEY LAUNDERING PROCEDURES

The Rights Issue is subject to the Norwegian Money Laundering Act of 1 June 2018 No. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 No. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of one of the Managers must verify their identity to the Manager in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Rights Issue is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the NFSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.12 VPS ACCOUNT

In participating in the Rights Issue, each Subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian Subscribers may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Norwegian Ministry of Finance (Nw. "Finansdepartementet"). Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 FINANCIAL INTERMEDIARIES

All persons or entities holding Shares or Subscription Rights through financial intermediaries (i.e. brokers, custodians and nominees) should read this Section 5.13 "Financial intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

5.13.1 Subscription Rights

If an Existing Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will customarily give the Existing Shareholder details of the aggregate number of Subscription Rights to which it will be entitled. The relevant financial intermediary will customarily supply each Existing Shareholder with this information in accordance with its usual customer relations procedures. Existing Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Rights Issue.

Subject to applicable law, Existing Shareholders holding Shares through a financial intermediary may instruct the financial intermediary to sell some or all of their Subscription Rights, or to purchase additional Subscription Rights on their behalf. See Section 5.27 "Selling and transfer restrictions" for a description of certain restrictions and prohibitions applicable to the sale and purchase of Subscription Rights in certain jurisdictions outside Norway.

Existing Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will not be entitled to exercise their Subscription Rights but may, subject to applicable law, instruct their financial intermediary to sell their Subscription Rights transferred to the financial intermediary. As described in Section 5.8 "Subscription Rights", neither the Company nor the Managers will sell any Subscription Rights transferred to financial intermediaries.

5.13.2 Subscription Period and period for trading in Subscription Rights

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. The same applies for instructions pertaining to trading in Subscription Rights and the last day of trading in such rights (which accordingly will be a deadline earlier than 6 March 2019 at 16:30 hours (CET)). Such deadlines will depend on the financial intermediary. Existing Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

5.13.3 Subscription

Any Existing Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Existing Shareholders and for informing one of the Managers of their exercise instructions.

A person or entity who has acquired Subscription Rights that are held through a financial intermediary should contact the relevant financial intermediary for instructions on how to exercise the Subscription Rights.

See Section 5.27 "Selling and transfer restrictions" below for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions.

5.13.4 Method of payments

Any Existing Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to one of the Managers no later than the Payment Date. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

5.14 ALLOCATION OF THE OFFER SHARES

Allocation of the Offer Shares will take place on or about 11 March 2019 in accordance with the following criteria:

- i. Allocation of Offer Shares to subscribers will be made in accordance with granted and acquired Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one Offer Share in the Rights Issue.
- ii. If not all Subscription Rights are validly exercised during the Subscription Period, Subscribers having exercised their Subscription Rights and who have over-subscribed, will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised by each such Subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.
- iii. Offer Shares not allocated pursuant to (i) and (ii) above will be allocated to Subscribers not holding Subscription Rights. Allocation will be sought made on a pro rata basis based on the relevant subscription amounts.

No fractional Offer Shares will be allocated. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights.

Allocation of fewer Offer Shares than subscribed for by a Subscriber will not impact on the Subscriber's obligation to pay for the number of Offer Shares allocated.

Any Offer Shares that are unsubscribed by the end of the Subscription Period, will be subscribed by the Underwriters and the Additional Underwriters pursuant to the Underwriting Agreement, see Section 5.22 "The underwriting".

The result of the Rights Issue is expected to be published on or about 11 March 2019 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange information system and at the Company's website (www.norwegian.com). Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each Subscriber are expected to be distributed in a letter from VPS on or about 13 March 2019. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 09:00 hours (CET) on 11 March 2019. Subscribers who do not have access to investor services through their VPS account manager may contact one of the Managers (DNB Markets on telephone number +47 23 26 81 01, Arctic on telephone number +47 21 01 30 40 or Danske Bank on telephone number +47 85 40 55 00) from 09:00 hours (CET) on 11 March 2019 to obtain information about the number of Offer Shares allocated to them.

5.15 PAYMENT FOR THE OFFER SHARES

The payment for Offer Shares allocated to a Subscriber falls due on 13 March 2019 (the "Payment Date"). Payment must be made in accordance with the requirements set out in Sections 5.15.1 "Subscribers who have a Norwegian bank account" or 5.15.2 "Subscribers who do not have a Norwegian bank account".

5.15.1 Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form or by the online subscription registration for subscriptions through the VPS online subscription system, provide DNB Markets (the "**Settlement Agent**") with a one-time irrevocable authorization to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the Subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Settlement Agent is only authorized to debit such account once, but reserves the right to make up to three debit attempts, and the authorization will be valid for up to seven working days after the Payment Date.

The Subscriber furthermore authorizes the Settlement Agent to obtain confirmation from the Subscriber's bank that the Subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a Subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorization from the Subscriber, the Subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the Subscriber and the Subscriber's bank, the standard terms and conditions for "Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply.

5.15.2 Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the Subscriber must contact the Settlement Agent (DNB Markets) on telephone number +47 23 26 80 20 for further details and instructions.

5.15.3 Overdue payments

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.75% per annum as of the date of this Prospectus. If a Subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act, not be delivered to such Subscriber.

In order to enable timely registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises, the Company has entered into a payment guarantee agreement with DNB Markets and Danske Bank (the "**Payment Guarantors**") pursuant to which the Payment Guarantors have undertaken to pay for any Offer Shares for which payment has not been received on or prior to the Payment Date, excluding (i) the Offer Shares not subscribed for by the expiry of the Subscription Period (which, if any, shall be subscribed and paid for in accordance with the terms and conditions of the Underwriting Agreement) and (ii) the Offer Shares subscribed for by the Pre-committing Shareholders. The Payment Guarantors' obligations under the payment guarantee agreement are several (and not joint and several) and limited to an amount of NOK 721,368,153 for DNB Markets and NOK 499,792,227 for Danske Bank (NOK 1,221,160,380 in total).

Pursuant to such payment guarantee agreement, the Payment Guarantors will pay any subscription amounts not paid by Subscribers when due, limited upwards to the guaranteed amount. The non-paying Subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Payment Guarantors. The Offer Shares allocated to such Subscribers will be transferred to a VPS account operated by the Settlement Agent on behalf of the Payment Guarantors and will be transferred to the non-paying Subscriber when payment of the subscription amount for the relevant Offer Shares is received. However, the Payment Guarantors reserve the right to sell on behalf of the Subscriber (on the Subscribers account and risk) or assume ownership of the Offer Shares from and including the fourth day after the Payment Date without further notice to the Subscriber in question in accordance with section 10-12 (4) of the Norwegian Public Limited Liability Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the Subscriber, the Subscriber will remain liable for payment of the subscription amount, together with any interest, loss, costs, charges and expenses suffered or incurred by the Company and/or the Payment Guarantors as a result of or in connection with such sales. The Company and/or the Payment Guarantors may enforce payment for any amount outstanding in accordance with Norwegian law.

If the Payment Guarantors decide not to assume ownership to the unpaid Offer Shares, the Settlement Agent, on behalf of the Company, reserves the right, at the risk and cost of the Subscriber to, at any time from and including the fourth day after the Payment Date, cancel the subscription and to reallocate or otherwise dispose of allocated Offer Shares for which payment is overdue, on such terms and in such manner as the Settlement Agent may decide in accordance with Norwegian law. The Subscriber will remain liable for payment of the subscription amount, together with any interest, loss, costs, charges and expenses accrued and the Settlement Agent, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

5.16 DELIVERY OF THE OFFER SHARES

Subject to timely payment of the entire subscription amount in the Rights Issue, the Company expects that the share capital increase pertaining to the Rights Issue will be registered with the

Norwegian Register of Business Enterprises on or about 15 March 2019 and that the Offer Shares will be delivered to the VPS accounts of the Subscribers to whom they are allocated on or about the same day. The final deadline for registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises, and hence for the subsequent delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period, i.e. on 8 June 2019.

5.17 LISTING OF THE OFFER SHARES

The Shares are listed on the Oslo Stock Exchange under ISIN NO0010196140 and ticker code "NAS".

The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. The listing is expected to take place on or about 18 March 2019.

The Offer Shares may not be transferred or traded before they are fully paid, the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises, and the Offer Shares have been registered in the VPS.

5.18 THE RIGHTS CONFERRED BY THE OFFER SHARES

The Offer Shares issued in the Rights Issue will be ordinary Shares in the Company each having a nominal value of NOK 0.10. The Offer Shares will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Offer Shares will rank *pari passu* in all respects with the existing Shares and will carry full shareholder rights in the Company from the time of registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends that the Company may declare after such registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 12 "Share capital and Shareholder matters" for a more detailed description of the Shares.

5.19 LEI NUMBER

Legal Entity Identifier ("**LEI**") is a mandatory number for all companies investing in the financial market from January 2018. A LEI is a 20-character identifier that identifies distinct legal entities that engage in financial transactions. The Global Legal Identifier Foundation ("GLEIF") is not directly issuing LEIs, but instead it delegates this responsibility to Local Operating Units ("LOU"s).

Norwegian companies can apply for a LEI number through the website <https://www.dnb.no/bedrift/markets/vilkar-avtaler/mifid/leilogon.html>. The application can be submitted through an online form and signed electronically with BankID. It normally takes one to two working days to process the application.

Non-Norwegian companies can find a complete list of LOUs on the website <https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations>.

5.20 VPS REGISTRATION

The Subscription Rights will be registered in the VPS under ISIN NO NO0010842990. The Offer Shares will be registered in the VPS with the same ISIN as the existing Shares, i.e. ISIN NO0010196140.

The Company's registrar with the VPS is DNB Bank ASA (the VPS Registrar), Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway, telephone number +47 23 26 80 20.

5.21 DILUTION

The Rights Issue will result in an immediate dilution of approximately 66.67% for Existing Shareholders who do not participate in the Rights Issue.

5.22 THE UNDERWRITING

Pursuant to an underwriting agreement dated 29 January 2019, as supplemented by a pricing supplement dated 18 February 2019 (the "**Underwriting Agreement**"), the Underwriters and the Pre-committing Shareholders have undertaken to underwrite and/or subscribe for Offer Shares in the Rights Issue as set out in the table below. The underwritten amount also reflects commitments from certain Pre-committing Shareholders, who, in addition to undertaking to subscribe for Offer Shares, have agreed to partially underwrite the Rights Issue (the "**Additional Underwriters**").

	Address	Underwritten / pre-committed amount (NOK)	% of the Rights Issue
<u>The Underwriters:</u>			
DNB Markets, a part of DNB Bank ASA	Dronning Eufemias gate 30, N-0021 Oslo, Norway	721,368,153	24.06%
Sterna Finance Ltd.	Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton, HM08 Bermuda	500,000,028	16.67%
Danske Bank, Norwegian Branch	Bryggetorget 4, P.O. Box 1170 Sentrum, N-0107 Oslo, Norway	499,792,227	16.67%
<u>The Pre-committing Shareholders:</u>			
HBK Holding AS	c/o Adv. Simonsen Vogt Wiig AS, Filipstad Brygge 1, N-0252 Oslo, Norway	299,999,997	10.00%
Folketrygdfondet	Haakon VIIIs gate 2, P.O. Box 1845, N-0123 Oslo, Norway	181,272,696	6.04%
Danske Capital	Bryggetorget 4, P.O. Box 1170 Sentrum, N-0107 Oslo, Norway	146,918,178	4.90%
Funds managed by DNB Asset Management	Dronning Eufemias gate 30, N-0021 Oslo, Norway	97,521,270	3.25%
VPF Pareto Investment Fund	Dronning Mauds gate 3, N-0123, Oslo	58,740,000	1.96%
Sneisungen AS	c/o Adv. Simonsen Vogt Wiig AS, Filipstad Brygge 1, N-0252 Oslo, Norway	42,580,626	1.42%
Kite Lake Capital Management (UK) LLP	1 Knightsbridge Green, London SW1X 7QA, UK	38,230,104	1.27%
Stenshagen Invest AS	Filipstad Brygge 1, N-0252 Oslo, Norway	33,026,070	1.10%
Norda AS	c/o Andenæsgruppen AS, Stortingsgata 28, N-0161 Oslo, Norway	25,563,252	0.85%
Handelsbanken Norge	Tjuvholmen allé 11, N-0113 Oslo, Norway	17,490,000	0.58%
Stavanger Forvaltning AS	Domkirkeplassen 2, N-4006 Stavanger, Norway	17,160,000	0.57%

	Address	Underwritten / pre-committed amount (NOK)	% of the Rights Issue
VPF Pareto Nordic Return	Dronning Mauds gate 3, N-0123 Oslo, Norway	16,754,496	0.56%
ON Sunde AS	Bryggegate 3, N-0250 Oslo, Norway	13,200,000	0.44%
MP Pensjon	Lakkegate 23, N-0187 Oslo, Norway	11,183,502	0.37%
Alfred Berg Norge	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	8,679,000	0.29%
Pareto SICAV Pareto Nordic Equity	Dronning Mauds gate 3, N-0123 Oslo, Norway	8,411,436	0.28%
Alfred Berg Aktiv	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	4,191,000	0.14%
Alfred Berg Indeks	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	2,516,778	0.08%
<u>The Additional Underwriters:</u>			
Alfred Berg Norge	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	56,976,315	1.90%
ON Sunde AS	Bryggegate 3, N-0250 Oslo, Norway	49,979,226	1.67%
MP Pensjon	Lakkegate 23, N-0187 Oslo, Norway	39,983,394	1.33%
Alfred Berg Aktiv	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	26,988,786	0.90%
Norda AS	c/o Andenæsgruppen AS, Stortingsgate 28, N-0161 Oslo, Norway	24,416,766	0.81%
Folketrygdfondet	Haakon VIIs gate 2, P.O. Box 1845, N-0123 Oslo, Norway	19,991,697	0.67%
Stavanger Forvaltning AS	Domkirkeplassen 2, N-4006 Stavanger, Norway	19,825,146	0.66%
Alfred Berg Index	Munkedamsveien 35, P.O. Box 1294 Vika, N-0250 Oslo, Norway	15,993,351	0.53%
Total		2,998,753,494	100.00%

Pursuant to the Underwriting Agreement, the Underwriters and the Additional Underwriters have undertaken, severally and not jointly, and otherwise on the terms and conditions set out in the Underwriting Agreement, to underwrite an aggregate amount of up to NOK 1,975,315,089 in the Rights Issue (the "**Total Underwriting Commitment**"). The Total Underwriting Commitment is equal to the gross proceeds of the Rights Issue, less the portion of the Rights Issue the Pre-committing Shareholders have agreed to subscribe for.

Each Underwriter's and Additional Underwriter's obligation to subscribe and pay for the unsubscribed Shares in the Rights Issue is subject to the satisfaction or waiver (by the Underwriters only) of inter alia the following conditions:

- i. The Pre-committing Shareholders shall have subscribed for at least NOK 1,023,438,405 of the Rights Issue before the expiry of the Subscription Period.
- ii. No underwriting commitments shall have been withdrawn.
- iii. Save as disclosed by the Company on or prior to the date of this Prospectus, no change, event, effect, or condition shall have occurred that has or would have, individually or in the aggregate, an effect on the current or future business, assets, liabilities, liquidity, solvency or funding position or condition (financial or otherwise) or results of the Company and its subsidiaries taken as a whole, which in the good faith opinion of the Underwriters is so material and adverse as to make it impracticable or inadvisable to proceed with the Rights Issue or the delivery of the Offer Shares on the terms and in the manner contemplated in this Prospectus.
- iv. No event shall have occurred giving the Underwriters or Pre-committing Shareholders a right to terminate the Underwriting Agreement.

Prior to the subscription for the unsubscribed Shares under the Underwriting Agreement, the Underwriters may jointly terminate the Underwriting Agreement on behalf of themselves and the Additional Underwriters in the event that:

- i. the Company is in material breach of the Underwriting Agreement; or
- ii. (a) any withdrawal of admission to listing of the Offer Shares or any suspension of, or limitation on prices for, trading in the existing shares of the Company on the Oslo Stock Exchange, or in equity securities generally on the Oslo Stock Exchange or on the London Stock Exchange or the New York Stock Exchange; (b) any declaration of a banking moratorium or suspension of payments in respect of banks generally in Norway, New York or the United Kingdom or with the respect to the European Central Bank; (c) any change or developments involving a prospective change in the international financial markets, or in the financial markets of or in financial, political, monetary or economic conditions in Norway, the United Kingdom or the United States, or any outbreak or escalation of hostilities or any other calamity or crisis; (d) any material change in currency exchange rates or foreign exchange controls, or a disruption of settlement systems or commercial banking in Norway, the United Kingdom or the United States; or (e) there has occurred a change or development involving a change in taxation affecting the Company, the Offer Shares or the transfer thereof, and the effect of any of the events described in (a) to (e), in the good faith opinion of the Underwriters, is material and makes it impracticable or inadvisable to proceed with the Rights Issue or the underwriting of the Offer Shares or materially and adversely affects dealings in the Offer Shares following the Payment Date; or
- iii. there is information contained in this Prospectus (and/or in any other publication or announcement issued or to be issued by the Company on or after the date of the Underwriting Agreement but prior to or at the same time as publication of the Prospectus) that relates to facts or circumstances existing prior to or at the date of the Underwriting Agreement that was not contained in the public disclosure prior to that date, and which in the good faith opinion of the Underwriters is (singly or in aggregate) so material in the context of the Rights Issue or the underwriting of the Offer Shares as to make it impracticable or inadvisable to proceed with the Rights Issue or the underwriting of the Offer Shares.

Pursuant to the Underwriting Agreement, each Underwriter and Additional Underwriter shall receive from the Company an underwriting commission equal to 1.5% of the amount of the respective Underwriter's and Additional Underwriter's underwriting obligation and, the Pre-committing Shareholders shall as compensation receive from the Company a fee equal to 1.5% of their respective pre-committed subscription amount.

5.23 LOCK-UP

The Company has in the Underwriting Agreement undertaken for a period of 9 months from the Payment Date not to issue any Shares other than (i) the Offer Shares, (ii) as consideration for options, subscription rights and similar rights already issued, (iii) as part of incentive schemes for employees, or (iv) following the prior written consent of the Underwriters.

5.24 NET PROCEEDS AND EXPENSES RELATED TO THE RIGHTS ISSUE

The Managers will receive a management fee equal to 0.50% of the gross proceeds of the Rights Issue. In addition, the Company may at its sole discretion pay an additional success fee of up to 0.25% of the gross proceeds in the Rights Issue. Under the Underwriting Agreement each Underwriter and Additional Underwriter shall receive from the Company an underwriting commission equal to 1.5% of the amount of the respective Underwriter's and Additional Underwriter's underwriting obligation, and the Pre-Committing Shareholders shall as compensation receive from the Company a fee equal to 1.5% of their respective pre-committed subscription amount as described in Section 5.22 "The Underwriting". The total costs and expenses of, and incidental to, the Rights Issue are estimated to amount to approximately NOK 90 million including management fee, discretionary fee, underwriting commission, stand-by underwriting fee and other expenses. No expenses or taxes will be charged by the Company or the Managers to the subscribers in the Rights Issue.

Total net proceeds from the Rights Issue are estimated to be approximately NOK 2,909 million. For a description of the use of such proceeds, see Section 5.2 "Use of proceeds".

5.25 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE RIGHTS ISSUE

The Managers or their affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Managers, their employees and any affiliate may currently own Shares in the Company. Further, in connection with the Rights Issue, the Managers, their employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Existing Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares or Subscription Rights and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Rights Issue. The Managers do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Further, the Managers and the Underwriters will receive fees in connection with the Rights Issue and, as such, have an interest in the Rights Issue. See Section 5.24 "Net proceeds and expenses related to the Rights Issue", for information on the fees to the Managers and the Underwriters.

5.26 PARTICIPATION OF MAJOR EXISTING SHAREHOLDERS AND MEMBERS OF THE COMPANY'S MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES IN THE RIGHTS ISSUE

As set out in Section 5.22 "The Underwriting", HBK Holding AS and Sneisungen AS, both companies controlled by the CEO of the Company, Bjørn Kjos, and the chairman of the Board of the Company, Bjørn H. Kise, owning in aggregate approximately 26% of the Shares of the Company, and Folketrygdfondet, owning approximately 6% of the Shares of the Company, have pre-committed to subscribe for Offer Shares in the Rights Issue. Except for this, the Company is not aware of whether any major shareholders of the Company or members of the Company's management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Rights Issue, or whether any person intends to subscribe for more than 5% of the Rights Issue.

5.27 SELLING AND TRANSFER RESTRICTIONS

This Prospectus does not constitute an offer or grant of, or an invitation to purchase any of, the Subscription Rights or the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of Subscription Rights or Offer Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Managers require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. The Subscription Rights and Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

5.27.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights and the offer of unsubscribed Offer Shares to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Subscription Rights and Offer Shares being granted and offered, respectively, in the Rights Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not and will not be offered, sold, exercised, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the applicable securities laws of any state or jurisdiction of the United States. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory other than Norway, such investor may not treat this Prospectus as constituting an invitation or offer to it, or a grant of, nor should the investor in any event deal in Subscription Rights or Offer Shares (as the case may be), unless, in the relevant jurisdiction, such an invitation, offer or grant could lawfully be made to that investor, or the Subscription Rights or Offer Shares, as applicable, could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer the Subscription Rights or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section 5.27 "Selling and Transfer Restrictions".

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted and offered, respectively, in the Rights Issue may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to grant the Subscription Rights or offer the Offer Shares, as applicable; (ii) this Prospectus may not be sent to any person in any jurisdiction in which it would not be permissible to offer the Offer Shares; and (iii) the crediting of Subscription Rights to an account of a holder or other person who is a resident of any jurisdiction in which it would not be permissible to offer the Offer Shares does not constitute an offer to such persons of the Offer Shares. Holders of Subscription Rights who are resident in any jurisdiction in which it would not be permissible to offer the Offer Shares may not exercise Subscription Rights.

If an investor exercises Subscription Rights to subscribe for Offer Shares, or purchases Offer Shares, either from the Company directly or from the Underwriters, unless the Company in its sole discretion determines otherwise on a case-by-case basis, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

- (a) the investor is not located or residing in a jurisdiction in which it would not be permissible to offer the Offer Shares;
- (b) the investor is not a person to which the Rights Issue cannot be unlawfully made;
- (c) the investor is not acting, and has not acted, for the account or benefit of a person to which the Rights Issue cannot be unlawfully made;
- (d) the investor is either a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act (a "QIB"), or acquiring the Offer Shares in an "offshore transaction" outside the United States within the meaning of, and pursuant to, Regulation S;

- (e) the investor understands that the Subscription Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act;
- (f) the investor acknowledges that the Company is not taking any action to permit a public offering of the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway; and
- (g) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company, the Managers and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company and the Managers. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is located outside Norway and wishes to exercise or otherwise deal in or subscribe for Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section 5.27 "Selling and Transfer Restrictions" is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights and subscribe for the Offer Shares, such investor should consult its professional advisor without delay.

The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in a jurisdiction in which the Rights Issue cannot be lawfully made, or who is unable to represent or warrant that such person is not located or residing in such jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

Neither the Company nor the Managers, nor any of their respective representatives, is making any representation to any offeree, Subscriber or purchaser of Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, Subscriber or purchaser under the laws applicable

to such offeree, Subscriber or purchaser. Each investor should consult its own advisors before subscribing for Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

5.27.2 United States

The Subscription Rights and/or Offer Shares, as applicable, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. The Offer Shares are being offered (i) within the United States only to QIBs, as defined in Rule 144A of the U.S. Securities Act, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act, in each case, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Prospective purchasers of the Offer Shares are hereby notified that sellers of the Offer Shares may be relying on the exemption from registration provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Except as set out below under "Sales within the United States" (i) neither this Prospectus nor the crediting of Subscription Rights to a stock account constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Offer Shares in the United States, and this Prospectus will not be sent to any Existing Shareholder with a registered address in the United States and (ii) exercising Subscription Rights or renunciations thereof sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares, issued upon exercise thereof outside the United States.

Until the expiration of 40 days as from the later of (a) the commencement of the Rights Issue, and (b) the commencement of any offering by underwriters of new shares underlying unexercised preferential subscription rights, an offer, sale or transfer of the Offer Shares or preferential subscription rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

In making an investment decision with respect to the Offer Shares, investors must rely on their own examination of the Company and the terms of the Rights Issue, including the merits and risks involved. The Subscription Rights and the Offer Shares have not been recommended, approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Subscription Rights and the Offer Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

5.27.2.1 Sales within the United States

Notwithstanding the foregoing, the Offer Shares may be offered to and the Subscription Rights may be exercised by or on behalf of, persons in the United States reasonably believed to be QIBs, in offerings exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, provided such persons satisfy the Company that they are eligible to participate on such basis. Persons in the United States exercising Subscription Rights to acquire Offer Shares will be required to execute an investor letter in a form acceptable to the Company and the Managers.

Each person exercising Subscription Rights and each purchaser of Offer Shares, either from the Company directly or from the Underwriters, within the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Prospectus, will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) It is (i) a QIB and (ii) exercising such Subscription Rights or acquiring such Offer Shares for its own account or for the account of a QIB as to which it has full investment

discretion, in each case for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the Shares.

(b) It understands that such Offer Shares are being offered for sale in a transaction not involving any public offering in the United States and the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or any U.S. securities laws or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred except (i)(A) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (B) in an "offshore transaction" as defined in and in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (C) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (D) pursuant to any other available exemption from registration under the U.S. Securities Act or (E) pursuant to an effective registration statement under the U.S. Securities Act, and (ii) in accordance with all applicable federal and state securities laws of the United States.

(c) It understands that such Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND (B) IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

(d) The Company, the Managers, and any selling agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is exercising any Subscription Rights or acquiring any Offer Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(e) The Offer Shares have not been offered to it by means of any "general solicitation" or "general advertising" as such terms are used in Regulation D under the U.S. Securities Act.

(f) The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

No representation has been, or will be, made by the Company or the Managers as to the availability of Rule 144 under the U.S. Securities Act or any other exemption under the U.S. Securities Act or any state securities laws for the re-offer, sale, pledge or transfer of the Offer Shares for so long as the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

Any person in the United States into whose possession this Prospectus comes should inform itself about and observe any applicable legal restrictions; any such person in the United States who is not a QIB is required to disregard this Prospectus. A person in the United States who is not a QIB is an Ineligible Shareholder (as defined in Section 5.8 "Subscription Rights"). Subscription Rights granted to an Ineligible Shareholder will be sold in accordance with the procedures set forth in Section 5.8 "Subscription Rights".

Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

5.27.2.2 Sales outside the United States

Each person that at the time of exercise of Subscription Rights or purchase of Offer Shares, either from the Company directly or from the Underwriters, was outside the United States, by accepting delivery of this Prospectus, will be deemed to have represented, warranted, agreed and acknowledged that:

- (a) It (i) is not within the United States; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Offer Shares; (iii) is not exercising for the account of any person who is located in the United States, unless: (A) the instruction to exercise was received from a person outside the United States and (B) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (a) has investment discretion over such account or (b) is an investment manager or investment company that is acquiring the Offer Shares in an "offshore transaction" within the meaning of Regulation S under the U.S. Securities Act; and (iv) is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares into the United States.
- (b) It understands that such Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or any U.S. securities laws or with any securities regulatory authority of any state or other jurisdiction in the United States and that it will not offer, sell, pledge or otherwise transfer such Subscription Rights or Offer Shares except (i) in accordance with Rule 144A under the U.S. Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (ii) in an offshore transaction as defined in and in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that such Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER, OR IN A TRANSACTION NOT SUBJECT TO, THE U.S. SECURITIES ACT.

- (d) It is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.

- (e) The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- (f) The Company, the Managers, any selling agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (g) The Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.

The Company is not required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). For as long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and the Company is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will upon written request furnish to any holder or beneficial owner of the Offer Shares, or to any prospective purchaser designated by such holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act.

5.27.3 United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to everything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

5.27.4 Canada

This Prospectus is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the Subscription Rights or the Offer Shares in Canada or any province or territory thereof. Any offer or sale of the Subscription Rights or Offer Shares in Canada will be made only pursuant to an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made

5.27.5 Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. Persons are advised to exercise caution in relation to the Rights Issue. In case of any doubt regarding any of the contents of this Prospectus, persons should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of any Subscription Rights or the Offer Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (b) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong. No person shall issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subscription Rights or the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Rights or the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the

meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Existing shareholders agree not to offer or sell in Hong Kong any Subscription Rights or the Offer Shares other than (a) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (b) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. Existing shareholders also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subscription Rights or the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Rights or the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

5.27.6 European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any Offer Shares may not be made in that Relevant Member State, other than the offers contemplated by this Prospectus in Norway once this Prospectus has been approved by the Norwegian FSA and published in accordance with the Prospectus Directive as implemented in Norway, except that an offer to the public of any Offer Shares in a Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in the Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

Further, each person in a Relevant Member State other than, in the case of paragraph (a) below, persons receiving offers contemplated in this Prospectus in Norway who receives any communication in respect of, or who acquires any Offer Shares under, the offer contemplated in this Prospectus will be deemed to have represented, warranted and agreed to and with the Managers and the Company that:

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (b) in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) such Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale; or (ii) where such Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Offer Shares or Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares or Shares to be offered so as to enable an investor to decide to purchase or subscribe for such Offer Shares or Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

5.27.7 Switzerland

This Prospectus is not being publicly distributed in Switzerland. Each copy of this Prospectus is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

5.27.8 Additional Jurisdictions

The Subscription Rights or Offer Shares may not be offered, sold, exercised, pledged, resold, granted, allocated, taken up, transferred or delivered, directly or indirectly, in or into, Canada, Japan, Australia, Hong Kong or any other jurisdiction in which it would not be permissible to offer the Subscription Rights or the Offer Shares.

5.28 PUBLICATION OF INFORMATION RELATING TO THE RIGHTS ISSUE

In addition to press releases which will be posted on the Company's website, the Company will use the Oslo Stock Exchange information system to publish information relating to the Rights Issue.

5.29 PRODUCT GOVERNANCE

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (MiFID II); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the MiFID II Product Governance Requirements), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

5.30 GOVERNING LAW AND JURISDICTION

This Prospectus, the Subscription Forms and the terms and conditions of the Rights Issue shall be governed by, and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, the Subscription Forms or the Rights Issue shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo District Court as legal venue.

6. MARKET OVERVIEW

6.1 THE AIRLINE MARKET

While on the one hand the airline industry is characterized by intense competition and stringent streamlining requirements, it is also characterized by healthy growth. Continuous efficiency enhancements in combination with the liberalization of the industry in the 1990s contributed to fundamental changes in the airline industry. Liberalization has predominantly led to more competition and the emergence of low-cost carriers.

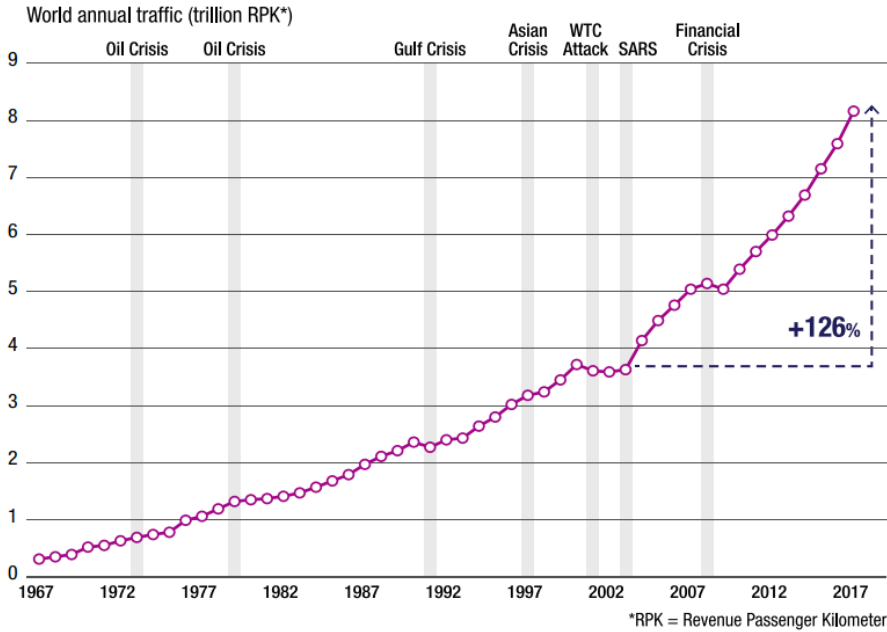
The Group is the third largest low-cost carrier in Europe and sixth largest low-cost carrier in the world based on passenger numbers in 2017.¹ The route network stretches across Europe into North Africa, the Middle East, North America, the Caribbean and Southeast Asia. In January 2018, the Group received the AOC necessary to operate aircraft by NAA and has now expanded the network to Argentina. In November 2018, the Group obtained an AOC required for operation by NSE, and is currently operating three aircraft on its new Swedish AOC. The Group has a vast domestic route network in Norway, Sweden, Denmark, Finland and Spain, as well as a wide range of routes between Scandinavia and the European continent, Asia and the U.S. The Group's long-haul business comprises more than 60 intercontinental routes at year-end 2018.

6.1.1 Historical air traffic growth and market forecast

Air traffic has grown steadily at a high pace. Revenue passenger kilometers ("**RPKs**") experienced a global growth of 5.5% year over year in September 2018, as compared to September 2017, according to ICAO figures.² More than half of the world's tourists who travel across international borders each year are transported by air.

Air traffic continues to prove its resilience to slow economic growth by outperforming global GDP demonstrating the world's appreciation of the benefits aviation brings.

Figure: Air travel has proven resilient to external shocks



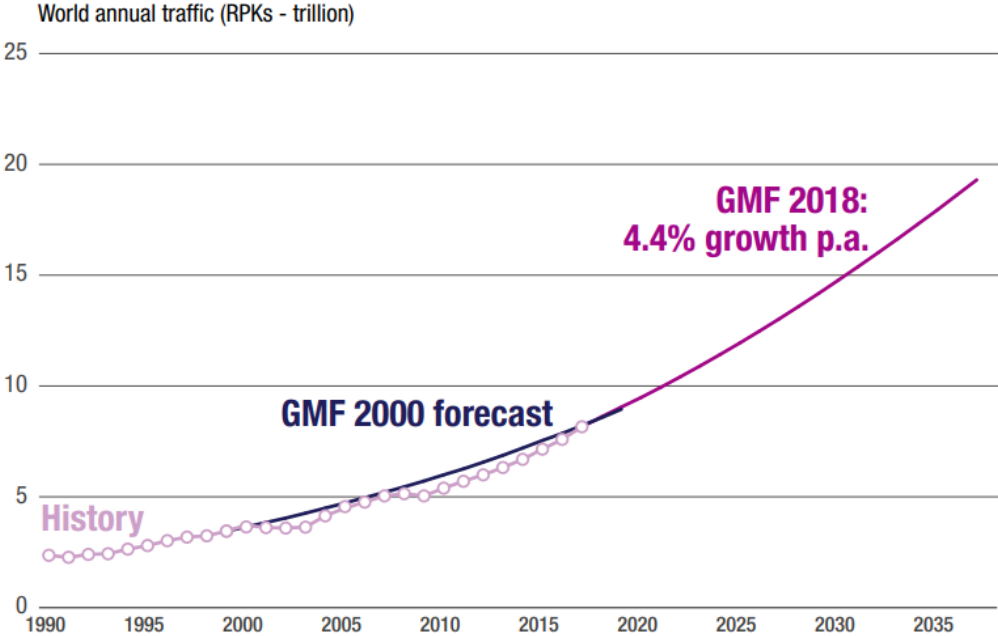
Source: Airbus Global Market Forecast 2018 (<http://www.airbus.com/aircraft/market/global-market-forecast.html>)

¹ Source: Source: CAPA – Centre for Aviation, airline company traffic reports

² Source: ICAO –NOV 2018: Air Transport Monthly Monitor
https://www.icao.int/sustainability/Documents/MonthlyMonitor-2018/MonthlyMonitor_November2018.pdf

For the next 20 years, the Airbus Global Market Forecast ("Airbus GMF") forecasts a 4.4% global annual air traffic growth, despite some downward revision of future economic growth by a number of forecasters in several regions of the world. According to Airbus, the first decade will enjoy a 4.8% increase per year, with 4.0% average annual growth for the second decade, a lower figure but growth in those years is based on absolute traffic numbers higher than today.

Figure: Long term demand prediction (Airbus)



Source: Airbus Global Market Forecast 2018 (<http://www.airbus.com/aircraft/market/global-market-forecast.html>)

The main regions for air travel are Europe, North America and the Asia Pacific. In terms of growth, emerging markets are expected to be the main driver.

Figure: Airline passenger traffic (RPKs in billions) in 2017

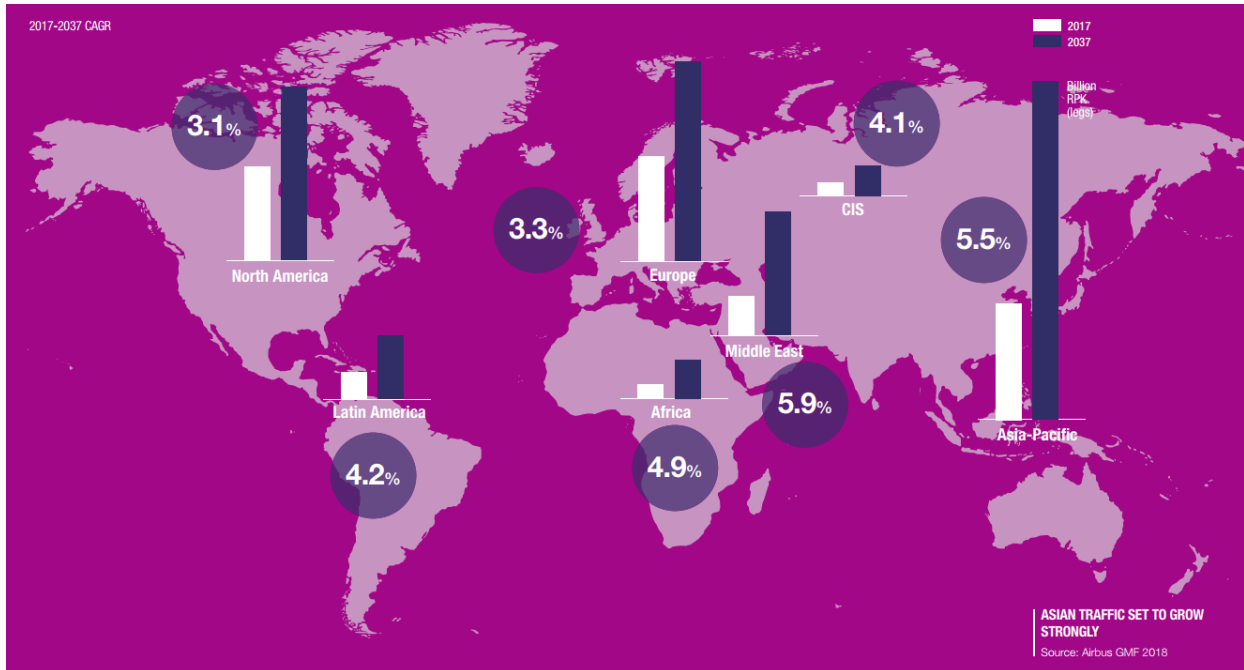
	Africa	Latin America	Middle East	Europe	North America	Asia Pacific
Asia Pacific	na.	na.	377.7	486.9	365.5	2,021.6
North America	na.	276.3	100.9	537.9	1,164.7	
Europe	163.9	224.4	280.2	930.6		
Middle East	66.2	na.	120.4			
Latin America	na.	250.6				
Africa	65.4					

Source: Boeing Commercial market outlook 2018 (<https://www.boeing.com/commercial/market/commercial-market-outlook/#/downloads>)

According to Airbus, in terms of long term growth, Asia-Pacific will have the highest amount of the total world traffic by 2037. Traffic between emerging countries is forecast to grow at 6.2% per annum and increase its share of total traffic from 29% in 2017 to 40% by 2037. Domestic Chinese traffic is forecast to increase 3.5 times towards 2037, with Domestic USA increasing by 50% from an already high base. The three major flows connecting Western Europe are all expected to grow

considerably from 2017 to 2037; routes between USA, intra Western-European routes and routes to the Middle-East are expected to grow 1.7, 1.7 and 2.6 times respectively.

Figure: Overview of growth composition until 2037



Source: Airbus Global Market Forecast 2018 (<http://www.airbus.com/aircraft/market/global-market-forecast.html>)

6.1.2 Demand for air travel

Amongst the drivers of air traffic demand, economic growth is the primary driver of demand, both as it largely explains past performance and it forms the basis of forecast continued growth. The figure below shows the correlation of Gross Domestic Product ("GDP") and air traffic growth, measured in Revenue Passenger Kilometers ("RPKs") flown. In recent years, air travel has grown at a slightly higher pace than growth in GDP.

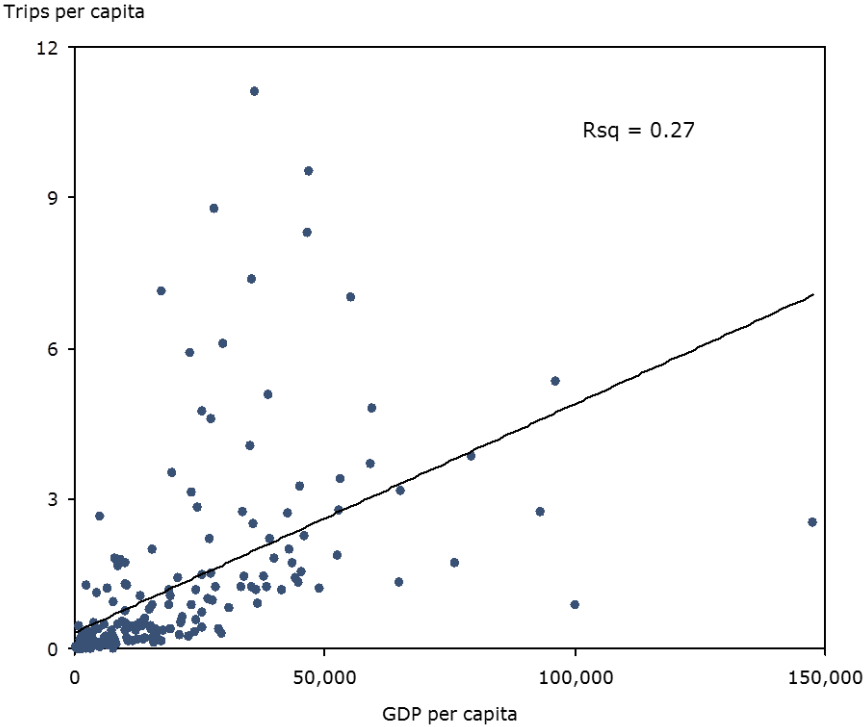
Figure: Relationship GDP growth and revenue passenger kilometer growth



Source: World Bank, Boeing Commercial Market Outlook 2018

In terms of propensity to travel, inhabitants of wealthier countries travel more. This is illustrated in the figure below, which shows the relationship between GDP per capita and trips per capita for 2017 as estimated by Airbus.

Figure: Propensity to travel



Source: Airbus Global Market Forecast 2017

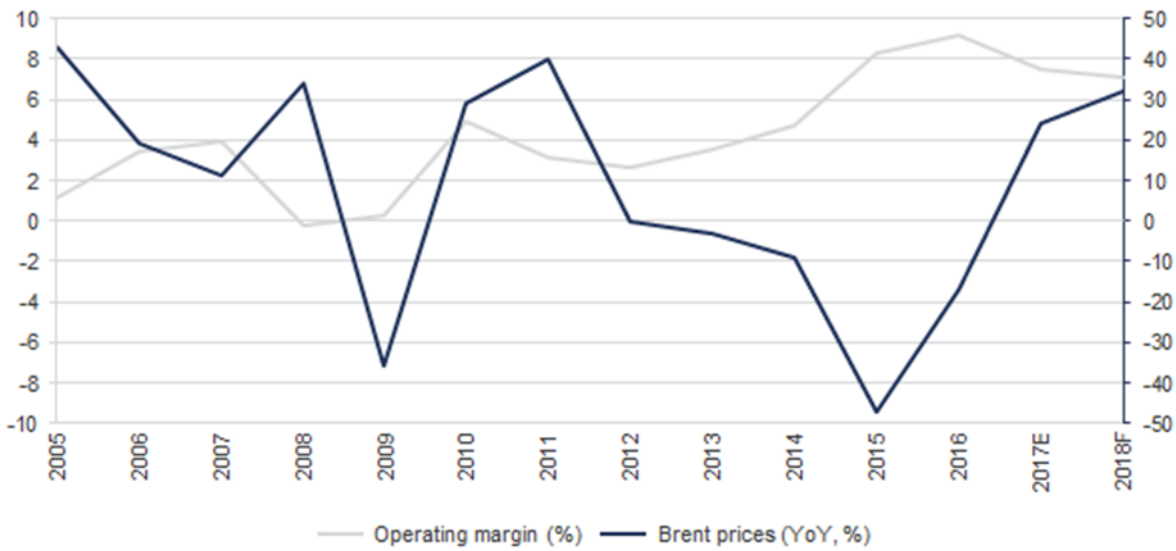
However, there is a risk of overstating economic activity as a driving force to air traffic growth, especially during a downturn. Although the air transport industry is subject to occasional market shocks, the industry's demand is resilient; services are often seen as essential, and spending on discretionary trips for vacations or family events is frequently high priority. Over the past 30 years, the aviation industry has experienced recessions, oil-price shocks, near pandemics, wars, and security threats, yet traffic has continued to grow on average at 5 percent annually.

6.1.3 Airline profitability

For air travel, lower fuel costs lead to increased airline profitability and reduced air fares. Although effects differ from country to country, lower oil prices represent a net gain for global economic growth as resources are shifted to more efficient economies on average, and consumer spending is stimulated in the world's largest oil importing economies.

Starting from 2014, the price of Brent oil decreased considerably, leading to a substantial increase in airline profitability as evidenced in the figure below. The price of Brent oil has, however, increased considerably during 2017 and the first three quarters of 2018, reversing some of the said positive effect. During the last quarter of 2018 the price of Brent oil has again considerably decreased.

Figure: Operating margin (% , LHS) and variation in crude oil prices (year on year growth %, RHS)



Source: IATA Industry Forecast, EU Report 2016 – Air transports industry analysis as of March 2017, CAPA Airline profit outlook 2018, EIA (oil prices)

6.1.4 Principal markets

6.1.4.1 Introduction

The airline sector in Europe has evolved significantly since the liberalization of the EU air transportation market in the 1990s. In 1992, EU member states adopted a final package of liberalization measures that, from 1 January 1993, permitted greater access to intra-EU international routes. In 1995, the creation of the EEA extended these measures to Norway, Iceland and Liechtenstein. In April 1997, liberalization was further extended to the domestic routes of members of the EEA, so that any EEA carrier would be able to provide passenger services on any route within the EEA without restriction on price or capacity. This changed the nature of competition in European aviation and paved the way for the growth of low-cost carriers.

Liberalization of the air transportation market has continued, with the EU having concluded horizontal agreements with a number of third-party nations, including the United Arab Emirates, as well as full "open-skies" agreements with other third-party nations, including the United States, Israel, the Balkan states, Georgia and Moldova. These "open skies" agreements have progressively liberalized air markets, ultimately allowing any number of carriers from either contracting party to operate services on any route between them, without restrictions on price or capacity.

The European airline market generally follows economic cycles and over the long term RPKs have generally grown in line with GDP. The airline industry and demand for air travel are affected by both local and global economic conditions. A number of European airlines have gone out of business in recent years, including AeroSvit, Cyprus Airways, Spanair, Malév, Sky Europe, Centralwings, Silverjet, Sterling, XL Airways, Air Berlin and Monarch.

The European airline market is very fragmented with Europe's top seven airline groups only controlling 55% of seats to/from/within Europe in summer 2018, compared with an 82% share for North America's top seven. In general, legacy carriers have progressively been losing ground to low-cost carriers, especially in the short and medium-haul market, over the past ten years. Between 2005 and 2008, European low-cost carriers typically achieved double digit growth rates while during the same period, a time of global economic growth and overall industry expansion, the majority of European legacy carriers experienced substantially lower growth.

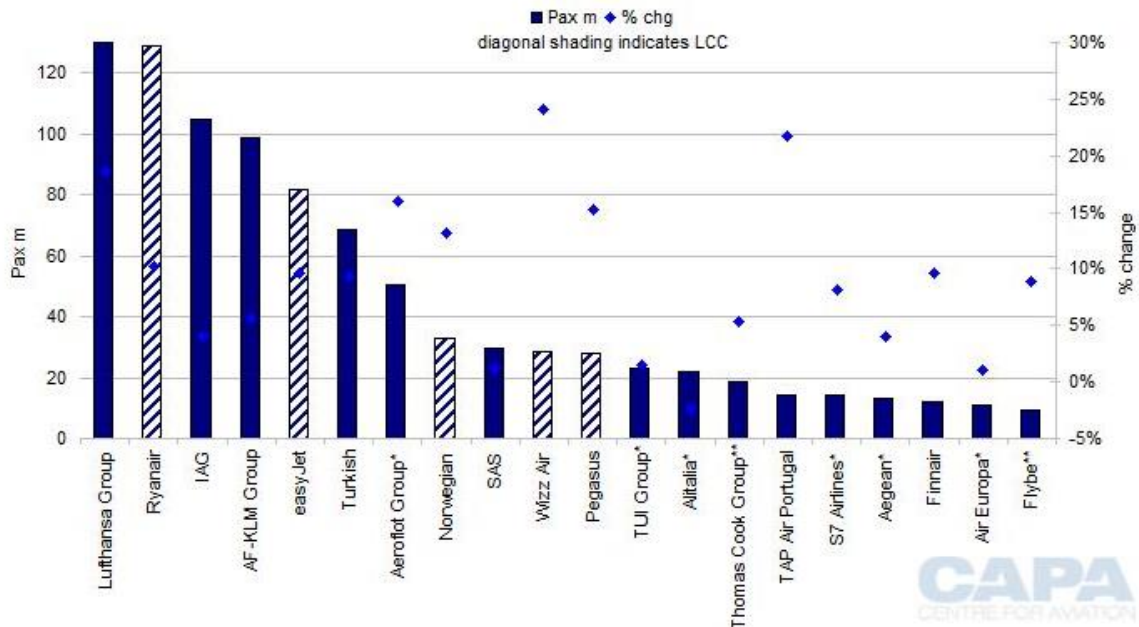
Figure: Market concentration across different world regions

	Number of groups to reach cumulative share indicated			
	Share of seats top 5 groups	25%	50%	90%
North America	72%	2	3	16
.....				
Middle East	57%	2	4	30
.....				
Latin America	51%	2	5	25
.....				
Europe	43%	3	7	47
.....				
Africa	36%	3	9	47
.....				
Asia Pacific	33%	4	11	49
.....				

Source: CAPA / EU Report 2016 – Air Transport Industry Analysis as of March 2017
https://ec.europa.eu/transport/sites/transport/files/2016_eu_air_transport_industry_analysis_report.pdf

The Group is the eighth largest airline group in Europe and the third largest low cost carrier (an "LCC"). The largest groups are Lufthansa, Ryanair and IAG.

Figure: Europe's top 20 airline groups by passenger numbers 2017



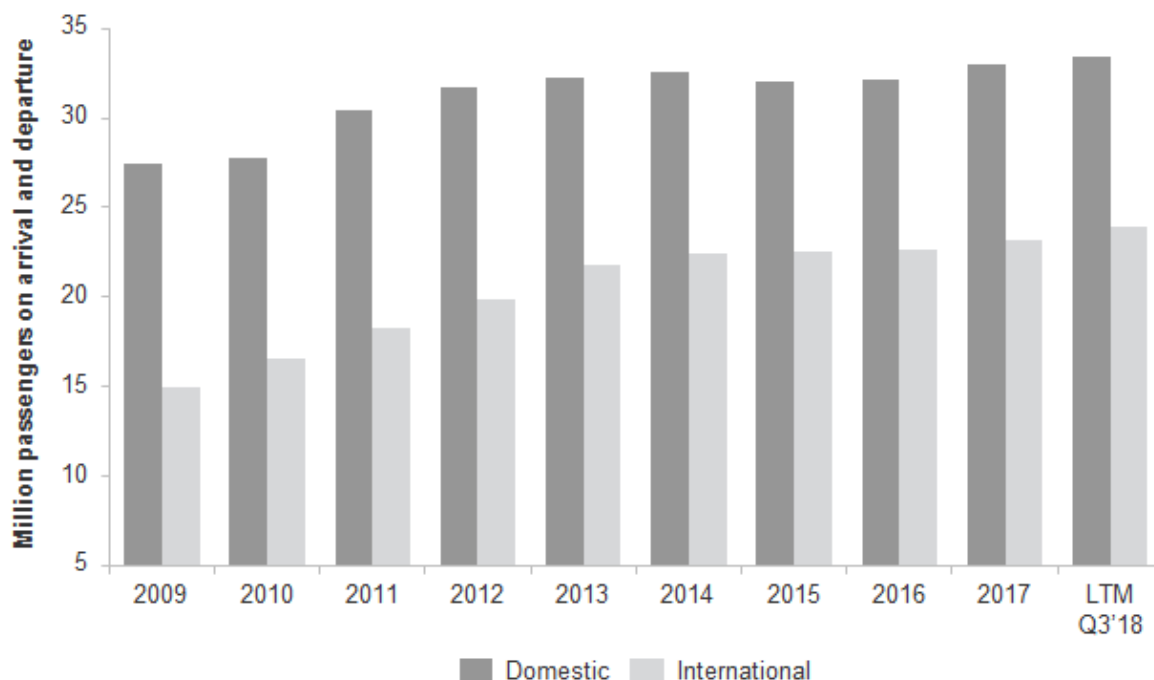
Source: CAPA – Centre for Aviation, airline company traffic reports

Note: * Indicates 2017 passenger numbers not yet reported; figures are CAPA estimates based on Nov-2017 YTD growth or on calendar 2017 seat growth data from OAG. ** Figures for 12 months to Sep-2017.

6.1.4.2 Norway

A total of 57.3 million passengers arrived and departed at Norwegian airports on all commercial flights in Norway during the last twelve months as per September 2018. Driven by challenging topography and scattered population, the people of Norway have become amongst the most frequent flyers in Europe. According to Eurostat using passenger figures for 2016 in terms of number of flights, two of the ten busiest European routes are found in Norway. Oslo-Trondheim is the fifth busiest route, and Oslo-Bergen follows on the eighth place.

Figure: Air transport. Passengers, by type of traffic, traffic, passenger group



	2009	2010	2011	2012	2013	2014	2015	2016	2017	Q3'18 LTM
Million passengers:										
Domestic	27.4	27.8	30.4	31.7	32.3	32.6	32.0	32.2	33.0	33.4
International	15.0	16.6	18.3	19.9	21.8	22.4	22.5	22.6	23.2	23.9
Total	42.4	44.4	48.8	51.6	54.0	55.1	54.5	54.7	56.2	57.3
Growth:										
Domestic		1.7 %	9.3 %	4.3 %	1.7 %	1.1 %	-1.9 %	0.5 %	2.6 %	
International		10.8 %	10.4 %	8.3 %	9.6 %	3.1 %	0.2 %	0.4 %	2.7 %	
Total		4.9 %	9.7 %	5.8 %	4.7 %	1.9 %	-1.0 %	0.5 %	2.6 %	

Source: Statistics Norway table 08508

The number of passengers has increased significantly over the period with a compound annual growth rate ("**CAGR**") of 3.6%. This trend has been present for both domestic passengers and international passengers, however, international passengers have grown faster than domestic passengers as can be seen from the diagram above. The growth has slowed down in recent years, but has gained an uptick in 2017. Passenger growth is expected going forward, as evidenced by the decision made by Norway's busiest airport, Oslo Airport, to build a second terminal increasing capacity to about 35 million passengers per year. The new terminal opened in 2017.

Figure: Passengers carried in 2017 at top 10 Norwegian airports

	Million passengers	% share
Oslo Gardermoen	27.4	48.7 %
.....		
Bergen Flesland	6.2	11.0 %
.....		
Trondheim Værnes	4.4	7.9 %
.....		
Stavanger Sola	4.2	7.4 %
.....		
Tromsø Langnes	2.4	4.2 %
.....		
Bodø	2.0	3.5 %
.....		
Sandefjord Torp	1.9	3.5 %
.....		
Ålesund Vigra	1.1	1.9 %
.....		
Kristiansand Kjevik	1.0	1.8 %
.....		
Harstad/Narvik Evenes	0.8	1.4 %
.....		
Top 10	50.5	89.9 %

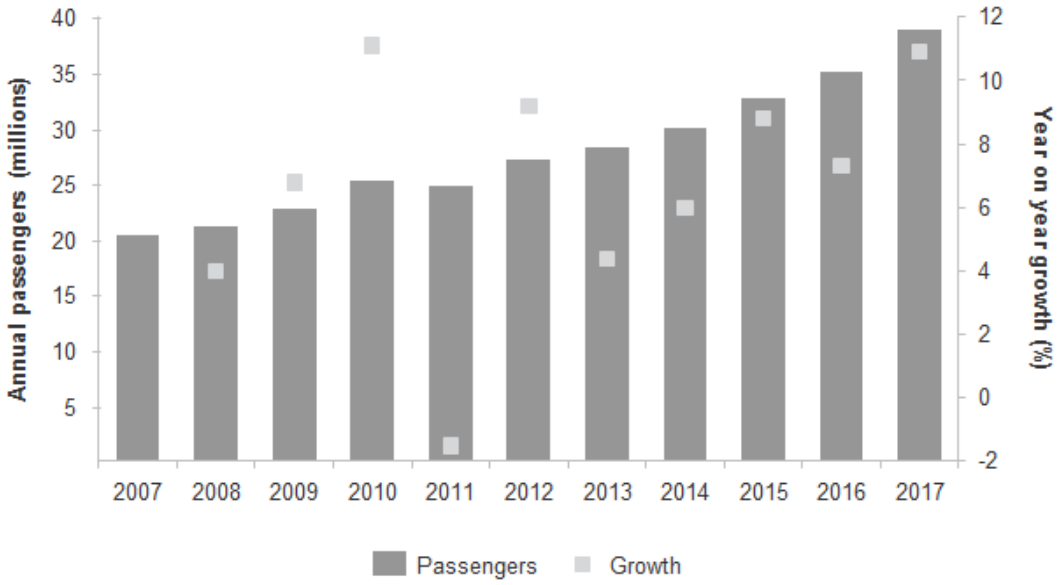
Source: Statistics Norway table 08508

6.1.4.3 Argentina

According to CAPA Centre for Aviation, Argentina is an underserved aviation market, with high fares, offering significant potential to low cost airlines. Some liberalization has attracted a number of possible new entrants, but challenges include infrastructure and a minimum fare regulation.

During 2017, 38.84 million passengers passed through 54 airports in Argentina, according to statistics from the Regulatory Organ of the National Airport System ("**ORSNA**"). This marked a 10.9% increase from the 35.03 million travelers handled by the same facilities in 2016. Despite the economic downturn between 2007 and 2010, Argentina's airports appear to have performed well during the past decade, with 2011 being the only year seeing a downturn in traffic with passenger numbers decreasing by 1.5%. The best years for growth between 2007 and 2017 were 2010 and 2017, when there was an approximately 11% increase in passengers.

Figure: Argentina airport traffic 2007-2017



Source: ORSNA

Argentina’s top 10 airports were responsible for just under 84% of the nation’s traffic in 2017. Buenos Aires is the main hub of the country, handling approx. 60% of the country’s total passengers.

Figure: Passengers carried in 2017 at top 10 Argentina airports

	Million passengers	% share
Buenos Aires Aeroparque	13.3	34.14 %
.....		
Buenos Aires Ezeiza	9.7	24.92 %
.....		
Cordoba	2.8	7.11 %
.....		
Mendoza	1.7	4.42 %
.....		
Bariloche	1.3	3.29 %
.....		
Salta	1.1	2.82 %
.....		
Ushuaia	0.8	2.05 %
.....		
Rosario	0.7	1.92 %
.....		
El Calafate	0.6	1.61 %
.....		
Comodoro Rivadavia	0.6	1.59 %
.....		
Top 10	32.6	83.89 %
.....		

Source: ORSNA

The Argentinian market is heavily influenced by legacy carriers, with local operators being the largest. LCC penetration is non-existing, with no seats offered in 2017. This has changed in 2018 with the entrance of Flybondi and the Group. Flybondi is expected to be operating 89 weekly flights with its main route being between Buenos Aires and Cordoba. The Group has approval for 153 routes domestically and internationally in Argentina. The first route between the United Kingdom and Argentina launched in February 2018.

Figure: Top 10 airlines in Argentina by departing seat capacity in 2017

	Million passengers
Aerolinas Argentinas	14.6
.....	
LATAM Airlines	5.8
.....	
GOL	0.8
.....	
Andes Lineas Aereas	0.8
.....	
American Airlines	0.4
.....	
Iberia	0.3
.....	
Copa Airlines	0.3
.....	
Avianca	0.3
.....	
Sky Airline	0.2
.....	
KLM	0.2
.....	
Top 10	23.8
.....	

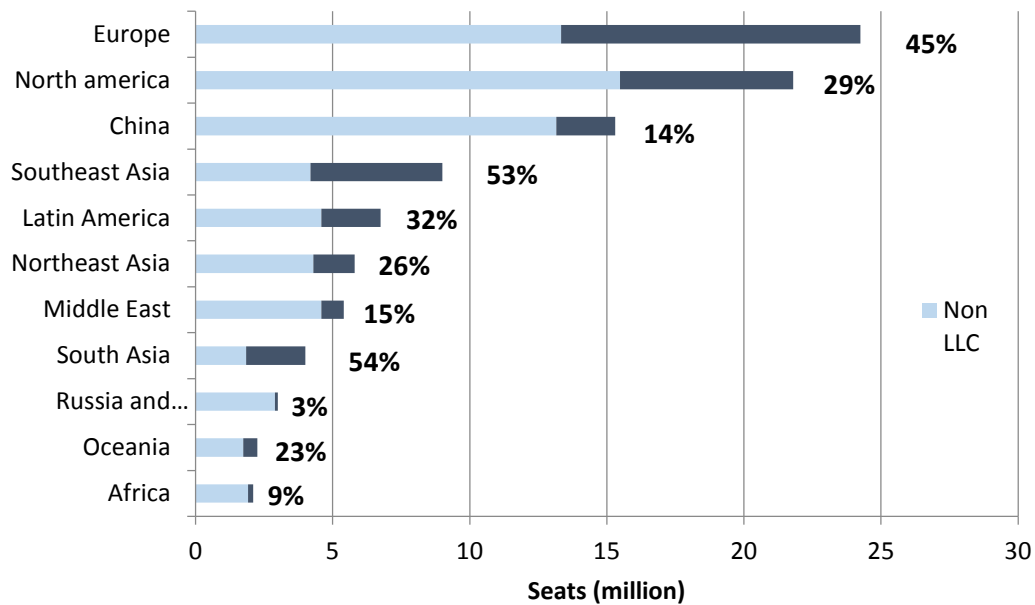
Source: OAG Schedules Analyser Data, anna.aero

Note: LATAM airlines: Combined carrier data

6.2 MARKET SEGMENTATION

Passenger airlines can mainly be divided into the broader categories of legacy carriers, low cost carriers (“LCC”) and regional carriers. Most airlines can be assigned into one or the other category, but some also overlap. Certain legacy airlines offer a set of low fares on otherwise standard services, whilst some LCCs have begun to increase the number of legacy style services that they offer. Historically, the legacy carriers have dominated the market, while in recent years LCCs have gained considerable traction. The figure below shows an overview of LCCs market share across different regions.

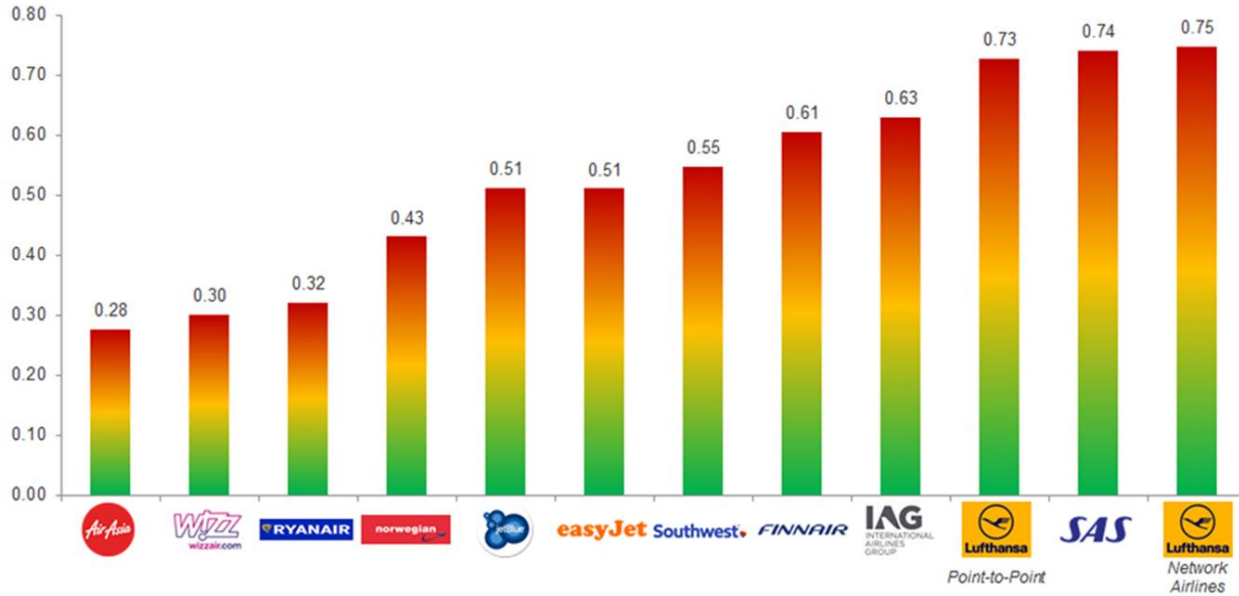
Figure: LCC short-haul penetration (share of total seats) by region 2017



Source: Boeing Current Market Outlook 2018

The LCCs operate at significantly lower costs than legacy carriers. For an overview of cost structure among selected LCCs and legacy carriers, please see the figure below.

Figure: 2017 operating cost EBIT level per average seat kilometer (NOK)



Source: Factset, Annual reports 2017

Notes:

The arrow indicates Norwegian’s aspiration to cut costs.

Foreign exchange rates used are equivalent to the daily average rates for 2017 as stated by the Central Bank of Norway

For some carriers the available financial data represents Group level data which may include cost items from activities that are unrelated to airline operations.

Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).

In the subsections that follow, further details are given about the airline categories.

6.2.1.1 Legacy carriers

Legacy carriers operate a "full-service" business model, which aims to offer passengers a comprehensive service. Legacy carriers may enter into alliances with other airlines and/or code-sharing and interline arrangements. Legacy carriers typically have two or more classes of service with a broad range of supplementary services, such as catering, in-flight entertainment and various levels of ticket flexibility. As a result of the comprehensive and varied service offering, a wide range of price levels exist even on the same journey. The primary aim of these airlines is to develop certain airports as their inter-continental hubs and to feed traffic to these hubs from their own domestic markets, from intra-European markets and from inter-continental interline traffic. These airlines are focused on long-haul premium traffic and high yielding corporate accounts. Legacy carriers hope to obtain a revenue premium by providing expensive services. With regard to their short-haul traffic, they either operate these routes themselves or utilize the services of regional airlines either through ownership or franchise operations.

In Europe, the legacy carriers are predominantly made up of the flag carrier airlines, such as IAG (British Airways and Iberia), Air France-KLM and Lufthansa. In the past the majority of these carriers were state-owned and some may have benefited from state aid. Many of these carriers have been either fully privatized (for example, IAG and Lufthansa) or partly privatized (for example, Air France-KLM and SAS).

6.2.1.2 Low cost carriers

Traditionally, the principal aim within the business model of a low-cost carrier is to offer as simple a product as possible and minimize the business costs in order to offer competitive low ticket

prices. Typical low-cost carrier characteristics are summarized below. Most low-cost carriers adhere to the majority of these characteristics. Low-cost carriers aim to maximize load factor and aircraft utilization rates by stimulating demand through offering flights at the lowest cost possible and typically only operating on short-haul point-to-point routes, with a smaller proportion of routes classified as medium-haul. Costs are kept low by having a ticketless service, using a single aircraft-family fleet, having only one class of service and predominantly flying to less-congested secondary airports serving a particular destination to the extent possible. Tickets are generally sold online or directly by the airline in order to avoid agency costs and global distribution system charges. Supplementary services typically included in the ticket price offered by legacy carriers are available at an additional cost. Turnaround times are kept to a minimum by having no pre-flight seating plan for passengers. The operational model means that such airlines typically have unit costs that are as much as 50 per cent lower than their full-service competitors and hence they are generally able to charge much lower prices.

European low-cost carriers include easyJet, Norwegian, Ryanair, Vueling Airlines S.A ("**Vueling**") and Wizz Air. Some of these carriers are independently owned (for example, EasyJet and Ryanair) whilst others have been formed and/or are owned by national flag carriers (for example, Vueling which is majority-owned by IAG or Eurowings which is owned by Lufthansa).

6.2.1.3 Regional carriers

Regional carriers are characterized by reference to the smaller aircraft they operate and the regional markets they serve. Regional carriers typically operate regional jets or turboprop aircraft. These regional aircraft, which are generally smaller in terms of passengers carried than those operated by European low-cost carriers, serve scheduled point-to-point European routes. There are primarily two distinct roles of regional airlines in Europe. The first is to provide passenger feed into the main hubs for their main shareholder or franchisor airline and the second is to provide region-to-region air services linking regional communities.

6.3 RECENT TRENDS IN THE AIRLINE INDUSTRY

Key recent trends in the airline industry revolve around political factors, as well as new market models being introduced by market participants.

2017 and 2018 were challenging years for the airline industry. Various geopolitical and macroeconomic issues have impacted the trading environment, and intense competition and a rising cost environment, notably increases in fuel prices, but also labour costs in some cases, is squeezing margins of all operators.

Terrorist attacks in Barcelona and London and the Brexit vote have also dulled consumer confidence, and these as well as other issues have dampened demand and have been major contributing factors to several high-profile airline failures (Monarch, Berlin and Alitalia administration).

Moreover, the industry finds itself undergoing changes with new and stricter requirements from its operating environment, which affects all operators, and customers are increasingly demanding air travel with a lower climate impact.

The Group has been well placed to react to these issues. With a wide network throughout Europe, the Group is not as reliant as some other airlines on one key market. The Group's capacity has been redeployed quickly within the affected markets.

Despite the challenges affecting the airline industry as a whole, there has been continued passenger growth at the airports which are key to the Group's business (Oslo, Stockholm, Copenhagen, Helsinki, Gatwick and Spanish bases in general).

Competitors have also reacted to the Group's long-haul growth. In 2017, IAG launched a new low-cost long-haul airline, "Level", serving the US and South America from Barcelona. In addition, British Airways has reacted to the Group's London growth by increasing the seat density on their Boeing 777s flying out of Gatwick.

Further, Aer Lingus has changed its business model to compete with the Group's new 737 MAX transatlantic product from Dublin. Aer Lingus has introduced lower fares and a Hand Baggage Only product to compete with the Group's new services.

Actions by airline competitors show that the Group's expansion plans have an impact on competitor profitability. The Company will continue to target routes where competitors are keeping fares high. Continuing to operate with new aircraft enables the Group to offer more competitive fares than the competition and grow its market share.

As a result of the increased jet fuel prices, the Group increased the ticket prices to reflect such higher jet fuel prices. This was implemented in week 23 of 2018 (4 June to 10 June 2018). The Group has seen slightly lower load factors the last months of 2018, but this is rather explained by capacity increases than the price adjustments.

7. PRESENTATION OF THE GROUP

7.1 INTRODUCTION

The Company is the ultimate parent company of the Group, and the business of the Group is carried out in the Company and the Company's subsidiaries, as further detailed in this Section 7 "Presentation of the Group". The Group includes 67 fully or partially owned subsidiaries.

7.2 CORPORATE INFORMATION ABOUT THE COMPANY

The Company's legal and commercial name is Norwegian Air Shuttle ASA.

The Company was incorporated on 22 January 1993.

The Company is registered in the Norwegian Register of Business Enterprises ("Foretaksregisteret") (the "**Company Register**") under business register no. ("org.nr.") 965 920 358.

The Company is regulated by the Norwegian Private Limited Liability Companies Act ("allmennaksjeloven") (the "**Public Limited Liability Companies Act**") and supplementing Norwegian laws and regulations.

As at the date of this Prospectus, the Company has a fully paid share capital of NOK 4,543,705.90 divided into 45,437,059 shares, each with a par value of NOK 0.10 (existing and new shares in the Company hereinafter referred to as "**Shares**").

The Company has one class of Shares in issue, and all Shares have equal rights, meaning that all the Shares rank in parity with one another and carry one vote per share.

The Company's registered office address is at:

Oksenøyveien 3
1366 Lysaker
Norway

The Company's place of business is at:

Oksenøyveien 3
1336 Lysaker
Norway

The Company's postal address is:

P.O. Box 115
1330 Fornebu
Norway

The Company may be reached via tel. +47 67 59 30 00, and its website is www.norwegian.com.

7.3 OVERVIEW OF THE GROUP AND THE BUSINESS AREAS

Introduction

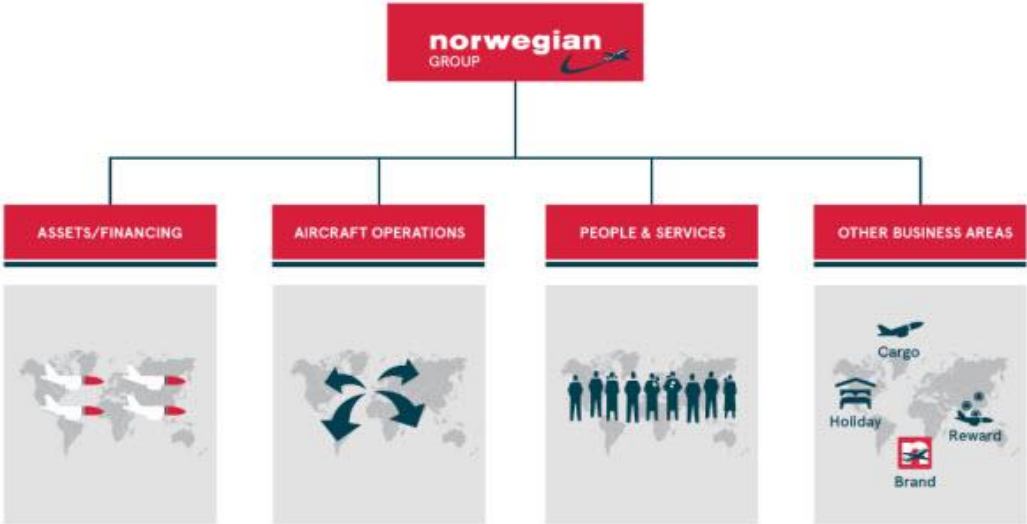
The Company's business is defined in paragraph 3 of its Articles of Association, which states that:

"The Company's objective is to be engaged in aviation, other transport and travel related business activities as well as activities connected therewith. The Company may also directly or indirectly be engaged in other forms of internet-based provision of goods and services, including car-rental, hotel booking, payment services, financial services and services related to credit cards. Participation in such activities as mentioned may take place through co-operation agreements, ownership interests or by any other means."

The Group consists of the parent company, NAS, and its directly or indirectly owned subsidiaries in Norway, Sweden, Denmark, Finland, Ireland, Spain, United Kingdom and Argentina. At the end of 2018, the Company and its subsidiaries employed 10,215 staff at 35 locations in 13 countries across four continents and operated more than 500 routes to over 150 destinations with both scheduled and charter service.

The Group has organized its operations and different functions into several entities to ensure international growth and necessary traffic rights in line with the strategy. The goal is to build an organizational structure that maintains the Group's flexibility and adaptability when growing and entering into new markets. The Group is divided into four main business areas:

- "People & Services";
- "Aircraft Operations" with the appropriate Air Operator's Certificates (each, an "AOC");
- "Assets and Financing"; and
- Other business areas (including the Norwegian brand and the loyalty program, Norwegian Reward).



Aircraft Operations

The Group's commercial airline activities (the Group's "Aircraft Operations" business area) are organized in the following entities:

- Norwegian Air Shuttle ASA ("**NAS**"), based at Fornebu, Norway;
- Norwegian Air International Limited ("**NAI**") based in Dublin, Ireland, wholly owned by NAS;
- Norwegian UK Limited ("**NUK**") based in London, United Kingdom, wholly owned by NAS;
- Norwegian Air Norway AS ("**NAN**") based at Fornebu, Norway, wholly owned by NAS;
- Norwegian Air Argentina S.A.U. ("**NAA**") based in Buenos Aires, Argentina, wholly owned by NAS; and
- Norwegian Air Sweden AB ("**NSE**") based at Arlanda, Sweden, wholly owned by NAS.

Each of the aforementioned Group Companies hold an AOC in their respective locations.

As at the date of this Prospectus, the Company's commercial airline activities are operated through 35 bases globally in the following geographical locations: Norway, Sweden, Denmark, Finland, United Kingdom, Spain, Thailand, United States, Italy, Netherlands, Ireland, France, French Caribbean and Argentina.

The Company has lately embarked on an exhaustive review of its Boeing 737 operations (both the -800 and MAX models), with the goal of improving profitability, reducing the commercial impact of seasonality, consequently increasing revenue and cutting costs. Norwegian's goal is to ensure that as few of our colleagues as possible will be affected by the necessary changes, by transfer to the Boeing 787 operation, base relocations and increase the number of base biddings.

The Company has made several changes to its route portfolio as well as adjusted its capacity, as previously communicated. Specifically, this will translate to route and base discontinuations in Europe and the United States, commencing in April and continue for the best part of 2019. The decision affects routes that are being operated by the Boeing 737-800 and 737 MAX 8 models. These aircraft are primarily used on European routes, but also some longer routes between Europe and the U.S. and Europe and the Middle East. The Dreamliner operation is not affected by the changes. The Company has decided to close its bases in Palma de Mallorca (PMI), Gran Canaria (LPA) and Tenerife (TCI) in Spain; Rome Fiumicino (FCO) in Italy; and Stewart (SWF) and Providence (PVD) in the United States. Rome's long-haul Dreamliner base will continue to operate as planned. Also, Norwegian will no longer base long-haul pilots in Amsterdam, the Netherlands; Bangkok, Thailand; or Fort Lauderdale, United States. This does not affect cabin crew in these bases, nor translate in any decrease in the number of Dreamliner aircraft in operation.

Assets and Financing

The business area "Assets and Financing" handles aircraft financing, leases and ownership.

The Group's assets activities are organized in a group of subsidiaries based in Dublin, Ireland. Arctic Aviation Assets DAC ("**AAA**"), which is based in Dublin, Ireland and wholly owned by NAS, is the parent company. Wholly-owned subsidiary entities of AAA are (all of which are based in Ireland):

- Oslofjorden Limited;
- Drammensfjorden Leasing Limited;
- Geirangerfjorden Limited;
- Boknafjorden Limited;
- DY1 Aviation Ireland Limited;
- DY2 Aviation Ireland Limited;
- DY3 Aviation Ireland Limited;
- DY4 Aviation Ireland Limited;
- DY5 Aviation Ireland Limited;
- DY6 Aviation Ireland Limited;
- DY7 Aviation Ireland Limited;
- DY9 Aviation Ireland Limited;
- Fedjefjorden Limited;
- Larviksfjorden Limited;
- Larviksfjorden II Limited;
- Torskefjorden Limited;
- Torefjorden Limited;
- Lysakerfjorden Leasing Limited;
- Arctic leasing No.1 Limited;
- Arctic leasing No.2 Limited;
- Arctic leasing No.3 Limited;
- Arctic leasing No.4 Limited;
- Arctic leasing No.5 Limited;
- Hardangerfjorden Limited;
- Sognefjorden Limited;
- Ofotfjorden Limited;
- Tysfjorden Limited;

- Stogofjorden Limited;
- Slidrefjorden Limited;
- Ullsfjorden Limited;
- Fiskefjorden Limited;
- Vindafjorden Limited;
- Lysefjorden Limited;
- Nordfjord Limited; and
- Trollfjorden Limited

People & Services

The Group's crew, airline and crew support and administrative functions are mainly organized within or through companies in the business area "People & Services", and provide services across the Group's business areas.

In line with legal developments in Europe, fully owned country specific resource "People and Services" companies have been established, with the intention of offering permanent local employment to hired pilots, etc.

The resource ("People & Services") companies include:

- Norwegian Air Resources Limited (Dublin, Ireland) (100%);
- Norwegian Air Resources Shared Service Center AS (Fornebu, Norway) (100%);
- Norwegian Air Resources Shared Service Center US Corp (Maryland, USA) (100%);
- Norwegian Pilot Services Norway AS (Fornebu, Norway) (100%);
- Pilot Services Sweden AB (under name change to Norwegian Pilot Services Sweden AB) (Stockholm, Sweden) (100%);
- Norwegian Pilot Services Denmark ApS (Copenhagen, Denmark) (100%);
- Norwegian Cabin Services Norway AS (Fornebu, Norway) (100%);
- Norwegian Cabin Services Denmark ApS (Hellerup, Denmark) (100%);
- Norwegian Air Resources Sweden AB (Stockholm, Sweden) (100%);
- Norwegian Air Resources Denmark ApS (Hellerup, Denmark) (100%);
- Norwegian Air Resources DK LH ApS (Hellerup, Denmark) (100%);
- Norwegian Air Resources Ireland Ltd (Dublin, Ireland) (100%);
- Norwegian Training Academy AS (Fornebu, Norway) (100%);
- AB Norwegian Air Resources Finland Ltd (Helsinki, Finland) (51%);
- Norwegian Air Resources Spain S.L. (Madrid, Spain) (51%); and
- OSM Aviation UK Limited (London, England) (51%)

in addition to OSM Aviation Group Limited, a company in which NAS owns 50% of the shares through Norwegian Air Resources Limited.

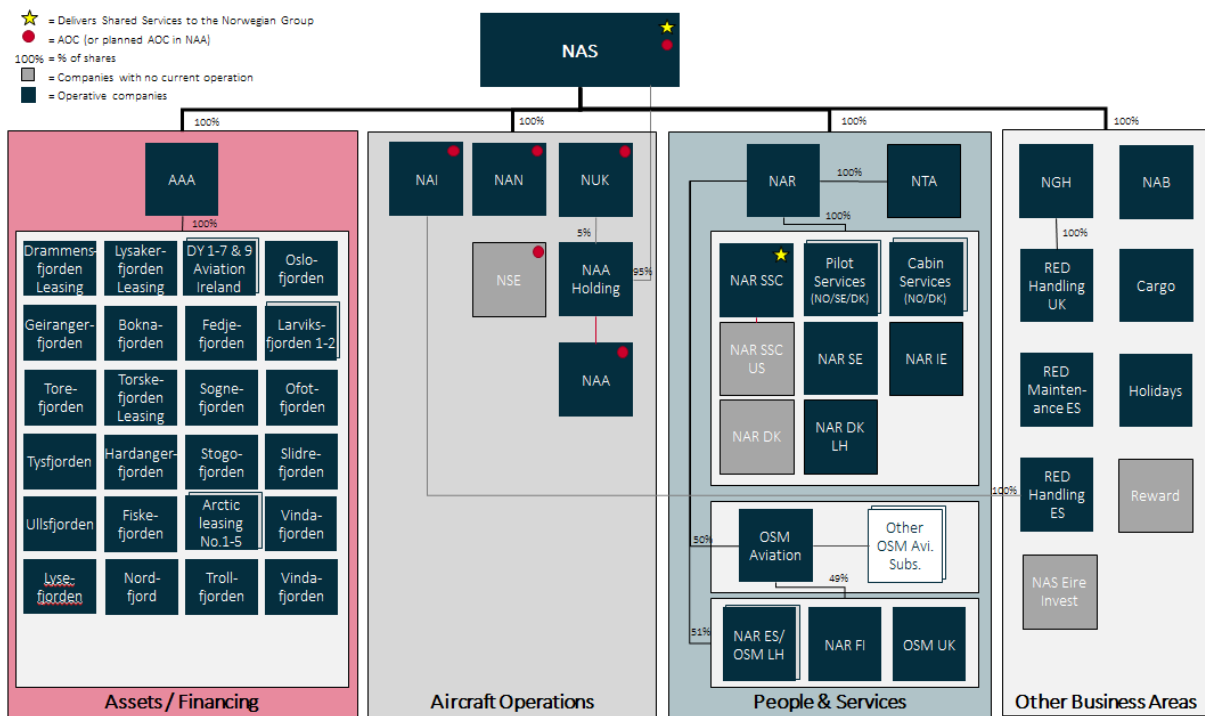
Other business areas

- Norwegian Brand Limited (Dublin, Ireland) (100 %) has the responsibility of developing and maintaining the Group's brand and marketing activities across all business areas.
- Norwegian Reward AS (Fornebu, Norway) (100 %), which operates the Group's loyalty program, is a separate business unit with its own management. Norwegian Reward is

growing rapidly – it surpassed 8.7 million members in 2018 – and has a presence in the airline's major markets. Members earn CashPoints when booking flights with the Group and buying products or services from partner companies. Reward members can then use those CashPoints as full or partial payment on all Group flights or other products and services without restrictions, such as seat reservations.

- Norwegian Cargo AS (Fornebu, Norway) (100 %) is carrying out the Group's commercial cargo activities.
- Norwegian Holidays AS (Fornebu, Norway) (100 %) provides holiday packages to customers in the end market through the Group's web booking.
- Red Handling UK Limited (100 %) and Red Handling Spain S.L. (100 %) carry out ground handling services and are established in the UK and Spain, respectively. Red Handling UK Limited provides ground handling services at London Gatwick (LGW) to the Group's airline companies, and Red Handling Spain S.L provides ground handling services at Barcelona Airport (BCN), Alicante Airport (ALC), Palma de Mallorca Airport (PMI), Malaga Airport (AGP) and Las Palmas Airport (LPA) to the Group's airline companies.
- In addition, the Company holds a minority share of approximately 16.4% in Norwegian Finans Holding ASA, the holding company for the consumer lending bank, Bank Norwegian AS. Norwegian Finans Holding ASA is listed on Oslo Børs with ticker "NOFI". Due to the limited ownership interest, it is not considered to be among the Group's business areas.

7.4 LEGAL STRUCTURE



AIRCRAFT OPERATIONS

Norwegian Air Norway AS	NAN
Norwegian Air UK Limited	NUK
Norwegian Air International Limited	NAI
Norwegian Air Argentina Holding S.A	NAAH
Norwegian Air Argentina S.A.U	NAA
Norwegian Air Sweden AB	NSE

ASSETS/FINANCING

Arctic Aviation Assets DAC	AAA
Oslofjorden Limited	OwnerCo
Drammensfjorden Leasing Limited	OwnerCo
DY1 – DY7 & DY9 Aviation Ireland Limited	OwnerCo
Geirangerfjorden Limited	OwnerCo
Boknafjorden Limited	OwnerCo
Fedjefjorden Limited	OwnerCo
Larviksfjorden 1-2 Limited	OwnerCo
Torskefjorden Leasing Limited	OwnerCo
Torefjorden DAC	OwnerCo
Arctic Leasing No. 1 – No. 5 Limited	OwnerCo
Lysakerfjorden Leasing Limited	OwnerCo
Hardangerfjorden Limited	OwnerCo
Sognefjorden Limited	OwnerCo
Otofjorden Limited	OwnerCo
Tysfjorden Limited	OwnerCo
Stogofjorden Limited	OwnerCo
Slidrefjorden Limited	OwnerCo
Ullsfjorden Limited	OwnerCo
Fiskefjorden Limited	OwnerCo
Vindafjorden Limited	OwnerCo
Lysefjorden Limited	OwnerCo
Nordfjord Limited	OwnerCo
Trollfjorden Limited	OwnerCo

RESOURCES

Norwegian Air Resources Limited	NAR
Norwegian Air Resources Shared Service Center AS	NAR SSC
Norwegian Air Resources Shared Service Center US AS	NAR SSC US
Norwegian Pilot Services Norway AS	NPSN
Norwegian Pilot Services Sweden AB	NPSS
Norwegian Pilot Services Denmark ApS	NPSD
Norwegian Cabin Services Norway AS	NCSN
Norwegian Cabin Services DK ApS	NCSD
Norwegian Air Resources Sweden AB	NAR SE
Norwegian Air Resources Denmark ApS	NAR DK
Norwegian Air Resources DK LH ApS	NAR DK
Norwegian Air Resources Ireland Ltd	NAR IE
Norwegian Training Academy AS	NTA
OSM Aviation Group Limited	OSM Aviation
AB Norwegian Air Resources Finland Ltd	NAR FI
Norwegian Air Resources Spain S.L.	NAR ES
OSM Aviation UK Limited	OSM UK

BRAND

Norwegian Brand Limited	NAB
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OTHER BUSINESS AREAS

Norwegian Cargo AS	Cargo
Norwegian Holidays AS	Holidays
Norwegian Ground Handling AS	NGH
RED Handling UK Ltd	HandlingCo
RED Handling Spain S.L. (subsidiary of NAI)	HandlingCo
RED Maintenance S.L	RED Maintenance
Norwegian Reward AS	Reward
NAS Eire Invest AS	Eire Invest

7.5 BRIEF HISTORY AND DEVELOPMENT

Date Historic events and development

- 22 January 1993 • The Company was incorporated.
- 1993-2002 • The Company operated as a subcontractor to the regional activities of Braathens S.A.F.E. on the west coast of Norway with a fleet of Fokker F-50 aircraft.
- September 2002 • Following SAS' acquisition of Braathens S.A.F.E, and the termination of the Company's west coast operation, the Company started its low-cost operations through the launch of domestic routes in Norway with a fleet of six Boeing 737-300 aircraft.
- 18 December 2003 • The Company listed the shares on Oslo Børs and raised NOK 250 million through the issuance of 7,812,500 new shares. The offering was oversubscribed.
- 2004 • The Company initiated codeshare agreements with each of FlyNordic and Sterling. The codeshare agreement with FlyNordic involved the Stockholm – Oslo route, whereas the agreement with Sterling involved codeshare agreements on thirteen of the Company's European routes from Norway.
- 2004-2006 • The codeshare agreement with FlyNordic involved the Stockholm – Oslo route, whereas the agreement with Sterling involved codeshare agreements on thirteen of the Company's European routes from Norway. The codeshare agreement with FlyNordic involved the Stockholm – Oslo route, whereas the agreement with Sterling involved codeshare agreements on thirteen of the Company's European routes from Norway.
- 2005 • The Company reached a milestone with the first year in profit. The Company showed a revenue growth of 63 per cent, growing its annual revenue to NOK 1,972 million from NOK 1,210 million in 2004.

Date	Historic events and development
2006	<ul style="list-style-type: none"> The Company continued its focus on expanding its business activities further, among others with the establishment of a Polish subsidiary and base in Warsaw, and with the commencement of flights from Warsaw to five European cities in 2006.
2007	<ul style="list-style-type: none"> The Company acquired FlyNordic from Finnair in order to strengthen its position in the Nordic and European markets. The Company decided to locate its Swedish base in Stockholm. In order to obtain emission reductions and significant bottom line savings, the Company placed an order with Boeing in the third quarter of 2007 to buy 42 737-800 aircraft. The aircraft was considerably more environmentally friendly than the existing fleet of the Group at that time.
October 2007	<ul style="list-style-type: none"> The online bank, Bank Norwegian AS ("Bank Norwegian"), was established, and the frequent flyer program Norwegian Reward was launched. Norwegian Reward enabled the customers to earn so called cash points on Bank Norwegian credit card transactions, which could be used to purchase plane tickets.
2008	<ul style="list-style-type: none"> The Company increased its footprint as an environmentally conscious airline through delivery of its first Boeing Next Generation 737-800 aircraft. The new aircraft reduced fuel consumption and emissions by more than 20 per cent, while passenger capacity increased from 148 to 186/189. The Company's operation was further expanded through the launch of a new base at Rygge, outside Oslo, with 14 routes in service. Following the bankruptcy of Sterling, the Company entered the Danish market through the opening of its Copenhagen base.
2009	<ul style="list-style-type: none"> The Company took delivery of the first Company-owned B737-800, and the aircraft commenced commercial operation in September 2009. The Group also expanded extensively in Denmark by launching 39 new routes, while the number of Copenhagen-based planes increased from seven to nine. 2009 also marked the best year since the Company was established, and the Company presented an annual profit after tax exceeding NOK 446 million, while passenger figures showed a considerable growth; approximately 10.8 million passengers flew with the airline in 2009, up 18 per cent compared to 2008.
2010	<ul style="list-style-type: none"> The Group further continued its fleet growth and confirmed an order of an additional 15 737-800s from Boeing for delivery between 2014 and 2016. The order was added to the Group's existing order of 48 737-800s from Boeing that was delivered

Date	Historic events and development
	<p>up until 2014.</p> <ul style="list-style-type: none"> The Company was voted the second best airline in Northern Europe and the third best low-cost airline in Europe, according to a SkyTrax survey. More than 18 million travelers from 100 different countries participated in the survey in the period July 2009 – April 2010.
2011	<ul style="list-style-type: none"> The Company began to offer in-flight WiFi on European routes, being the first airline to offer such service. The free-of-charge offer was well received by the passengers, and by the end of 2012, the entire fleet of 737-800s was connected with WiFi. The Company continued its expansion plans further by the opening of a new base at the Helsinki Airport, and a launch of domestic routes and 11 international routes in Finland. Approximately one million Finnish passengers travelled with the Group in 2011. The Group's fleet renewal programme continued in 2011, with the agreement to purchase three Boeing 787-8 Dreamliners, the lease of one additional Dreamliner and the purchase of 15 737-800s from Boeing, in addition to the existing order of 63 737-800s.
2012	<ul style="list-style-type: none"> The Group signed one of the largest ever agreements in European aviation history, through an order of 222 aircraft from Boeing and Airbus. The order comprised 22 Boeing 737-800, 100 Boeing 737 MAX8 and 100 Airbus 320neo. The Group further secured an additional two Boeing 787-8 Dreamliners for its long-haul operations, which secured a delivery of a total of eight 787 Dreamliners.
2013	<ul style="list-style-type: none"> The Group officially launched its long-haul offering in 2013, through the launch of routes between Oslo – New York and Oslo – Bangkok, in addition to Fort-Lauderdale – Copenhagen, Oslo and Stockholm and Bergen – New York. All routes are operated with the Dreamliner. To add on its long-haul strategy, the Group signed a contract to lease two new 787-9 Dreamliner for delivery in the first quarter of 2016. NAS was further awarded "Best European Low-Cost Carrier" by Skytrax¹, and "Best Inflight Connectivity and Communications" by APEX (Airline Passenger Experience Association)² for its free WiFi on board.
2014	<ul style="list-style-type: none"> The Group was granted an Irish AOC for its subsidiary Norwegian Air International Limited ("NAI"), which is based in Dublin. The Group further continued its expansion through the

¹ <http://www.worldairlineawards.com/>

² <https://connect.apex.aero/page/prevpassengerchoice>

Date	Historic events and development
	<p>establishment of four new bases, Barcelona and Madrid in Spain and Fort Lauderdale and New York in North America.</p> <ul style="list-style-type: none"> The Company took delivery of 18 new aircraft during the year, including 14 new 737-800s and four 787-8 Dreamliners. For the second year in a row, the Company was awarded "Best Low-Cost airline in Europe" by Skytrax¹.
2015	<ul style="list-style-type: none"> The Group further took delivery of 10 new aircraft and signed a letter of intent to lease out 12 of its new Airbus A320neos for 12 years, which were delivered from 2016 and will continue to be delivered in the coming years. In September 2015, the Group added 19 new 787-9 Dreamliners to its order book, increasing the number of Dreamliners ordered in 2015 to 21 and the total fleet of Dreamliners to 38 when all are delivered. The Group launched several new routes, including domestic routes in Spain, winter routes in the Caribbean as well as direct flights from London to Boston. In addition, the Company received two international awards, including "Best Low-Cost airline in Europe" (three years in a row) and "World's best Long Haul Low-Cost airline", both from SkyTrax².
2016	<ul style="list-style-type: none"> The Group added 17 new 737-800 aircraft and four 787-9 Dreamliners to operations. Further, the Group took delivery of the first two Airbus A320neos which were to be leased out. In terms of aircraft orders, the Company converted orders of 30 A320neo into A321LR (long range) aircraft for delivery in 2019-2021. The long-haul expansion continued, with start-up of routes between the U.S. and Paris and a number of other routes. Norwegian Air Resources AS entered into a joint venture with OSM Aviation to form a leading, full-service crew management company. Again, the Group was approved by its customers by being awarded the "World's Best Long Haul Low-Cost Airline" from Skytrax³.
2017	<ul style="list-style-type: none"> 17 new Boeing 737-800, six 737 MAXs and nine 787-9 Dreamliners were delivered in 2017. Additionally, three new Airbus 320neos were delivered for leasing to HK Express. The Group divested 11 Boeing 737-800s on sale leaseback, took delivery of 6 Boeing 737-MAXs, 4 Boeing 787-9 aircraft and 2 Airbus 320neos. Recognized as the prestigious "Best Low-Cost Long-Haul Airline" for the third time and the "Best Low-Cost Airline in

¹ <http://www.worldairlineawards.com/>

² <http://www.worldairlineawards.com/>

³ <http://www.worldairlineawards.com/>

Date**Historic events and development**

- Europe" for the fifth consecutive year, both by Skytrax¹.
- The Board of Directors approved the launch of Norwegian Air Argentina ("**NAA**").
 - The U.S. Department of Transportation approved NUK's application for a foreign carrier permit.
 - Entered into a total return swap agreement for a portion of its share in Norwegian Finans Holding ASA (the parent company of Bank Norwegian) as part of its strategy to eventually reduce its exposure towards the bank.
 - Some services were affected in summer 2017 as long-term planning and crewing issues created challenges, but these were thoroughly addressed to ensure the Group was in a stronger position for the summer of 2018.
 - Norwegian Pilot Services and the Norwegian Pilot Union agreed locally on the framework for a new three-year collective labor agreement. The agreement will provide the Group with predictability and stability during the period.
- Q1 2018
- The Company successfully completed a tap issue of EUR 65 million in the outstanding EUR 185 million senior unsecured bonds issue with ISIN NO 001 0753437 and maturity in December 2019 (NAS07). Following the tap issue, the new outstanding amount in NAS07 was EUR 250 million. Net proceeds from the tap issue were to be used for general corporate purposes and further growth of the Group. In connection with the placement of the tap issue, the Company repurchased bonds with nominal value of NOK 169.5 million in the existing bond issue NAS06 (ISIN NO 001 0736549) with maturity in May 2018.
 - The Company and Widerøe signed an interline agreement, including all Widerøe's Public Service Obligation routes in Norway and the Company's domestic routes in Norway. The flights are available for purchase through Widerøe's channels.
 - NAA received the AOC from the National Government of Argentina. The AOC recognizes NAA as a commercial airline and certifies that NAA complies with safety and quality standards to carry out aeronautical operations and activities in accordance with the law of the Argentina. NAA was established to give the Group a foothold in the South American market where high prices and low competition create huge opportunities for growth. The Argentine Government granted NAA concessions to operate more than 150 domestic and international routes, opening the door to considerable future growth in South America.
 - The Company successfully completed a private placement of new shares raising NOK 1.3 billion. The proceeds from the private placement was used to strengthen the Company's financial position.
 - The Company initiated a strategic review of its reward program, including incorporation and ownership, and as a result of this review, the Company plans to spin out the reward program into a separate legal entity, Norwegian

¹ http://www.worldairlineawards.com/Awards/worlds_best_lowcost_airlines.html

Date	Historic events and development
	<p>Reward AS (formerly known as Call Norwegian AS, which during the past years has been a dormant company). Brede Huser was appointed as Norwegian Reward AS' new Chief Executive Officer, and Geir Karlsen was replaced by Lars Ola Kjos as Chair of Norwegian Reward AS' board of directors.</p> <ul style="list-style-type: none"> Arctic Aviation Assets DAC ("AAA") signed an LOI for PDP financing of six 787-9 Dreamliners, improving liquidity with USD 250 million. The deliveries are scheduled to take place in 2018 and 2019. The Company also took delivery of its last Boeing 737-800 and six 787-900s.
12 April 2018	<ul style="list-style-type: none"> The Company was made aware that the European aviation group International Airlines Group had acquired 4.61 per cent of the Shares in NAS, and that IAG was considering to make an offer for all the Shares in the Company. Subsequently the Company received enquiries from several parties who have expressed interest for structural transactions, financing of the Group and various forms of operational and financial cooperation. Discussions with such parties have been ongoing in several levels and with different approaches. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the shares in the Company which were rejected by the Company on the basis that they undervalued the Company and its prospects.
Q2 2018	<ul style="list-style-type: none"> The Company successfully completed the subsequent equity offering of NOK 200 million. Two Boeing 737 MAXs and two Boeing 787-9s were added to the Company's operations. The license agreement between the Company and Bank Norwegian AS was extended to ten years. The Company was awarded multiple awards, including inter alia; World Travel Awards: "Europe's best low cost carrier", US Ambassador's Award for strengthening bilateral relations between Norway and the US, three recognitions under the prestigious Passenger Choice Awards.
25 August 2018	<ul style="list-style-type: none"> The Company announced the sale of six Boeing 737-800 aircraft as part of the initiative to sell up to 140 aircraft in line with the fleet renewal strategy.
Q3 2018	<ul style="list-style-type: none"> Four Boeing 737 Max 8s and two Boeing 787-9 were added to the Company's fleet.
24 October 2018	<ul style="list-style-type: none"> The Company announced the sale of two Boeing 737-800 aircraft.
2 November 2018	<ul style="list-style-type: none"> The Company continued to execute on its fleet renewal strategy and divestment plan by announcing the sale of five Airbus 320neo aircraft.
7 December 2018	<ul style="list-style-type: none"> Arctic Aviation Assets took delivery of the first two Airbus 320neo aircraft on long term operating lease to Qingdao

Date	Historic events and development
	Airlines.
7 December 2018	<ul style="list-style-type: none"> The Company announced that it had entered into an agreement granting the right to acquire shares in the Irish company Lilienthal Finance Limited (Lilienthal), which is a wholly owned subsidiary of HBK Holding AS. Lilienthal was established to develop banking services in Europe, and has entered into an agreement with the Company regarding use of the rights related to the Norwegian brand for banking services in Europe outside the Nordic region. It is the intention that the Company and NOFI will control Lilienthal jointly with HBK Holding AS, and Lilienthal will apply for a banking license in Ireland.
24 December 2018	<ul style="list-style-type: none"> The Company announced that it had launched an extensive cost reduction program, #Focus2019. The Company is aiming on a cost reduction of minimum NOK 2 billion in 2019. The cost reduction will be reported per quarter to the market. Initiatives are related to multiple areas in the Company, but largest savings are identified in crew, technical and handling. The Company announced that it had reached an agreement with Rolls-Royce regarding compensation for the disruptions for the Company's long-haul operation caused by challenges with the Rolls-Royce engines on the Company's Dreamliners. The agreement will have a positive effect from the first quarter of 2019. The commercial terms of the agreement remain confidential. The Company announced that it had signed LOIs regarding sale of two additional A320neo aircraft with delivery during first quarter of 2019.
Q4 2018	<ul style="list-style-type: none"> Six Boeing 737 Max 8s and one Boeing 787-9 were added to the Company's fleet. Following, among other issues, severe delays in aircraft and engine deliveries, the Company has for some time been assessing financing needs and financing alternatives, including raising equity. The Company secured stand-by underwriting commitment for a rights issue of up to NOK 3 billion in Q4 2018. However, during Q4 2018 and through December 2018, it has not been in position to raise equity while being engaged in new, concrete and specific negotiations related to the acquisition of the shares of the Company. No such discussions are currently ongoing. The Company enters into a letter of intent ("LOI") related to the formation of a JV for aircraft ownership with an Asian company. The intension of forming such JV is to further reduce the Company's liabilities towards aircraft manufacturers and further strengthen the Company's financial position.
24 January 2019	<ul style="list-style-type: none"> IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company.
5 February 2019	<ul style="list-style-type: none"> The Company announced that it had signed an agreement for the sale of two A320neo aircraft with expected delivery during February 2019.

Date	Historic events and development
6 February 2019	<ul style="list-style-type: none"> The Company announced that it had reached an agreement with Boeing Commercial Airplanes for postponement of twelve 737–Max aircraft from 2020 to 2023 and 2024, significantly reducing pre-delivery payments in 2019 and capital expenditures for 2020. In addition the Company had signed an agreement with Airbus S.A.S. for postponement of four A321LR aircraft from 2019 to 2020, reducing the expected capital expenditures for 2019.
Q1 2019	<ul style="list-style-type: none"> The Company has discussions with certain non-European low cost carriers regarding the potential formation of a global low-cost alliance.

7.6 STRATEGY

Introduction

Norwegian's overall strategy is to become a global airline. The business model is based on high volume and competitive fares providing value for money for the customer. When adding new routes and frequencies, especially in markets with low brand awareness, the Group actively uses low fares to attract new customers.

The Group's vision is "to be the leading long-haul low-cost airline in Europe operating as the engine of global low cost growth, and dominating the Nordic short haul low-cost market". The Group's operational priorities are safety, service and simplicity. Norwegian's overall business objectives are to be the preferred airline in selected markets and to generate profitability and return to its shareholders.

Over the past years the Group's strategy has been driven by growth, through which the Group has reached a significant global market position and built substantial fleet scale. Since 2010 the Group's fleet has increased from 57 aircraft to 164 aircraft in 2018 combined with a corresponding passenger growth from 13 million in 2010 to more than 37 million 2018, equivalent to an eight-year CAGR of ~14%.

The rapidly growing fleet of wide- and narrow body aircraft has been deployed across an increasing number of markets and routes in order to build scale and geographical coverage. The Group's global long-haul strategy has represented an important part of this growth. While the low cost carrier model was well established on short haul routes, Norwegian was a pioneer in entering the long-haul market as a low-cost operator. Since opening the first long-haul routes to Thailand and USA from Scandinavia in 2013, the long-haul route network has expanded to include 19 destinations across the US and Caribbean, two destinations in Thailand and three destinations in South America.

The growth on long-haul combined with a continuous expansion on short/medium-haul in the Nordics and Europe has formed a solid platform for the next phase in the journey towards becoming the leading long-haul low-cost airline in Europe. Having become the eighth largest airline group in Europe and the third largest LCC¹, the Group believes it has reached the required scale to have profitable operations by being able to optimize its fleet across regions and routes and respond efficiently to shifts in demand and the competitive environment.

The next phase in the Group's development will be characterized by substantially lower growth rate, enabling the Group to capitalize on previous years' investments in fleet and market position. To support the shift in strategic focus from growth to profitability, the Group has during a strategic review in October 2018 defined four strategic objectives towards 2022:

¹ Source: CAPA – Centre for Aviation, airline company traffic reports

- Be the preferred airline for customers seeking value for money
- Return to sustainable profitability
- Fortify position as the leading short-haul carrier in the Nordics
- Build global low-cost alliance with our long-haul operation as the backbone

Be the preferred airline for customers seeking value for money

Norwegian focuses on catering to leisure and business travellers seeking an affordable alternative to the traditional legacy carriers without compromising on quality. To be the preferred airline for customers seeking value for money, Norwegian will continue to offer exciting destinations, a wide range of products that make the journey more comfortable and efficient, as well as a strong customer experience.

When building the route network Norwegian targets major point-to-point traffic flows of passengers with potential for further growth, aiming to bypass the traditional hub and spoke model of the legacy carriers. In addition, Norwegian identifies underserved routes for leisure travellers and creates new direct routes that expand the market, providing Norwegian a competitive advantage and the travelling public more and better choice.

Norwegian meets a range of expectations and needs from travellers across the world. Norwegian has a clear commercial proposition in new and mature markets to meet targeted segments, including sales and distribution as well as ground and in-flight service.

Norwegian will deliver on key aspects of the customer experience – before, during and after flight – to be considered the preferred value option:

- Offer customers the freedom of choice to select additional products and services.
- Prioritize digital touchpoints to increase convenience for the customer
- Focus on personalization in the customer dialogue
- Sustainable on-time performance and regularity levels year-round

Return to sustainable profitability

Due to the competitive nature of the airline industry the key to sustainable profitability is to have competitive unit cost. With a high level of fixed and semi-fixed costs, a competitive cost base relies heavily on size and high utilization of the fleet. The more aircraft and the longer the distance, the lower the cost will be for each available seat kilometer. As jet fuel is a substantial part of the airline variable cost, having a fuel-efficient fleet is another key aspect of a competitive cost base.

Having gone through a phase of substantial growth, the Group will now enter a phase with lower capacity growth. This will enable the Group to harvest more of the scale benefits and return to sustainable profitability. Examples of specific actions planned by the Group in order to reach this include:

- Recently-opened routes and routes with heavy capacity growth moving from a build-up phase to a mature level with higher expected returns
- Operational efficiency and tuning of route network to increase crew utilization, aircraft utilization and efficiency of technical maintenance
- Optimize fleet composition to keep modern and homogenous fleet suitable for the Group's network. As part of the fleet renewal- and optimization program the Group plans to divest up to 140 aircraft, including both aircraft from existing fleet and aircraft on order
- Handle rapid shifts in the business environment and use technology as an enabler to reduce cost and time to market
- Utilize the strong brand awareness and efficient distribution channels adapted to new markets to further increase the Group's revenue and profitability

As a measure to reduce unit cost and streamline the operation for a lower-growth phase, the Company has launched an extensive cost reduction program, #Focus2019, which is expected to reduce costs of minimum NOK 2 billion in 2019.

The program reaches across the organization with tangible results expected in all areas ranging from supplier relations, route network development and process improvement. Both major structural changes and smaller optimization efforts are being implemented.

The Company estimates a reduction in airport, handling and technical costs of approximately NOK 800 million. This includes renegotiation of contracts, increased performance in the technical supply chain and reduced turnaround time and optimized handling procedures. The Company also expects a cost reduction of approximately 800 million from operating efficiencies including more efficient crew and flights support and streamlining AOC setup. In addition the Company estimates cost reductions of NOK 200 million from procurement, admin and IT as well as NOK 200 million from commercial- and marketing activities.

By January 2019, the Company has completed initiatives that will generate cost reductions of NOK 500 million over the full year. This includes renegotiations with airport and handling agents, optimized in-flight service offering and improved crew utilization.

Fortify position as the leading short-haul carrier in the Nordics

Over the past years the Group has built a position as leading low-cost short-haul carrier in the Nordics. To continue as the leading short-haul carrier in the Nordics, the Group continuously adjusts the short-haul network based on a range of key principles:

- Cancel unprofitable routes
- Allocate sufficient capacity to key city pairs
- Strengthen short-haul connectivity and frequency to attract higher paying segments
- Maximize aircraft utilization during off-peak season
- Dominate key leisure destinations
- Develop long-haul feeder traffic where profitable
- Leverage growth of long-haul operation in/out of Europe to fuel the short-haul network across Europe

Build global low-cost alliance with our long-haul operations as back-bone

Norwegian is a truly global airline, already connecting many of the most attractive tier-one cities in the world through its long-haul network. The focus has been on establishing a substantial footprint on the Transatlantic routes, with limited available infrastructure, for example slots at airports, for further growth. In addition, the underserved market between Europe and South America has been a focal point in the past year, with several new routes. Serving these two markets enables Norwegian to counter the natural seasonality of the airline industry.

Looking forward, the Group will continue to increase the presence on routes between Europe and South America. There are also further prospective markets for the Group's business model such as South America – US and Europe – Asia.

A key part of future long-haul growth is the ability to feed passengers in local markets. The Group will strengthen the customers' ability to seamlessly connect at both ends of a Norwegian long-haul flight. This can be done either by using Norwegian's vast short-haul network in Europe or Argentina or by developing partnership models with other low-cost airlines to provide affordable flights beyond Norwegian's network. In the last years, the Company has piloted such models with selected partners and will continue to do so to ensure the right model is chosen and continue the positive dialogue with attractive partners. This will fuel the growth of global low-cost travel.

Norwegian aims to explore new opportunities across the global market place. The Company's Argentinian operating airline with domestic routes will both create connectivity for the Group's international passengers and enable Norwegian to enter a promising domestic growth market. The

Argentinian market is underserved with limited competition, high fares and geography suitable for flying.

7.7 BUSINESS OVERVIEW

7.7.1 Introduction

The Company was founded in 1993, but only began operating as a low-cost carrier with Boeing 737 aircraft in 2002. The Group is constantly introducing brand new aircraft to its fleet, as well as launching new routes and establishing new bases in Europe, Asia and the U.S.

The Group is the third largest low-cost carrier in Europe and sixth largest low-cost carrier in the world.¹ The Group has a vast domestic route network in Norway, Sweden, Denmark and Finland, as well as a wide range of routes between Scandinavia and the European continent, Thailand, the Middle East and the U.S. The Group's long-haul business comprises more than 60 intercontinental routes at year-end 2018.

The Group's fleet of 164 aircraft is very modern and environmentally friendly. As per the date of this Prospectus, the Group also has 195 aircraft on firm order plus 100 purchase options for delivery in the coming years, which is a strong confirmation of the Group's strategy to become a global airline.

The Group has implemented a customer loyalty program in cooperation with the online bank, Bank Norwegian AS. Customers earn "CashPoints" for purchasing airline tickets with the Group or for staying at a hotel or shopping at one of the partners of the programme. Per 31 December 2018, Norwegian Reward had approximately 8.7 million members.

The global airline industry is characterized by increasingly strong competition. The Group intends to be a competitive player in this market and believes that the ability to grow the business internationally is a fundamental criterion to remain profitable in the future. This is the reason behind the establishment of the Group's crew bases in New York, Fort Lauderdale, Bangkok and London – not in Oslo, Stockholm or Copenhagen for its long-haul operations. With crew situated at these big catchment areas, the Group can operate flights into smaller and less populated areas and maximize both crew and aircraft utilization. Establishing new bases in Europe allows the Group its market presence, such as nonstop routes from Barcelona and Las Palmas to smaller cities in the Nordics or routes from Gatwick, London to destinations on the European continent; it also enables the Group to compete with other cost-efficient airlines. Recruitment to new bases takes place locally, at competitive local wages and benefits.

7.7.2 Fleet

The Group has one of the youngest and most modern aircraft fleets globally, with an average aircraft age of 3.8 years.

The airline operates an all-Boeing fleet with four aircraft types – the 787-8 Dreamliner and the 787-9 Dreamliner for all long-haul operation, the 737-800 for European flights and the 737 MAX 8, which operates flights between Ireland, Northern Ireland, Scotland and the United States as well as European flights. In addition, NAA operates four 737-800 aircraft in its domestic operation in Argentina.

At the date of this Prospectus, the Group's fleet comprised of 164 aircraft of which 80 are owned and 84 are on operational lease. The Group has 195 aircraft on order as per the date of this Prospectus. These include Boeing 737-8 MAXs, Boeing 787-9 Dreamliners, Airbus 321 Long Range and Airbus 320neos.

The new aircraft will be used for a number of different purposes. First, the Company is continuously expanding its business and will need a larger fleet. Second, the Company is continuously renewing its fleet and a large portion of the new aircraft will replace old ones.

As part of the Group's change in strategic focus from growth to profitability, the Group is considering to sell up to 140 aircraft not needed for its own business. This includes sale of aircraft from the current fleet to accommodate for fleet renewal, as well as aircraft that the Company not

¹ Source: CAPA – Centre for Aviation, airline company traffic reports

intend to operate itself. Several aircraft have already been phased out to accommodate newer, more fuel efficient and environmentally friendly aircraft. In total 13 aircraft were divested in the second half of 2018 as part of the divestment program. Another 2 aircraft has been sold since the end of 2018 up until the date of this Prospectus and the Company has signed an LOI for sale of an additional 4 aircraft. In addition the Company has from 1 January 2019 to the date of this Prospectus postponed delivery of 16 aircraft, significantly reducing the expected capital expenditures for 2019 and 2020.

In 2015 and 2018, the Group was named the most fuel-efficient airline on transatlantic routes by The International Council on Clean Transportation ("**ICCT**").

The Group has been awarded the "World's best low-cost long-haul airline" for three last consecutive years at the SkyTrax World Airline Awards as well as being named "Airline of the Year" at the CAPA Aviation Awards for Excellence.

The aircraft fleet is pledged as security for the Company's secured debt.

Boeing 787 Dreamliner

The 787 Dreamliner is the most technologically advanced aircraft in the skies today. It is also the most environmentally friendly option available, with 20 percent less emissions than other comparable aircraft.

The 787 Dreamliner also features a number of innovations that benefit passengers, such as larger windows and a more silent cabin. In conventional planes, the pressure in the cabin is set to simulate an altitude of 2,400 meters. The 787 Dreamliner is set at 1,800 meters. In turn, this reduces typical "jet lag" symptoms such as headaches and muscle pain.

Facts about the Group's Boeing 787 Dreamliner:

- 32 aircraft at the date of this Prospectus
- The 787-8 has 291 seats (32 in the Premium cabin and 259 in the Economy cabin), while the 787-9 is operated in two different configurations, either 344 seats (35 in the Premium cabin and 309 in the Economy cabin) or 338 seats (56 in the Premium cabin and 282 in the Economy cabin)
- Min. two pilots and eight cabin crew, for extended flights max. four pilots and 12 cabin crew
- Two Rolls-Royce Trent 1000 engines
- Max. start weight: 227,930kg (787-8) 252,650kg (787-9)
- Length: 57m (787-8) 63m (787-9)
- Height: 17m
- Wingspan: 60,17m
- Thrust: 67,000lbs per engine (787-8) 74,000lbs per engine (787-9)
- Cruise speed: 913kph

Boeing 737-800

The Boeing 737-800 serves the routes in the Company's short-haul network. The fleet of Boeing 737-800 aircraft offers good legroom for the passengers, while most of the aircraft feature the sleek Boeing Sky Interior, free in-flight WiFi and live TV.

Facts about the Group's Boeing 737-800:

- 114 aircraft at the date of this Prospectus
- 186 / 189 seats
- Two pilots and four cabin crew members
- Two CFM 56-7B26 engines
- Max start weight: 78,999kg

- Length: 39.5m
- Height: 12.5m
- Wingspan: 35.8m
- Thrust: 26,400lbs per engine
- Cruise speed: 858kph
- Winglets

Boeing 737 MAX 8

The Company took delivery of its first two Boeing 737 MAX aircraft in June 2017. The state-of-the-art and fuel-efficient aircraft boasts a longer range than the Boeing 737-800 aircraft. 737 MAX uses 20 percent less fuel per seat than the original 737-800s and up to 40 percent less fuel than older aircraft still in service. Passengers will be able to travel in a sleek and modern single-class economy cabin with Sky Interior to further destinations than existing single-aisle aircraft is capable of, even transatlantic flights. The 737 MAX will incorporate the latest quiet engine technology to reduce the operational noise footprint of the airplane by up to 40 percent.

Facts about the Group's Boeing 737 MAX 8:

- 18 aircraft at the date of this Prospectus
- Advanced technology winglets
- CFM International LEAP-1B engines
- 189 seats
- Two pilots and four cabin crew members
- Length: 39.5m
- Height: 12.3m
- Wingspan: 35.9m
- Cruise speed: Mach 0.79

7.7.3 Flight operations

The Group's organizational model is continuously being developed to support the delivery on the long term strategy.

Allocating aircraft on a commercially attractive route network relies heavily on traffic rights. To be competitive in the dynamic nature of the industry, the Group must have broad market access and flexibility to reallocate. However, a vast number of bilateral and multilateral transportation agreements regulate commercial airlines' right to fly between different countries.

The solution to this obstacle is a multiple airline model within the same Group, where each airline holds a national 'Air Operating Certificate' ("AOC"). An AOC is an operational and technical approval issued by a country's Civil Aviation Authority; the approval grants the holder the right to conduct commercial flights.

The decision to establish several airlines within the Group was made in 2013 and the restructuring to this new business model is still ongoing due to its complexity. Currently, the Group consists of six different airlines each holding a national AOC that form an internal alliance and together ensures a much broader market access than with only a single AOC. This allows for optimization of the location of each AOC to get access to needed traffic and overflying rights.

The Group has been granted two AOCs by the Civil Aviation Authority in Norway. One is for NAN, which operates from the Group's Scandinavian bases, while the other is for the Company, which operates routes outside of Scandinavia.

The Group has also been granted an Irish AOC for its subsidiary NAI, which is based in Dublin. The Group's UK subsidiary based in London, NUK, holds a UK AOC. The Group's Argentinian subsidiary

based in Buenos Aires, NAA, holds an Argentinian AOC. Finally, the Swedish subsidiary, NSE, was granted a Swedish AOC in November 2018.

The abovementioned AOCs are valid for as long as the company holding the AOC complies with the conditions for holding the AOC. The holder of the AOC is subject to regular review and inspection from the national civil aviation authority. The costs to obtain and maintain an AOC are substantial, but the Group is organized and equipped to ensure compliance with the conditions for its AOCs.

In addition, the Group has agreements with all relevant airports for the operation of its routes.

As of the date of the Prospectus, the existing AOCs are sufficient to cover the Company's existing business and expansion plans. A continuous assessment of the need for new AOCs is conducted as part of the management of the Company.

7.7.4 Aircraft maintenance

The Boeing 737 fleet is operated by the Company and its wholly-owned subsidiaries NAN, NAI, NUK and NSE. The Company and NUK operate the Boeing 787 fleet.

Each individual operator has its own Air Operator Certificate ("**AOC**") with its respective civil aviation authority oversight and approval. Each AOC must have a civil aviation authority approved maintenance organization (CAMO) and maintenance program (AMP).

Continuing airworthiness activities – activities that keep the aircraft suitable for safe flights – for the 787 fleet are sub-contracted to Boeing Fleet Technical Management ("**Boeing FTM**"). Control and oversight of the activities is performed by Norwegian Air Shuttle Maintenance operations in addition to civil aviation authorities.

Major airframe as well as workshop maintenance is performed by external sources subject to approval by the European Aviation Safety Agency ("**EASA**") and by the national aviation authorities.

Airframe (base) maintenance for the 737 fleet is currently carried out by Lufthansa Technik in Budapest, Hungary. Lufthansa Technik and Boeing are undertaking engine and component workshop maintenance.

Airframe maintenance for the fleet of 787-9 is currently carried out by NAS and external parties.

Rolls Royce UK currently carries out engine maintenance.

All maintenance, planning and follow-up activities, both internally and externally, are performed according to both the manufacturers' requirements and additional internal requirements, and are in full compliance with international authority regulations. The Group carries out initial quality approval, as well as continuously monitoring all maintenance suppliers.

All supplier contracts are subject to approval and monitoring by the national aviation authorities.

7.7.5 Traffic development

Approximately 37.3 million passengers travelled with the Group during 2018, compared to 33.1 million in 2017, an increase of 12.7%. Production (ASK) increased by 37% and passenger traffic (RPK) increased by 34%. The load factor was 85.8% in 2018, a decrease of 1.7 p.p compared to 2017. The Group utilized every operational aircraft on average 12.5 block hours per day, compared to 11.4 in 2017.

December	Dec-18	Dec-17	chg
ASK (mill)	8,606	6,423	34 %
RPK (mill)	6,762	5,435	24 %
Load factor	78.6 %	84.6 %	-6.0 p.p
Passengers	2,771,135	2,402,005	15 %
Traffic 12 mth rolling	Dec-18	Dec-17	chg
ASK (mill)	99,220	72,341	37 %
RPK (mill)	85,124	63,320	34 %
Load factor	85.8 %	87.5 %	-1.7 p.p
Passengers	37,344,134	33,149,555	13 %

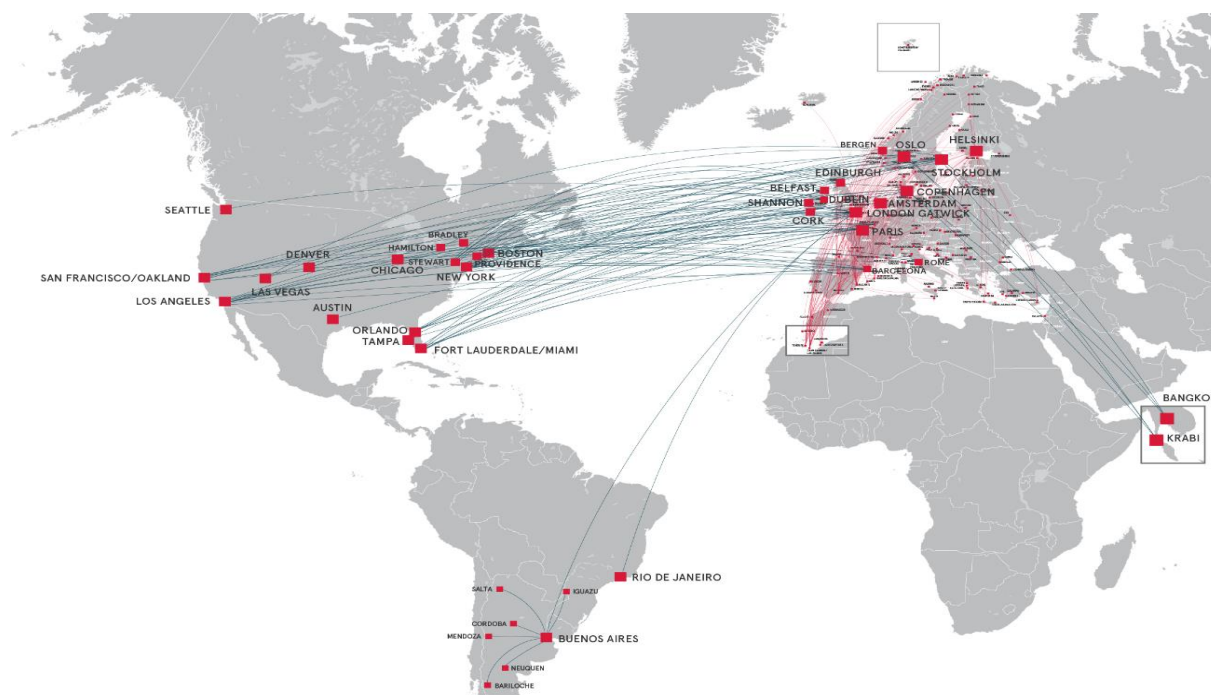
The total number of passengers flown in January 2019 was 2,638,958 compared to 2,333,932 in January last year, an increase of 305,026 passengers (13%). Production (ASK) increased by 27% in January 2019 compared to the same period last year and passenger traffic (RPK) increased by 18%. The load factor was 76.1% in 2018, a decrease of 5.9 p.p compared to January 2018.

January	Jan-19	Jan-18	chg
ASK (mill)	8,203	6,437	27 %
RPK (mill)	6,244	5,281	18 %
Load factor	76.1 %	82.0 %	-5.9 p.p
Passengers	2,638,958	2,333,932	13 %
Traffic 12 mth rolling	Jan-19	Jan-18	chg
ASK (mill)	100,985	73,844	37 %
RPK (mill)	86,087	64,505	33 %
Load factor	85.2 %	87.4 %	-2.2 p.p
Passengers	37,649,160	33,372,911	13 %

As per the date of this Prospectus, the current bookings indicate a slight decline in revenues per available seat kilometer (RASK) in February 2019.

At the end of 2018 and as per the date of this Prospectus, the total fleet including aircraft on maintenance and excluding wetlease comprised 164 aircraft, excluding two aircraft on external lease.

Norwegian offers more than 500 routes to over 150 destinations:



7.7.6 Ground handling

Ground handling is the servicing of an aircraft and its passengers while the aircraft is on the ground and parked at terminal gate of an airport. This includes, e.g., ramp services, passenger services, catering, screening and safety costs, etc.

The Company's wholly-owned subsidiaries Red Handling UK Ltd. and Red Handling Spain S.L. provide ground handling services for the Group at (i) London Gatwick Airport (LGW) and (ii) Barcelona Airport (BCN), Alicante Airport (ALC), Palma de Mallorca Airport (PMI), Málaga Airport (AGP) and Las Palmas Airport (LPA).

Ground handling services at all other airports are purchased by the Group from third party providers. The Group's handling charges have risen during the past years, largely as a result of the Group's growth, but have remained stable in terms of unit cost.

The Group uses Menzies Aviation for the provision of a large part of its ground handling services at a number of the airports from which the Group operates. The Group is not however dependent on any single ground handling service provider (including Menzies Aviation), and the Group purchases handling services from a number of different providers at each airport from which it operates.

7.8 CERTAIN SIGNIFICANT FACTORS AFFECTING THE BUSINESS PERFORMANCE

Introduction

Through considerable growth and investments, Norwegian is laying the foundation for a sustainable business for years to come.

However, the Group's business and financial performance as well as results of operations have been and will continue to be affected by various factors and trends that affect airlines and their markets generally and also the specific markets and customer bases that the Company targets more specifically.

Generally, the Group's results of operations have been and will continue to be affected by general global economic conditions, and any adverse developments in global economic markets could cause its revenues to decline.

The below significant factors have, as examples, during the periods under review affected the Group's business and financial performance and the Company expects that they will continue to do so. The list is not exhaustive and similar and other factors which may affect the Group's business are described in Section 2 "Risk factors" of this Prospectus.

Aviation fuel prices

Aviation fuel is a significant variable cost which has had a material impact on the Group's results during the period under review and will continue to do so in the future. Fuel costs were the Group's largest single operating expense in each of 2015, 2016 and 2017, accounting for 30% per cent of the Group's operating costs (before depreciation) in 2018. In 2018, the Group used more than 1,956,000 metric tons of aviation fuel and this amount will increase as the Group's fleet size increases. A variety of external factors, such as the global economic and political environment, changes in supply and demand for oil and oil-related products, war, hostilities or civil unrest in oil-producing nations and the increasing role of speculators and funds in the futures markets have been instrumental in making fuel prices highly volatile and this directly impacts the Company's financial performance.

Consumption of fuel per block hour has remained stable on a year-on-year basis, and the continued fleet renewal contributes to a stable and a possible reduction in consumption of fuel per block hour. The Group is well-positioned in this regard; as of the end of 2018, the average fleet age for the 164 aircraft in operation was 3.8 years, making it one of the greenest and most fuel-efficient fleets in the market.

The Company uses the technologically advanced Boeing 787 Dreamliner and the Boeing 737 MAX 8 on its intercontinental routes. The Dreamliner consumes less than 80 per cent fuel compared to its predecessors and the MAX consumes 14 per cent less than the 737-800. With a pending order at year-end 2018 of 10 Dreamliners and 92 MAXs to be delivered in the coming years, the Company will continue to be one of the most environmentally friendly airlines in the world.

Competition and competitive position

The airline industry is highly competitive. Airlines compete principally in terms of ticket price, service, frequency, punctuality, safety, brand recognition, passenger loyalty and other service-related issues. Norwegian competes with a number of other airlines, principally SAS on domestic routes in Norway and Sweden, and other operators including but not limited to KLM, British Airways, and Ryanair on international routes from Norway and Sweden. Many of these competitors are larger companies and have both greater resources and enjoy stronger brand recognition internationally. The Company has a strong market position, being the third largest low-cost carrier in Europe with significantly lower costs than many competitors. For more information about Norwegian's competitive position, please refer to Section 6.1.4 "Principal markets", Section 6.2 "Market Segmentation" and Section 7.6 "Strategy".

Seasonal fluctuations

The Group's results of operations, like those of most other airlines, vary significantly from quarter to quarter within the financial year and are expected to continue to do so. Historically, the Group has had higher passenger revenue during the summer season in comparison to the winter season (with the exception of the period around Christmas, the New Year and Easter) as this is the period during which many Europeans tend to take their annual holiday.

Ancillary revenue

The Company's strategy is to unbundle traditional flight services into separate services in order to offer customers very low ticket prices and a variety of add-on services for additional fees. Strong ancillary revenue generation is important to the Group as this revenue is typically associated with low marginal costs, resulting in higher profit margins. In addition, average ancillary revenue per passenger also tends to be less exposed to seasonal fluctuations and, therefore, more stable than ticket prices which vary significantly throughout the year.

The Company plans to continue developing its ancillary products and expanding its service offering to meet the needs of the Group's customer base.

Norwegian has as a long-term target that the ancillary revenue shall make up 20 per cent of the total revenue. The increased share of ancillary revenue will be driven by third party revenue streams and introduction of new products and services.

Fixed operating cost base

Although the Group employs a low-cost business model, the airline industry is generally characterised by high fixed operating costs and low profit margins. Fixed operating costs relate predominantly to aircraft financing, head office expenses, part of crew salaries, depreciation and amortisation, insurance and maintenance. Fixed costs increase in line with the growth of the Group's operations and increased capacity. As a result, changes in the Group's operating expenses may not correspond to changes in its revenue.

Foreign currency exposure and exchange rate effects

The Company reports its financial results in NOK. However, it transacts and holds assets and liabilities in currencies other than NOK. A significant proportion of the Company's costs are incurred in Euros and US Dollars, including aviation fuel, payments under aircraft leases, a significant part of maintenance payments and insurance.

Extraneous events

Both the historical and future results of the Group's operational and financial performance are influenced by the effects of extraneous events over which the Company has no control. Terrorist incidents or other major incidents involving aircraft may affect customers' willingness to fly. Epidemics, adverse weather conditions and other natural events can adversely affect the Group's operations and financial performance.

General macro-economic conditions and drivers of air travel

The Company develops its route network for each particular country in response to general macro-economic conditions and other drivers of air travel, which can change over time. Each of the markets in which the Group operates will be subject to different drivers of air travel and, as travel reasons develop, the Group utilises its flexible structure to evolve its network to meet the needs of that particular market.

7.9 SALES AND DISTRIBUTION

Marketing

From the start-up in 2002, the Company has focused on serving three major distribution channels to cover the entire market: Internet, Travel Agents and call centers.

The Company has cutting-edge information technology making the solutions offered to customers the best in the market, both in terms of completing a booking and being able to access 'Lavpriskalenderen', the low cost calendar, so customers will be able to get the pricing for all flights to selected destinations for a given period, something that has proved hugely popular with the customers.

In line with the strategy and leading principles of the Group, to achieve an efficient organization and ensure a unified customer experience all these functions within marketing, sales and distribution are currently centralized within NAS. All marketing, sales and distribution are performed in compliance with the licensed rights from NAB for the use of the Norwegian Brand, and is executed in line with the brand book and other guidelines provided by NAB for the use of the brand and for operating the airlines as a whole.

The campaigns are published locally on television, in newspapers, in digital channels, with content that is relevant to each local market. Promotions and content of the website are also adapted to the local market and product. Marketing activities benefitting the airlines NAI and NAS will be largely influenced by the local route network, competition, and local customs. The marketing department works closely with several external consulting firms to develop the marketing strategy and campaigns. The marketing department uses, amongst others, the below listed channels for marketing.

- Direct marketing

- Third party marketing
- Campaign management
- E-commerce

All work performed by the marketing department are in line with the Norwegian Brand book developed by NAB. Larger campaigns must be approved by NAB prior to launch, to ensure consistency and compliance with the license agreement, and the values of the Norwegian Brand.

Sales

Approximately 79% of the Group's tickets are sold through own channels, resulting in low administration costs per ticket sold as well as giving Norwegian the tool to conduct active revenue management by increasing load factors through active use of its website for flights where there is a large number of seats available. The remaining 21% of the tickets are sold through other channels, such as travel agencies / group and charter travel and through corporate agreements with large businesses.

7.10 DEPENDENCY ON LICENSES AND PERMITS, ETC.

AOCs

The Group currently holds six Air Operator's Certificates ("**AOCs**"). An AOC is an operational and technical approval issued by a country's Civil Aviation Authority; the approval grants the holder the right to conduct commercial flights and is valid as long as the holder complies with the terms of the AOC.

Norwegian Air Shuttle ASA AOC NO.AOC.028 granted by the Civil Aviation Authority of Norway ("**NCAA**") and the operating licence by the NCAA necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Norwegian Air Norway AS AOC NO.AOC.085 granted by the Civil Aviation Authority of Norway ("**NCAA**") and the operating licence by the NCAA necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Norwegian Air International Limited AOC IE 63/14 granted by the Aviation Authority of Ireland ("**IAA**") and the operating licence by the Irish Commission for Aviation Regulation necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Norwegian Air UK Limited AOC GB 2434 granted by the Civil Aviation Authority of the United Kingdom ("**UK CAA**") and an Operating and Scheduled Route Licence granted by the UK CAA necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Norwegian Air Argentina S.A.U. AOC granted by the Argentine Administracion Nacional de Aviacion Civil ("**ANAC**") necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Norwegian Air Sweden AB AOC 0085 granted by the Swedish Transport Agency ("**STA**") necessary to be able to operate its aircraft and carry passengers, goods and/or mail.

Agreements with airports and landing permissions

In addition, the Group has agreements with all relevant airports for the operation of flights that are material to the Group's business and profitability.

As of the date of the Prospectus, the existing AOCs are sufficient to cover the Company's existing business and expansion plans. A continuous assessment of the need for new AOCs is conducted as part of the management of the Company.

Foreign Air Carrier permits (US)

In order to operate aircraft and carry passengers, goods and/or mail between points in EU/Norway and points in the United States under the U.S.-EU, Norway and Iceland Air Transport Agreement, an authorization in form of a Foreign Air Carrier Permit from the U.S. Department of Transport is required. Five of the Group's carriers holds a Foreign Air Carrier Permit from U.S. Department of Transport, these are:

- Norwegian Air Shuttle ASA
- Norwegian Air International Limited
- Norwegian Air UK Limited
- Norwegian Air Norway AS
- Norwegian Air Sweden AB

Foreign Air Carrier permits (Other countries)

Similar authorisations may be required in order to start operations to other countries under existing bilateral treaties. The Company holds the requisite authorisations from foreign governments to operate to all its current destinations.

7.11 ENVIRONMENTAL MATTERS AND REGULATIONS

The Group is committed to operate its business in an environmentally responsible manner. To achieve this, the Group strives to comply with all applicable rules and regulations with its best efforts in aviation operation as well as in the daily working environment to minimize any adverse impact on the environment. The environmental impact of the Group's operations may, *inter alia*, include air and noise pollution as well as consumption of fuel and glycol for aircraft de-icing and runway de-icing.

Environmental regulations such as emission quotas and passenger taxes could affect cost of operations or demand for air travels, which could in turn lead to reduced utilization of aircraft. Please refer to Section 13.6.2 "Environmental regulations".

The Group's fleet of 164 aircraft is one of the youngest in the industry, with an average aircraft age of 3.8 years, and it is modern and environmentally friendly compared to players with an older fleet. Stricter environmental regulations will favor airlines with a young fleet of aircrafts. The Company will continue to renew its fleet going forward.

8. CONSOLIDATED FINANCIAL INFORMATION

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto that have been included elsewhere in this Prospectus. The selected consolidated financial data presented below has been derived from the Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017, 2016 and 2015 and the Group's unaudited consolidated interim statements as of, and for the year ended, 31 December 2018 prepared in accordance with IFRS.

Annual reports including consolidated audited historical financial information and audit reports with respect to 2015, 2016 and 2017 as well as unaudited financial statements as at, and for the year ended 31 December 2018 are incorporated by reference to this Prospectus (see Section 16.3 "Documents incorporated by reference"). The financial reports and information are also available at the Company's website www.norwegian.com and on www.newsweb.no under the ticker NAS.

Reference is made to Sections 15.2 "Material contracts which Norwegian is dependent on in its ordinary course of business" and 15.3 "Agreements outside Norwegian's ordinary course of business".

8.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.1.1 Overview

The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2017, 2016 and 2015 and the Group's unaudited consolidated statements as of, and for the year ended 31 December 2018, have been prepared in accordance with IFRS.

8.1.2 Significant accounting estimates

Note 1 of the Group's financial statements for the year ended 2017 includes a description of the Group's accounting principles. In the following, a summary of the significant accounting estimates has been included:

- Aircraft held under operating lease agreements are subject to specific redelivery conditions stated in the contracts as well as periodic maintenance programs as defined by the aircraft and engines manufacturers. To meet these requirements, the Group must conduct maintenance, both regularly and at the expiration of the leasing period. Provisions are made based on the estimated costs of overhauls and maintenance. In order to estimate these conditions, the management must make assumptions regarding expected maintenance costs.
- Non-current assets are depreciated on a straight-line basis or by airborne hours and cycles over the estimated useful lives, taking expected residual value into consideration. An aircraft is decomposed into several components for depreciation purposes in order to consider different useful lives of the aircraft components, in accordance with official requirements. The depreciation period and method are assessed annually to ensure that they reconcile with the substance of the non-current asset, and the residual value is estimated at each year-end. Residual values are set as an average of two independent appraisers per aircraft type and year of build. The assessments require Management to make assumptions regarding expected useful lives and residual values.
- Deferred tax assets are recognized for all unused tax losses to the extent that taxable profits are probable. Deferred tax liabilities are recognized when an obligation has been incurred. Significant management judgment is required to determine the amounts of deferred tax assets that can be recognized, based on the anticipated timing and level of future taxable profits together with future tax planning strategies. Deferred tax liabilities that have been incurred are based on the best estimate of the likely obligation at each reporting period. In situations where Group Companies have experienced recent losses, the Group will evaluate whether there are convincing other evidence supporting the future utilization of its carryforward losses, such as renegotiations of agreements with other Group Companies, route and base optimization across the Group and for the Group Companies, moving capacity from non-profitable routes and other profit improvement measures. These estimates are subject to revision based on the outcome of tax audits and discussions with authorities that can take several years to conclude.
- The Group tests annually whether goodwill and other intangible assets with indefinite useful lives, have suffered any impairment. The recoverable amounts of cash-generating units have

been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating value in use for owned aircraft and for purchase contracts, require judgement.

- IFRS 16 replaces the current standard IAS 17, Leases and related interpretations. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to financial leases applying IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019.

There will be a significant impact on the Company's income statement and statement of financial position from the adoption of IFRS 16. More than 95 per cent of the total impact is arising from changed presentation of operational aircraft leases. In addition to the effects from aircraft leases, there will be effects from leasing of aircraft spare parts, facilities and other equipment.

IFRS 16 allows various adoption approaches. The Company has decided to apply the modified retrospective approach under which all right-of-use assets (ROU assets) are measured at an amount equal to the lease liability at 1 January 2019. The cumulative effect of initially applying the standard to be recognized as an adjustment to the opening balance of retained earnings is hence expected to be zero. Under this transition approach, the 2018 comparable numbers presented in the 2019 reporting will not be restated as if IFRS 16 was applied in 2018. The Company will however in the 2019 financial reporting provide information on the details of the transitional effects of IFRS 16, enabling users of the Company's financial reporting to build bridge between the 2018 and the 2019 financial numbers.

The Company has calculated that ROU assets and lease liabilities of approximately NOK 33 billion will be added to the 2019 opening balance of the statement of financial position. The amount is calculated based on judgements and interpretations at the release of this report. IFRS 16 is a new standard under which interpretations are evolving and the final transitional effect could change correspondingly. The calculated effects in assets and liabilities are somewhat changed compared to the estimates presented in the third quarter report of 2018. The changes are associated with additions to the aircraft lease portfolio in Q4 2018 and changes in foreign exchange rates NOK-USD.

Based on the lease portfolio at the transitional date 1 January 2019 and compared to as if the standard was not implemented, the Company expects that in the 2019 Income Statement the lease expenses will be reduced with an amount of NOK 5,200-5,400 million, the profit before tax (EBT) will be reduced with an amount of NOK 650-725 million and the net profit will be reduced with an amount of NOK 520-580 million. Aircraft leases are all denominated in USD and hence estimates of changes to the 2019 Income Statement are sensitive to changes in the exchange rates between USD and NOK. Any change to the portfolio of leased assets after 1 January 2019 will also have an impact on the size of the effects to the 2019 Income Statement.

One effect of IFRS 16 compared to IAS 17 is that the timing of expenses over the lease term due to the interest element changes so that more expenses are recognized early in the lease term and less expenses are recognized later in the lease term. Norwegian has a growing and young fleet of leased aircraft and will therefore, compared to the effects under IAS 17, experience a net negative effect from IFRS 16 on Profit or loss during the first years of application. Later in the lease terms there will be a corresponding positive effect of applying IFRS 16. Over the lease term the total expenses under IFRS 16 are equal to those of IAS 17.

8.2 CONSOLIDATED INCOME STATEMENT

The table below sets out selected data from the Group's condensed consolidated income statement and statement of comprehensive income for the years ended 31 December 2017, 2016 and 2015 (audited) and the year ended 31 December 2018 (unaudited), prepared in accordance with IFRS.

<i>In NOK thousands</i>	<i>Unaudited</i>		<i>Audited</i>	
	2018	2017	2016	2015
Revenue *)	40,265,538	30,948,264	25,950,554	22,483,544
Total operating revenue	40,265,538	30,948,264	25,950,554	22,483,544
Operational expenses	32,964,036	24,021,594	18,024,344	15,839,048
Payroll and other personnel expenses	6,664,613	5,316,253	3,971,412	3,433,703
Depreciation and amortization	1,667,554	1,405,075	1,295,825	1,133,287
Impairment	-	655,904	-	-
Other operating expenses	1,825,856	1,983,742	1,516,243	1,263,185
Other losses/(gains) – net *)	994,113	-432,192	-677,656	466,546
Total operating expenses	44,116,173	32,950,375	24,130,168	22,135,769
Operating profit	-3,850,635	-2,002,111	1,820,386	347,775
Interest income	117,512	71,296	43,623	74,181
Interest expense	1,159,490	958,615	685,990	463,348
Other financial income (expenses)	2,273,928	35,285	117,513	12,988
Net financial items	1,231,950	-852,033	-524,854	-376,178
Share of profit from associated companies	128,549	291,944	212,801	103,441
Profit (loss) before tax	-2,490,135	-2,562,200	1,508,333	75,038
Income tax expense (income)	-1,035,987	-768,496	373,353	-171,114
PROFIT (LOSS) FOR THE YEAR	-1,454,148	-1,793,705	1,134,981	246,152
Basic earnings per share	-34.39	-50.18	31.75	6.99
Diluted earnings per share	-34.39	-50.18	31.47	6.92
Profit attributable to;				
Owners of the company	-1,461,146	-1,794,551	1,135,263	246,152
Non-controlling interests	6,998	847	-283	-

*) Net gain or loss from sale of fixed assets are included in other losses/(gain)-net from the second quarter 2017. Before the second quarter of 2017, gains from sale of fixed assets were included in revenue.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In NOK millions</i>	<i>Unaudited</i>		<i>Audited</i>	
	2018	2017	2016	2015
Net profit for the period	-1,454	-1,794	1,135	246
Available-for-sale financial assets	-772	-	-	-
Actuarial Gains and Losses	3	-43	25	45
Other	-	-3	-	-
Share of OCI associated companies	22	-2	1	-
Exchange rate difference non-controlling interests	1	1	1	-
Exchange rate differences Group	348	-127	-104	421
Total comprehensive income for the period	-1,852	-1,968	1,058	712
Total comprehensive income attributable to:				
Owners of the company	-1,860	-1,969	1,057	712
Non-controlling interests	8	2	1	-

8.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets out selected data from the Group's condensed consolidated statement of financial position at 31 December 2017, 2016 and 2015 (audited) and as at 31 December 2018 (unaudited), prepared in accordance with IFRS.

<i>In NOK thousands</i>	<i>Unaudited</i>	<i>Audited</i>		
	2018	2017	2016	2015
ASSETS				
Non-current assets				
Intangible assets	212,284	201,383	198,260	206,675
Deferred tax asset	2,673,821	1,018,927	241,499	593,626
Aircraft, parts and installations on leased aircraft	31,064,216	25,861,883	22,571,775	18,507,706
Equipment and fixtures	211,374	90,458	88,361	79,508
Buildings	269,437	279,462	283,236	285,674
Derivative financial instruments	3,454	31,016	114,476	-
Financial assets available for sale	2,689	2,689	82,689	82,689
Investment in associate	70,338	832,561	609,110	328,127
Prepayment to aircraft manufacturers	8,561,329	5,219,372	7,156,303	5,939,281
Other receivables	1,139,676	789,974	623,606	501,811
Total non-current assets	44,208,618	34,327,725	31,969,314	26,525,096
Current assets				
Assets held for sale	850,610	-	-	-
Inventory	167,344	101,890	102,465	104,141
Trade and other receivables	6,752,598	4,357,571	3,013,978	2,550,716
Derivative financial instruments	32,646	615,707	353,246	-
Financial assets available for sale	2,051,791	80,000	-	-
Cash and cash equivalents	1,921,683	4,039,776	2,323,647	2,454,160
Total current assets	11,776,672	9,194,943	5,793,337	5,109,017
TOTAL ASSETS	55,985,290	43,522,668	37,762,651	31,634,113

<i>In NOK thousands</i>	<i>Unaudited</i>		<i>Audited</i>	
	2018	2017	2016	2015
EQUITY AND LIABILITIES				
Equity				
Share capital	4,544	3,576	3,576	3,576
Share premium	2,686,659	1,231,631	1,231,631	1,231,631
Other paid-in equity	132,866	127,769	110,621	94,362
Investments revaluation reserve	-771,718	-	-	-
Other reserves	1,011,665	641,437	773,112	876,192
Retained earnings	-1,376,863	81,666	1,919,266	759,550
Shareholders' equity	1,687,151	2,086,077	4,038,205	2,965,312
Non-controlling interest	17,297	12,328	10,770	
Total equity	1,704,447	2,098,405	4,048,975	2,965,312
Non-current liabilities				
Pension obligation	146,523	149,661	107,379	134,516
Provision for periodic maintenance	3,187,498	2,679,400	1,376,465	1,177,513
Other long-term liabilities	145,193	137,121	85,166	80,338
Deferred tax	614,467	-	-	-
Borrowings	22,280,023	22,060,271	18,706,062	16,543,405
Derivative financial instruments	38,104	-	27,939	-
Total non-current liabilities	26,411,809	25,026,454	20,303,010	17,935,772
Short-term liabilities				
Short term part of borrowings	11,559,119	4,244,486	4,768,813	3,041,388
Trade and other payables	8,011,842	5,568,261	3,881,684	2,862,566
Air traffic settlement liabilities	6,907,267	6,493,615	4,666,212	4,014,428
Derivative financial instruments	1,359,439	41,819	86,306	782,523
Tax payable	31,366	49,629	7,650	32,123
Total short-term liabilities	27,869,033	16,397,810	13,410,666	10,733,029
Total liabilities	54,280,843	41,424,264	33,713,676	28,668,801
TOTAL EQUITY AND LIABILITIES	55,985,290	43,522,668	37,762,651	31,634,113

8.4 CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below sets out selected data from the Group's condensed consolidated statement of cash flow for the years ended 2017, 2016 and 2015 (audited) and the year ended 2018 (unaudited) prepared in accordance with IFRS.

<i>In NOK thousands</i>	<i>Unaudited</i>		<i>Audited</i>	
	2018	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit (loss) before tax	-2,490,135	-2,562,200	1,508,333	75,038
Taxes paid	-22,674	35,012	-28,622	-44,056
Depreciation, amortization and impairment	1,667,555	1,405,074	1,295,825	1,133,287
Impairment assets held for sale	-	655,904	-	-
Pension expense without cash effect	-	-	-27,137	5,480
Profit from associated companies	-128,549	-291,944	-212,801	-103,441
Compensation expense for employee options	5,098	17,148	16,259	7,141
Losses/(gains) on disposal of tangible assets	-120,858	-297,845	-101,103	-
Fair value losses/(gains) on financial assets	1,966,346	-134,347	-576,553	474,149
Financial items	-1 231 950	852 033	524 854	376 178
Interest received	117,512	71,296	43,623	74,172
Change in inventories, accounts receivable and accounts payable	-1,998,445	17,952	-183,056	-292,082
Change in air traffic settlement liabilities	413,652	1,827,403	651,784	1,049,001
Other adjustments*	2,285,150	1,305,853	135,067	-398,162
Net cash flow from operating activities	462,701	2,901,339	3 046,473	2,356,707
CASH FLOWS FROM INVESTING ACTIVITIES:				
	2018	2017	2016	2015
Prepayments aircraft purchase	-5,543,229	-2,388,262	-3,474,816	-3,138,767
Purchase of tangible assets	-6,171,693	-5,993,452	-4,525,827	-2,022,951
Purchase of intangible assets	-41,575	-39,768	-31,038	-45,685
Proceeds from sales of tangible assets	2,933,101	4,864,061	1,584,509	18,250
Proceeds from sales of shares in subsidiaries net of cash disposed	-	-	1,698	-
Net investment in associated companies	26,945	-88,958	-66,950	-
Proceeds from total return swap	233,271	545,725	-	-
Paid deposit total return swap	-	-327,435	-	-
Net cash flow from investing activities	-8,563,180	-3,428,088	-6,512,425	-5,189,153
CASH FLOWS FROM FINANCIAL ACTIVITIES:				
Proceeds from long-term debt	12,546,621	8,209,914	5,805,813	5,553,592
Payment of long-term debt	-6,518,771	-4,490,895	-1,572,788	-1,827,543
Interest on borrowings and financing costs	-1,499,763	-1,427,929	-941,890	-581,903
Proceeds from issuing new shares	1,455,995	-	-	138,142
Other financing activities	-	-	11,698	-

Net cash flow from financial activities	5,984,083	2,291,090	3,302,834	3 282,288
Foreign exchange effect on cash	-1,696	-48,213	32,606	-6,820
Net change in cash and cash equivalents	-2,118,092	1,716,128	-130,513	443,021
Cash and cash equivalents at January 1	4,039,776	2,323,647	2,454,160	2,011,139
Cash and cash equivalents at December 31	1,921,684	4,039,776	2,323,647	2,454,160

*In the annual financial statements for 2017 and earlier, unrealized effects from currency and derivative contracts was presented as a separate line in the cash flow statement under operating activities. From 2018, this is included in the line Other adjustments.

8.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The table below sets out selected data from the Group's condensed consolidated statement of changes in equity for the years ended 2017, 2016 and 2015 (audited) and for the year ended 31 December 2018 (unaudited), prepared in accordance with IFRS.

(NOK 1,000)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Investments revaluation reserve	Other Reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
Equity at January 1, 2016	3,576	1,231,631	94,362	1,329,569	-	876,192	759,550	2,965,311	-	2,965,312
Profit for the year							1,135,263	1,135,263	-283	1,134,981
Actuarial gains and losses							24,452	24,452		24,452
Exchange rate differences on translation of foreign operations						-104,313		-104,313	1,189	-103,123
Share of other comprehensive income of associated companies						1,232		1,232		1,232
Total comprehensive income 2016						-103,080	1,159,716	1,056,635	907	1,057,542
Transactions with non-controlling interests									9,863	9,863
Equity change on employee options			16,259	16,259				16,259		16,259
Transactions with owners			16,259	16,259				16,259	9,863	26,122
Equity at December 31, 2016	3,576	1,231,631	110,621	1,345,828		773,112	1,919,266	4,038,205	10,770	4,048,975
Profit for the year							-1,794,551	-1,794,551	847	-1,793,705
Available-for-sale financial assets										
Share of OCI associated companies recycled to PL						-3,133		-3,133		-3,133
Actuarial gains and losses							-43,034	-43,035		-43,035
Exchange rate differences on translation of foreign operations						-127,033		-127,033	684	-126,350
Share of other comprehensive income of associated companies						-1,509		-1,509		-1,509
Total comprehensive income 2017						-131,675	-1,837,586	-1,969,261	1,530	-1,967,731
Transactions with non-controlling interests									27	27
Equity change on employee options			17,148	17,148				17,148		17,148
Transactions with owners			17,148	17,148				17,148		17,148
Equity at December 31, 2017	3,576	1,231,631	127,769	1,362,976		641,437	81,666	2,086,076	12,328	2,098,405
Profit for the year							-1,461,146	-1,461,146	6,998	-1,454,148
Available-for-sale financial assets					-771,718			-771,718		-771,718
Share of OCI associated companies recycled to PL										
Actuarial gains and losses							2,712	2,712		2,712
Exchange rate differences on translation of foreign operations						347,909		347,909	556	348,465
Share of other comprehensive income of associated companies						22,319		22,319		22,319
Total comprehensive income 2018						-771,718	-1,458,434	-1,859,925	7,554	-1,852,370
Share issue	968	1,455,028		1,455,995		370,227		1,455,995		1,455,995
Transactions with non-controlling interests								-95	-2,586	-2,681
Equity change on employee options			5,098	5,098				5,098		5,098
Transactions with owners	968	1,455,028	5,098	1,461,093			-95	1,460,998	-2,586	1,458,413
Equity at December 31, 2018	4,544	2,686,659	132,866	2,824,069	-771,718	1,011,665	-1,376,863	1,687,151	17,296	1,704,447

8.6 TREND INFORMATION AND SIGNIFICANT CHANGES TO THE COMPANY'S FINANCIAL POSITIONS SINCE 31 DECEMBER 2018

On 29 January 2019, Norwegian announced that it is strengthening its balance sheet through a fully underwritten rights issue of NOK 3 billion in order to increase its financial flexibility and create headroom to the covenants of its outstanding bonds compared with the Company's business plan.

The Company is changing its strategic focus from growth to profitability. The Company intends to capitalize on the market position and scale built up over the last years. As a consequence of the changed focus, the capital expenditures will be reduced, which is expected to be achieved by a combination of (i) aircraft divestment, including JV, and (ii) postponement of aircraft deliveries. Further, the Company is working on several operational improvements, including (i) the extensive cost reduction program, #Focus2019, which will contribute to estimated reduction of minimum NOK 2 billion in 2019, (ii) optimization of the base structure and the route network and (iii) the

agreement with Rolls-Royce related to compensation for the operational disruptions on its long-haul operations which was entered into in December 2018. The fully underwritten rights issue in combination with these improvement initiatives will significantly improve the financial position of the Company during 2019.

On 5 February 2019 Norwegian announced that Arctic Aviation Assets, a subsidiary of Norwegian, has signed an agreement for sale of two Airbus 320neo aircraft. The aircraft were leased out and thus not operated by the Company and classified as Assets Held for Sale in the balance sheet at 31 December 2018. Delivery will take place during February 2019. The transaction is expected to increase the Company's liquidity by USD 26 million after repayment of debt and have a positive equity effect. Sale proceeds will be used to repay debt and to increase the Company's liquidity. The sale is in line with the Company's strategy of capitalizing on the scale built up over the last few years and the changed focus from growth to profitability.

On 6 February 2019 Norwegian announced that Arctic Aviation Assets, a subsidiary of Norwegian, has signed an agreement with Boeing Commercial Airplanes for postponement of twelve Boeing 737 MAX 8 aircraft from 2020 to 2023 and 2024. The postponement is expected to reduce the Company's capital expenditure commitments related to pre-delivery payments in 2019. Additionally, capital expenditures for 2020 will be significantly reduced.

Arctic Aviation Assets has further signed an agreement with Airbus S.A.S. for postponement of four Airbus 321LR aircraft from 2019 to 2020. The postponement is expected to reduce the Company's capital expenditure commitments in 2019.

Total liquidity effect in 2019 from postponement of aircraft deliveries is estimated to be approximately NOK 1,700 million.

The Company also expects a net liquidity effect in 2019 from the sale of two Airbus 320 neos and eleven Boeing 737-800s of approximately NOK 1 billion which have been concluded with the aircraft are expected to be delivered to their new owners in 2019.

As per the date of this Prospectus, the Company estimates Unit cost incl depreciation ex fuel for the year 2019 in the range of NOK 0.295 – 0.300 and Unit cost incl depreciation and fuel is expected to be in the range of NOK 0.4075 – 0.4125. Production growth (ASK) for 2019 is expected to be approximately 8-10 per cent of which the majority of the growth will come during the first half with delivery of 5 Dreamliners.

8.7 SEGMENT INFORMATION

The Group's operating results derive from its airline-related activities and the Group's main revenue generating asset is its aircraft fleet, which is utilized across the Group's geographical segment.

No analysis by business segment is required or prepared by the Management, and no such analysis is therefore included in the financial report of the Group. The tables below set out the Group's operating revenue by activity and by geographical distribution for the years ended 31 December 2018, 2017, 2016 and 2015.

<i>In NOK thousands</i>	2018	2017	2016	2015
By activity:				
Passenger transport	32,560,052	24,719,086	21,095,595	18,505,762
Ancillary revenue	6,266,636	4,822,516	3,928,978	3,275,289
Other revenue	1,438,850	1,406,661	925,981	702,494
Total operating revenue	40,265,538	30,948,264	25,950,554	22,483,545
Per country:				
Norway	8,070,696	7,160,434	6,844,411	6,616,534
US	6,946,665	4,398,006	2,797,660	1,757,190
Spain	5,620,612	4,470,509	3,701,012	2,927,401
UK	4,323,419	2,711,851	2,216,267	1,692,217
Sweden	3,666,436	3,345,013	3,040,460	2,749,374
Denmark	2,837,355	2,316,947	2,180,100	2,120,456
France	1,745,342	955,128	606,896	424,521
Finland	1,326,646	1,133,239	966,134	861,246
Italy	1,073,016	587,692	412,234	381,556
Germany	591,107	454,792	374,319	436,056
Other	4,064,244	3,414,653	2,811,061	2,516,993
Total	40,265,538	30,948,264	25,950,554	22,483,544
Total outside of Norway	32,194,842	23,787,830	19,106,143	15,867,010

8.8 SELECTED OTHER FINANCIAL INFORMATION

The following table sets out certain other key financial data for the Group, all measures in the table being defined in Section 17 "Definitions and glossary".

<i>Ratios in NOK</i>	<i>Unaudited</i>	<i>Audited</i>		
	2018	2017	2016	2015
Yield	0.38	0.39	0.42	0.44
Unit Revenue	0.33	0.34	0.36	0.38
Unit Cost incl depreciation	0.43	0.45	0.43	0.44
Unit Cost incl depreciation ex fuel	0.31	0.35	0.34	0.34
Unit Cost excl depreciation	0.42	0.43	0.41	0.42
Unit Cost excl depreciation ex fuel	0.29	0.33	0.32	0.31
Ancillary Revenue/PAX	168	145	134	129
ASK (million)	99,220	72,341	57,910	49,028
RPK (million)	85,124	63,320	50,798	42,284
Passengers (million)	37.3	33.1	29.3	25.8
Load Factor	86 %	88 %	88 %	86 %
Average sector length (km)	1,843	1,607	1,473	1,407
Fuel consumption (metric tonnes)	1,956,174	1,465,100	1,190,017	1,015,337
CO2 per RPK	72	73	74	76

<i>In NOK millions</i>	<i>Unaudited</i>	<i>Audited</i>		
	2018	2017	2016	2015
Total operating revenue	40,266	30,948	25,951	22,491
EBITDAR	2,171	3,948	5,958	3,694
EBITDA	-2,183	59	3,116	1,481
EBIT	-3,851	-2,002	1,821	348
EBT	-2,490	-2,562	1,508	75
Net profit/ loss (-)	-1,454	-1,794	1,135	246
Book equity per share (NOK)	37.5	58.7	113.2	113.2
Equity ratio (%)	3 %	5 %	11 %	9 %
Net interest bearing debt	31,917	22,265	21,151	17,131

The reasons for using these non-IFRS financial measures and why the Company believes they provide useful information have been explained in Section 4.2.2 "Non-IFRS financial measures". Each of the financial measures is defined in Section 17 "Definitions and glossary".

8.9 STATUTORY AUDITOR

The Company's auditor for the period covered by the historical financial information in this Prospectus has been Deloitte AS ("**Deloitte**") which business address is at Dronning Eufemias gate 14, 0103 Oslo, Norway.

Deloitte is member of the Norwegian Institute of Public Accountants ("Den norske Revisorforening").

Deloitte has not audited, reviewed or produced any report on any other information provided in this Prospectus.

Deloitte's audit reports on the audited financial statements for 2015, 2016 and 2017 are incorporated by reference as set out in Section 16.3 "Documents incorporated by reference."

9. OPERATING AND FINANCIAL REVIEW

The selected historical consolidated financial data for the Group discussed in this section is based on the financial information for the years ended 31 December 2017, 2016 and 2015 (audited) as well as the year ended 31 December 2018 (unaudited).

Certain financial measures have been included in this Section that are not determined in accordance with IFRS or any other generally accepted accounting principles. These measures, which are defined in this Prospectus (see Section 17 "Definitions and glossary"), include EBITDAR, EBITDA, RASK, etc. See Section 4.2.2 "Non-IFRS financial measures" for further information on the rationale behind using such financial measures.

9.1 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

9.1.1 General

The Group's increased revenue and cost during the year are a result of high growth from year to year. With a production growth of 18 per cent from 2015 to 2016, 25 per cent from 2016 to 2017 and 37 per cent from 2017 to 2018, the Group's operating and financial results, as well as changes during this period, are largely attributable to this growth.

A substantial part of the Group's revenues and expenses are denominated in foreign currencies. Revenues are increasingly exposed to changes in foreign currencies against NOK as the Group expands globally with more customers travelling from the USA and between European destinations. The Group's leases, aircraft borrowings, maintenance, jet-fuel and related expenses are mainly denominated in USD, and airplane operation expenses are partly denominated in EUR.

The Group's operating and financial results is also highly affected by changes in market price of jet fuel, since the expenses for jet-fuel represent a substantial part of the Group's operating costs.

The Group's revenue and costs within a year vary widely based on seasonal variations in demand for airline transport.

The following table shows the sensitivity regarding changes in jet fuel prices and exchange rates as per end of 2018:

Unaudited	Effect on income
	MNOK
1% decrease in jet fuel price	95
1% depreciation of NOK against USD	-174
1% depreciation of NOK against EURO	-7

The sensitivity analysis reflects the effect on operating costs in 2018 by changes in market prices and exchange rates. The effect on operating costs is annualized based on current level of production, fuel prices and exchange rates. Operational hedges are not included in the calculation of the sensitivity.

In December 2018 the Company announced that it had launched an extensive cost reduction program, #Focus2019. The Company is aiming on a cost reduction of minimum NOK 2 billion in 2019. The cost reduction will be reported per quarter to the market. Initiatives are related to multiple areas in the Company, but largest savings are identified in crew, technical and handling.

Significant incidents

The Company successfully completed a private placement raising gross proceeds of NOK 1,300 million in March 2018, followed by a subsequent offering raising gross proceeds of NOK 200 million to existing shareholders in June 2018.

On 12 April 2018, it was announced that IAG had acquired 4.61 per cent of the shares in the Company, and that IAG was considering making an offer for all the shares in the Company. Subsequently, the Company received enquiries from several parties who expressed interest for structural transactions, financing of the Company and various forms of operational and financial

cooperation. Discussions with such parties have been ongoing on several levels and with different approaches. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the shares in the Company, which were rejected by the Company on the basis that they undervalued the Company and its prospects.

Following, among other issues, severe delays in aircraft and engine deliveries, the Company has for some time been assessing financing needs and financing alternatives, including raising equity. The Company secured stand-by underwriting commitment for a rights issue of up to NOK 3 billion in Q4 2018. However, during Q4 2018 and through December 2018, it has not been in position to raise equity while being engaged in new, concrete and specific negotiations related to the acquisition of the shares of the Company. No such discussions are currently ongoing.

On 24 January 2019, IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company.

During 2018, Norwegian's long-haul operation has been disrupted by challenges with the Rolls-Royce engines on the Dreamliners. The Company has now reached an agreement with Rolls-Royce which will have a positive effect from the first quarter of 2019. The commercial terms of the agreement remain confidential.

In June 2016, the European Commission adopted interpretative guidelines on Regulation (EC) No 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights. This has led to higher care and compensation costs for the European airline industry, including Norwegian.

On 6 February 2019 the Company published its fourth quarter report, including a net loss of NOK 3,012 million. Fourth quarter underlying earnings were affected by the high production growth of 32 per cent. The growth is spurred by adding eleven new wide body aircraft in the fleet in the past twelve months and increased utilization on narrow body aircraft during the start of the current winter season. Unit revenue was expectedly lower by 5 per cent compared to last year, with a sector length increase of 10 per cent. Yield showed an increase to 0.37. Unit cost including depreciation excl fuel decreased by 14 per cent in the same period and would be down by 16 per cent in constant currency. EBT of NOK -3,945 million was heavily influenced by losses from jet fuel contracts of NOK 1,841 million and losses of NOK 194 million from total return swaps.

Operating profit before interest (EBIT) excluding other losses/(gains) for the fourth quarter was NOK -1,786 million (-1,275), while profit (loss) before tax (EBT) was NOK -3,945 million (-1,226). Other losses/(gains) amounted to a net loss of NOK 1,807 million, compared to a net gain of NOK 248 million last year.

9.1.2 Operating results for the year ended 31 December 2018 compared to the year ended 31 December 2017

The Group's total operating revenues for the year ended 31 December 2018 grew by 30 per cent to NOK 40,266 million (2017: NOK 30,948 million), of which ticket revenues accounted for NOK 32,560 million (2017: NOK 24,719 million). Ancillary passenger revenues were NOK 6,267 million (2017: NOK 4,823 million), while NOK 1,439 million (2017: NOK 1,407 million) was related to freight, third-party products and other revenue. The revenue growth is largely attributable to an increased number of passengers, up 13 per cent to 37.3 million for the year ended 31 December 2018. The load factor decreased by 1.7 percentage points compared to 2017. The ticket revenue per available seat kilometer ("**RASK**") for the year ended 31 December 2018 was NOK 0.33 (2017: NOK 0.34). Ancillary revenue per passenger rose by 16 per cent to NOK 168 (2017: NOK 145).

Operating expenses (excluding depreciation and amortization) in 2018 amounted to NOK 42,449 million (2017: NOK 30,889 million), with a unit cost including depreciation of NOK 0.43 (2017: NOK 0.45). The unit cost including depreciation excluding fuel decreased by 12 per cent to NOK 0.31 (2017: NOK 0.35). Unit cost excluding fuel including depreciation in constant currency was 12 per cent lower than 2017. Earnings before interest, tax, depreciation and amortizations ("**EBITDA**") were NOK -2,183 million, compared to NOK 59 million in 2017.

The unit cost reduction in 2018 compared to 2017 reflects that the Company has more than doubled its fleet of wide body aircraft, resulting in increased average sector length of 15 per cent. Engine issues for the wide body fleet have had a negative effect on the operating costs, which are only partly covered by the manufacturer. Indirect negative effects such as increased passenger service costs, increased fuel burn and lower crew utilization as consequences of increased wet

lease are not covered but resulted in increased costs for the Company. The Company estimates total costs related to the engine issues of approximately NOK 2 billion of which approximately NOK 1 billion has been recognized as the net negative impact in the income statement as increased operating expenses.

The first three quarters of 2018 were negatively impacted by increasing fuel costs, whereas the final quarter was negatively impacted by unrealized losses on fuel hedges as a consequence of the significant reduction in fuel prices. Other gains / losses include gains and losses from foreign currency contracts, forward fuel contracts, net loss from total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets. Net Other gains / losses in 2018 was NOK 994 million (2017: gain of NOK 432 million), including a net loss of NOK 1,199 million from forward contracts on fuel (NOK 1,912 million unrealized loss and NOK 713 million realized gain) and a gain of NOK 179 million from translation of working capital in foreign currency.

Operating profit before interest and taxes ("**EBIT**") excluding other losses/(gains) for 2018 was NOK -2,857 million (2017: NOK -2,434 million).

Net financial items of NOK 1,232 million (2017: NOK -852 million) includes a net gain of NOK 1,940 million as a consequence of discontinuation of the equity method for the Company's investment in Norwegian Finans Holding ASA ("**NOFI**") from the first quarter of 2018. Norwegian owns 16.4 % of the outstanding shares in NOFI. The investment was presented according to the equity method as an investment in associated companies until March 2018, when the Chair of the Board of Directors resigned from the Board of NOFI and its subsidiary Bank Norwegian. Following the loss of significant influence in NOFI, use of the equity method was discontinued. From March 2018 onwards, the ownership in NOFI is recognized as a financial investment according to IFRS 9 and subsequent changes in fair value are recorded in other comprehensive income.

Loss before tax amounted to NOK 2,490 million (loss in 2017 of NOK 2,562 million) and net loss after tax was NOK 1,454 million (loss in 2017 of NOK 1,794 million). Earnings per share was NOK -34.4 (2017: NOK -50.2).

9.1.3 Operating results for the year ended 31 December 2017 vs. the year ended 31 December 2016

The Group's total operating revenues for 2017 grew by 19 per cent to NOK 30,948 million (2016: NOK 25,951 million), of which ticket revenues accounted for NOK 24,719 million (2016: NOK 21,096 million). Ancillary passenger revenues were NOK 4,823 million (2016: NOK 3,929 million), while NOK 1,407 million (2016: NOK 926 million) was related to freight, third-party products and other revenue. The revenue growth is largely attributable to an increased number of passengers, up 13 per cent to surpass 33 million during 2017. The load factor decreased by 0.2 percentage points compared to 2016. The RASK for 2017 was NOK 0.34 (2016: NOK 0.36), down six per cent from the previous year. Ancillary revenue per passenger rose by eight per cent to NOK 145 (2016: 134).

Operating expenses (including leasing and excluding depreciation and impairment) amounted to NOK 30,889 million (2016: NOK 22,834 million), with a unit cost of NOK 0.43 (2016: NOK 0.41). The unit cost excluding fuel increased by four per cent to NOK 0.33 (2016: NOK 0.32). The increase in unit cost was driven by a ramp-up cost related to growth in the 787 operation and prevention of pilot shortages in the 737 operations in the coming high season, as well as an increased share of leased aircraft in the fleet. Cost per available seat-kilometer ("**CASK**") excluding fuel in constant currency was five per cent higher than previous year. Earnings before interest, tax, depreciation and amortizations (EBITDA) were NOK 59 million (2017), compared to NOK 3,116 million in 2016.

In 2017, the Group entered into a sale leaseback arrangement regarding 11 owned 737-800 aircraft. The sale leaseback arrangement resulted in an impairment of NOK 656 million.

Financial items in 2017 resulted in a loss of NOK 852 million, compared to a loss of NOK 525 million in 2016. Included in financial items is NOK 351 million in net foreign exchange loss (2017), compared to a gain of NOK 116 million previous year (2016). With regards to accounting for the prepayments on purchase contracts with aircraft manufacturers, NOK 323 million (2016: NOK 262 million) in interest costs were capitalized in 2017.

The Group's share of OSM Aviation AS and Bank Norwegian's net profit resulted in a net gain of NOK 292 million (2016: NOK 213 million) in the consolidated statement of income.

Loss before tax in 2017 amounted to NOK 2,562 million (profit in 2016 of NOK 1,508 million) and net loss after tax was NOK 1,794 million (profit in 2016 of NOK 1,135 million). Earnings per share was negative NOK 50.2 per share (2016: NOK 31.7).

9.1.4 Year ended 31 December 2016 vs 31 December 2015

The Group's total operating revenues and income for 2016 grew by 15 per cent and came to NOK 25,951 million (2015: NOK 22,484 million), of which ticket revenues accounted for NOK 21,096 million (2015: NOK 18,506 million). Ancillary passenger revenues were NOK 3,929 million (2015: NOK 3,275 million), while NOK 926 million (2015: NOK 703 million) was related to freight, third-party products and other income. The revenue growth is a result of increased number of passengers, as the yield has decreased.

The load factor increased by 1.5 percentage points compared to the same period in 2015. The RASK for 2016 was NOK 0.36 (NOK 0.38), down three per cent from previous year. Ancillary revenues rose by five per cent to NOK 134 per passenger (2015: NOK 129).

Operating expenses (including leasing and excluding depreciation and write-downs) amounted to NOK 22,834 million (2015: NOK 21,002 million), with a unit cost of NOK 0.41 (2015: NOK 0.42). The unit cost excluding fuel was up by two per cent to NOK 0.32 (2015: NOK 0.31). The increase in unit cost was mainly a consequence of currency losses. The CASK excluding fuel in constant currency was one per cent lower than the previous year. The EBITDA was NOK 3,116 million, compared to NOK 1,481 million in 2015.

Financial items in 2016 resulted in a loss of NOK 525 million, compared to a loss of NOK 376 million in 2015. Included in financial items in 2016 is NOK 116 million in net foreign exchange gains, compared to a gain of NOK 27 million the previous year. With regards to accounting for the prepayments on purchase contracts with aircraft manufacturers, NOK 262 million (2015: NOK 269 million) in interest costs were capitalized in 2016.

In 2007, the Group established Bank Norwegian, a wholly owned subsidiary of Norwegian Finans Holding ASA, in which the Group had a 20 per cent stake in 2016. Norwegian Finans Holding ASA was listed at Oslo Børs in June 2016 with the ticker "NOFI".

The Group's share of OSM Aviation and Bank Norwegian's net profit resulted in a net gain of NOK 213 million (2015: NOK 103 million) in the consolidated profit and loss statement. Earnings before tax in 2016 amounted to a gain of NOK 1,508 million (2015: NOK 75 million) and net profit after tax was a gain of NOK 1,135 million (2015: NOK 246 million). Earnings per share was NOK 31.74 per share (2015: NOK 6.99).

9.2 MANAGEMENT'S DISCUSSIONS OF FINANCIAL POSITION

9.2.1 The Group's financial position as of 31 December 2018 compared with as of 31 December 2017

The Group's assets and debt are impacted by asset acquisitions, appreciation of USD to NOK of 5.9 per cent and the capacity increase during the year. Total assets at 31 December 2018 were NOK 55,985 million (2017: NOK 43,523 million).

Net interest-bearing debt at the end of 2018 was NOK 31,917 million compared to NOK 22,265 million at the end of last year. At the end of 2018, the equity ratio is 3 per cent, compared to 5 per cent at the end of 2017.

Total non-current assets amount to NOK 44,209 million at the end of 2018, compared to NOK 34 328 million at the end of last year. The main investments during the year are deliveries of three new owned 787-9 Dreamliners and eight new owned Boeing 737 MAX 8 in addition to pre-delivery payments. During the year, the Company sold one 737-800 and five Airbus A320neo, of which three were also delivered during 2018. Intangible assets amounted to NOK 2,886 million at the end of 2018, compared to NOK 1,220 million at the end of 2017, including deferred tax assets of NOK 2,674 million compared to NOK 1,019 million at the end of last year. Deferred tax assets are affected by a gross presentation of deferred tax as compared to a net presentation in 2017. Net deferred tax assets at year-end 2018 amount to NOK 2,059 million.

Total current assets amount to NOK 11,777 million at the end of 2018, compared to NOK 9,195 million at the end of last year. Assets held for sale of NOK 851 million include two Airbus A320neo.

A letter of intent was signed prior to year-end and the final agreement and delivery took place in February 2019 with a positive effect on the Company's equity. Investments include economic interests in Norwegian Finans Holding as well as unrealized gains on currency and jet fuel hedges and amount to NOK 2,084 million. Receivables have increased by NOK 2,315 million during the year due to increased production and increased hold-backs from credit card acquirers. Cash and cash equivalents have decreased by NOK 2,118 million during the year, ending at NOK 1,922 million.

Norwegian owns 16.4 per cent of the outstanding shares in Norwegian Finans Holding ASA (NOFI), and the investment was presented according to the equity method as an investment in associated companies until March 2018, when the Chair of the Board of Directors resigned from the Board of NOFI and Bank Norwegian. Following the loss of significant influence in NOFI, use of the equity method was discontinued. From March 2018 onwards, the ownership in NOFI is recognized as a financial investment according to IFRS 9 and subsequent changes in fair value are recorded in other comprehensive income.

Norwegian also held total return swaps corresponding to 3.6 per cent of the outstanding shares in NOFI until they expired in December 2018. Net loss from total return swaps amounted to NOK 140 million during 2018.

Total non-current liabilities were NOK 26,412 million at the end of 2018, compared to NOK 25,027 million at the end of 2017. Long-term borrowings have increased by NOK 220 million during the year due to the financing of three new 787-9 Dreamliners and eight new 737 MAX 8 and appreciation of USD to NOK of 5.9 per cent year to date, offset by euro bond NAS07 and aircraft financing on sold aircraft reclassified to short-term borrowings or repaid, as well as down-payments on aircraft financing. Other non-current liabilities increased by NOK 1,166 million, mainly due to gross presentation of deferred tax (NOK 615 million) and increased accruals for periodic maintenance on leased aircraft.

Total short-term liabilities amounted to NOK 27,869 million at the end of 2018, compared to NOK 16,398 million at the end of 2017. Current liabilities increased by NOK 3,743 million in the same period. Short-term borrowings increased by NOK 7,315 million during the year due to new PDP financing and financing for seven 737 800 aircraft that was re-allocated to short term liabilities due to a decision to sell the aircraft within the next 12 months, as well as euro bond NAS07 being reclassified to short-term. Air traffic settlement liabilities increased by NOK 414 million from end of last year due to increased production.

Equity at the end of 2018 was NOK 1,704 million compared to NOK 2,098 million at the end of 2017. Equity decreased due to a net loss for the year of NOK 1,454 million and fair value losses of NOK 772 million mainly attributable to changes in fair market value of NOFI shares, partially offset by share capital increase of NOK 1,456 million, exchange rate gains from subsidiaries of NOK 348 million and other effects amounting to NOK 28 million. The equity ratio at the end of 2018 was 3 per cent.

9.2.2 The Group's financial position as of 31 December 2017 vs. as of 31 December 2016

The Group's total debt and assets are impacted by the asset acquisitions, appreciation of NOK against USD and the capacity increase that has taken place during the year. Total assets at 31 December 2017 were NOK 43,523 million (2016: NOK 37,762 million).

Net assets at the end of 2017 were affected by an appreciation of NOK against USD during the year of 5 per cent.

Net interest-bearing debt at the end of 2017 was NOK 22,265 million compared to NOK 21,151 million at the end of 2016. At the end of the year, the equity ratio was 5 per cent, compared to 11 per cent at the end of 2016.

Total non-current assets amounted to NOK 34,328 million at the end of 2017, compared to NOK 31,969 million at the end of 2016. The main investments during 2017 were deliveries of twelve new owned aircraft, while the sale and leaseback arrangements on eleven used aircraft have reduced tangible fixed assets by approximately NOK 2.5 billion.

Total current assets amounted to NOK 9,195 million at the end of the 2017, compared to NOK 5,793 million at the end of 2016. Receivables increased by NOK 1,344 million during 2017 due

to increased production. Cash and cash equivalents increased by NOK 1,716 million during 2017, ending at NOK 4 billion.

Total non-current liabilities were NOK 25,027 million at the end of 2017, compared to NOK 20,303 million at the end of 2016. Long-term borrowings increased by NOK 3,354 million during 2017 due to financing of twelve new aircraft, new unsecured bonds NAS08 of SEK 1,000 million and NAS09 of NOK 250 million. These effects were partially offset by repayments related to aircraft financing including sale and leaseback of used aircraft, bond NAS06 falling into short term and currency effects due to an appreciation of NOK to USD of 5 per cent at the end of 2017 compared to 1 January 2017. Other non-current liabilities increased by NOK 1,369 million.

Total short-term liabilities amounted to NOK 16,398 million at the end of 2017, compared to NOK 13,411 million at the end of 2016. Trade and other payables increased by NOK 1,687 million from end of 2016. Short-term borrowings decreased by NOK 524 million during the year due to repayment of unsecured bonds NAS04 of NOK 1,000 million and NAS05 of NOK 225 million and reduced pre-delivery payment financing due to aircraft deliveries, partially offset by bond NAS06 falling into short term and net drawdowns on credit facility of NOK 350 million. Air traffic settlement liabilities increased by NOK 1,827 million from the end of 2016 due to increased production and increased ticket sales.

Equity at the end of 2017 was NOK 2,098 million, compared to NOK 4,049 million at the end of 2016.

9.2.3 The Group's financial position as of 31 December 2016 vs. as of 31 December 2015

Net assets at the end of 2016 were affected by a 2 per cent appreciation of NOK against USD, compared to closing rate at 31 December 2015. Net interest-bearing debt was NOK 21,151 million compared to NOK 17,131 million at the end of 2015. The financial position was affected by increased production, appreciation of NOK against USD and asset acquisitions. At the end of 2016, the financial position remained solid with an equity ratio of 11 per cent, increased from 9 per cent at the end of 2015.

Total non-current assets amounted to NOK 31,969 million at the end of 2016, compared to NOK 26,525 million at the end of 2015. The main investments during the year were prepayments to aircraft manufacturers for aircraft on order and delivery of 15 new owned aircraft. Appreciation of NOK against USD affected aircraft values compared to 2015 by partially offsetting aircraft investments.

Total current assets amounted to NOK 5,793 million at the end of 2016, compared to NOK 5,110 million at the end of 2015. Receivables increased by NOK 461 million during 2016 due to increased production and sales. Cash and cash equivalents decreased by NOK 131 million during 2016.

Total non-current liabilities at the end of 2016 were NOK 20,303 million, compared to NOK 17,936 million at the end of 2015. Long-term borrowings increased by NOK 2,163 million during the year due to increased external borrowings for 13 new owned Boeing 737-800s and 2 Airbus 320neos, pre-delivery payment financing and tap issues of long-term bonds. The increase was partially offset by appreciation of NOK against USD and EUR and down-payments on aircraft financing as well as unsecured bonds NAS04 and NAS05 falling into short term borrowings. Other non-current liabilities increased by NOK 205 million.

Total short-term liabilities at the end of 2016 were NOK 13,411 million, compared to NOK 10,733 million at the end 2015. Current liabilities increased by NOK 298 million during 2016. Short-term borrowings increased by NOK 1,727 million during 2016 due to bonds NAS04 and NAS05 falling into short term borrowings and new pre-delivery payment financing of Airbus 320neo, partially offset by reduced pre-delivery payment financing due to aircraft deliveries and appreciation of NOK against USD. Credit facilities increased by NOK 325 million during 2016. Air traffic settlement liabilities increased by NOK 652 million from end of 2015 due to increased production and ticket sales.

Equity at the end of 2016 was NOK 4,049 million compared to NOK 2,965 million at the end of 2015. Equity increased mainly due to net profit in the period of NOK 1,135 million offset by exchange rate loss from subsidiaries of NOK 103 million.

9.3 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF CASH FLOWS

9.3.1 Cash flows for the year ended 31 December 2018 compared with the year ended 31 December 2017

Cash and cash equivalents were NOK 1,922 million at the end of 2018 compared to NOK 4,040 million at the end of 2017.

Cash flow from operating activities in 2018 amounted to NOK 463 million compared to NOK 2,901 million in 2017. Receivables have increased by NOK 2,315 million during the year due to increased production and increased hold-backs from credit card acquirers. Air traffic settlement liabilities increased by NOK 414 million during 2018 compared to an increase of NOK 1,827 million during 2017. Changes in other assets and liabilities were NOK 2,084 million during 2018 compared to an increase of NOK 1,184 million during 2017.

Cash flow from investment activities in 2018 was NOK 8,563 million, compared to NOK -3,428 million in 2017. Investments in new aircraft in addition to prepayments to aircraft manufacturers are the main investments and amounted to NOK 11,715 million in 2018 compared to NOK 8,382 million in 2017. During the second half of 2018, a total of 6 aircraft were sold, of which one Boeing 737-800 that were operated by the Company and five Airbus 320neo that were leased out. Proceeds from the transactions were used to repay debt and increase the Company's liquidity. Total proceeds from sale of tangible assets including PDP repayments in sale and leaseback transactions for new aircraft in 2018 were NOK 2,933 million, compared to NOK 4,864 million in 2017.

Cash flow from financing activities in 2018 was NOK 5,984 million compared to NOK 2,291 million in 2017. Proceeds from new aircraft financing outweigh down payments on aircraft financing and pre-delivery payment financing in 2018. Proceeds from issuing new shares amounted to 1,456 in 2018.

9.3.2 Cash flows for the year ended 31 December 2017 vs. the year ended 31 December 2016

Cash and cash equivalents were NOK 4,040 million at the end of 2017 compared to NOK 2,324 million at the end of 2016.

Cash flow from operating activities in 2017 amounted to NOK 2,901 million compared to NOK 3,046 million in 2016. Air traffic settlement liability increased by NOK 1,827 million (in 2016, the increase was NOK 652 million) during 2017. Change in other current assets and current liabilities amounted to NOK 1,184 million (2016: NOK 701 million), mainly due to increased provisions for maintenance.

Cash flow from investment activities in 2017 was NOK -3,428 million, compared to NOK -6,512 million in 2016. Investments in new aircraft in addition to prepayments to aircraft manufacturers are the main investments. Proceeds from sale of tangible assets in 2017 were NOK 4,864 million (2016: NOK 1,585 million).

Cash flow from financial activities was NOK 2,291 million in 2017 compared to NOK 3,303 million in 2016. Proceeds from new aircraft financing outweigh down payments on aircraft financing and pre-delivery payment financing in 2017.

9.3.3 Cash flows for the year ended 31 December 2016 vs. the year ended 31 December 2015

Cash and cash equivalents were NOK 2,324 million at the end of 2016 compared to NOK 2,454 million at the end of 2015.

Cash flow from operating activities in 2016 amounted to NOK 3,046 million compared to NOK 2,357 million in 2015. Air traffic settlement liability increased by NOK 652 million during 2016 compared to an increase of NOK 1,049 million in 2015. Change in other current assets and current liabilities amounted to NOK 701 million during 2016, compared to NOK 501 million in 2015.

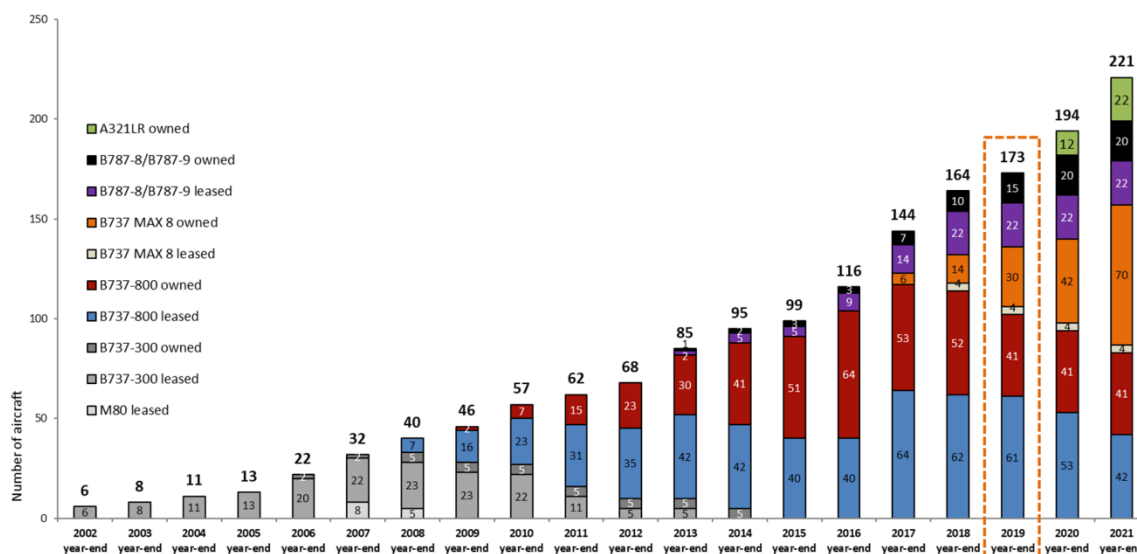
Cash flow from investing activities in 2016 was NOK -6,512 million, compared to NOK -5,189 million in 2015. Prepayments to aircraft manufacturers and investments in new aircraft were the main investments. Proceeds from sale of tangible assets was NOK 1,585 million compared to NOK 18 million in 2015.

Cash flow from financing activities in 2016 was NOK 3,303 million compared to NOK 3,282 million in 2015. Proceeds from financing of aircraft and pre-delivery payment financing were partially offset by down payment on borrowings and financing costs.

9.4 INVESTMENTS

9.4.1 Introduction

The Group's investments are primarily acquisitions related to aircraft, and the figure below shows the number of aircraft operated by the Group from 2002 to 31 December 2018 as well as the expected number of aircraft operated by the Group by the end of 2019, 2020 and 2021:



9.4.2 Principal investments in progress

As per the end of 2018 the Group had 195 aircraft on order, based on purchase commitments under agreements with Boeing and Airbus, respectively.

An overview of firm orders by expected timeline of future deliveries of aircraft as per the date of this Prospectus is presented in the table below, along with the expected gross cash payments per year:

Committed aircraft acquisitions per the date of the Prospectus

# of aircraft	2019	2020	2021-	Total
Boeing 737 800				
Boeing 737 MAX	16	12	64	92
Boeing 787-9	5	5	0	10
Airbus 320neo	4	7	52	63
Airbus 321LR	0	12	18	30
Total commitments	25	36	134	195

USD 1,000	2019	2020	2021-	Total
Total contractual commitments	2,050,000	2,400,000	6,850,000	11,300,000

Aircraft delivery schedules are, however, subject to changes.

The final cash payments are also subject to changes in delivery and prepayment schedules, certain contingent discounts or other adjustments of the purchase price. Such adjustments include e.g. aircraft equipment which can be added or taken out from the order up until delivery. Therefore, the exact purchase price for each individual aircraft is not known until the time of delivery.

Until delivery of the aircraft, the Group will make prepayments to aircraft manufacturers, following a defined prepayment schedule. Prepayments to aircraft manufacturers on future aircraft deliveries are financed by internal and external funds. In accordance with airline industry market practice, the total order is not fully financed, and the financing of new aircraft will be secured on a periodic basis, the size and timing depending on the schedule of aircraft delivery and market conditions.

The Group has secured financing in the amount of approximately USD 820 million for all aircraft deliveries (9 aircraft) for the first half of 2019, subject to final agreements. The financing is secured through a backstop sale & leaseback arrangement and commercial loans. Discussions regarding financing of aircraft delivering between the second half of 2019 and 2020 is ongoing and will be secured according to the Group's financing strategy, subject to market conditions and delivery schedules.

The Group has not committed to other significant investments and has no plans to invest in other significant assets than aircraft.

9.4.3 Principal investments in 2015, 2016, 2017, 2018 and the period from 1 January 2019 until the date of this Prospectus

Overview

Investing activities				
<i>In NOK million</i>	2018	2017	2016	2015
Aircraft	-5,724	-5,719	-4,379	-1,986
Prepayments	-5,543	-2,388	-3,475	-3,139
Buildings	-62	-19	-28	-37
Other fixed assets	-378	-256	-118	-34
Total investments	-11,707	-8,382	-8,001	-5,161
Sale of aircraft	3,018	4,864	1,481	0
Other	125	90	8	6
Cash flow from investing activities	-8,564	-3,428	-6,512	-5,189

1 January 2019 – the date of this Prospectus

In January 2019, one Boeing 737-800 was sold and delivered. No new aircraft were received during the month, and there were no prepayments on aircraft. Investment cash flow has thus been limited for the period. In February 2019, the Company sold two Airbus 320neo.

1 January 2018 – 31 December 2018

Investments during 2018 amounted to NOK 8,564 million. Of these investments, NOK 5,724 million pertained to aircraft, NOK 5,543 million to prepayments, NOK 62 million to buildings, and NOK 378 million to other fixed assets (other fixed assets include, but are not limited to, spare parts, equipment and fixtures to the aircraft).

Aircraft investments comprised twelve Boeing 737-MAXs, of which four financed through sale leaseback, eleven Boeing 787-9 aircraft, of which three owned, two financed on sale leaseback and six on operational lease, two Boeing 737-800 aircraft both financed through sale leaseback and finally three Airbus 320neo aircraft. Sale of aircraft through the year of NOK 3,018 million includes repayment of prepayments of sale leaseback as well as sales proceeds from sold aircraft. Sold aircraft in 2018 consisted of one 737-800 and five Airbus 320neo aircraft.

1 January 2017 – 31 December 2017

Investments during the year ended 31 December 2017 amounted to NOK 8,382 million. Of these investments, NOK 5,719 million pertained to aircraft, NOK 2,388 million to prepayments, NOK 19 million to buildings, and NOK 256 million to other fixed assets (other fixed assets include, but are

not limited to, spare parts, equipment and fixtures to the aircraft), and the investments in spare parts in 2017 amounted NOK 203 million).

Aircraft investments comprised six Boeing 737-MAXs, four Boeing 787-9 aircraft and two Airbus 320neos. In addition, the Group acquired 17 Boeing 737-800 on sale and leaseback and sold 11 Boeing 737-800 on sale and leaseback.

1 January 2016 – 31 December 2016

Investments during the year ended 31 December 2016 mounted to NOK 8,001 million. Of these investments, NOK 4,379 million pertained to aircraft, NOK 3,475 million to prepayments, NOK 28 million to buildings, and NOK 118 million to other fixed assets (fixed assets include, but are not limited to, spare parts, equipment and fixtures to the aircraft), and the investments in spare parts in 2016 amounted NOK 46 million).

Aircraft investments comprised 17 Boeing 737-800s and two Airbus 320neos. In addition, the Group acquired four Boeing 737-800 on sale and leaseback.

1 January 2015 – 31 December 2015

Investments during the year ended 31 December 2015 mounted to NOK 4,497 million. Of these investments, NOK 1,118 million pertained to aircraft, NOK 3,139 million to prepayments, NOK 240 million to buildings, and NOK 34 to other fixed assets.

Aircraft investments comprised ten Boeing 737-800s and one Boeing 787-8 aircraft.

10. LIQUIDITY AND CAPITAL RESOURCES

10.1 CAPITALIZATION AND INDEBTEDNESS

10.1.1 Capitalization

The table below sets forth an overview of Norwegian's capitalization as at 31 December 2018 and, for comparative purposes, as the date of this Prospectus, the latter also including the capital injected in the Rights Issue.

<i>In NOK thousands</i>	31 December 2018	Adjustments for the Rights Issue	As adjusted
<u>Total current debt</u>			
Guaranteed	-	-	-
Secured*	9,158,348	-	9,158,348
<u>Unguaranteed/Unsecured</u>	<u>18,710,685</u>	<u>-</u>	<u>18,710,685</u>
Total	27,869,033	-	27,869,033
<u>Total non-current debt</u>			
Guaranteed	-	-	-
Secured*	21,347,310	-	21,347,310
<u>Unguaranteed/Unsecured</u>	<u>5,064,499</u>	<u>-</u>	<u>5,064,499</u>
Total	26,411,809	-	26,411,809
<u>Shareholders' equity</u>			
Share capital	4,544	9,087	13,631
Legal reserves	2,819,525	2,899,666	5,719,191
Investment revaluation reserves	-771,718	-	-771,718
Other reserves	1,011,665	-	1,011,665
<i>Retained earnings</i>	-1,376,863	-	-1,376,863
<u>Non-controlling interests</u>	<u>17,296</u>	<u>-</u>	<u>17,296</u>
Total	1,704,447	2,908,753	4,613,202

* Secured debt is secured in aircraft, hangar and shares in NOFI.

The adjustments in the table above are made up by the increase in the share capital and legal reserves through the Rights Issue in the total amount of approximately NOK 2,999 million less expected costs relating to the Rights Issue of approximately NOK 90 million.

10.1.2 Net financial indebtedness

The table below sets forth an overview of Norwegian's net indebtedness as per 31 December 2018 and, for comparative purposes, as the date of this Prospectus, the latter also reflecting the capital injected in the Rights Issue. The table includes all the financial debt of the Company, including aircraft financing, pre-delivery payment financing, bond debt and securities financing, net of amortized financing costs. The table does not include operating lease obligations. Additional details regarding the Company's debt is set out in Section 10.3.3.

<i>In NOK thousands</i>	As at 31 December 2018	Adjustments for the Rights Issue	As adjusted
A Cash	1,854,841	2,908,753	4,763,594
B Cash equivalents	66,842	-	66,842
C Trading securities	-	-	-
D Liquidity (A + B + C)	1,921,683	2,908,753	4,830,436
E Current financial receivables	-	-	-
F Current bank debt	1,819,718	-	1,819,718
G Current portion of non-current debt	9,739,401	-	9,739,401
H Other current financial debt	-	-	-
I Current financial debt (F + G + H)	11,559,119	-	11,559,119
J Net current financial indebtedness (I - E - D)	9,637,436	-2,908,753	6,728,683
K Non-current bank loans	-	-	-
L Debt securities issued and subordinated loans	1,181,931	-	1,181,931
M Other non-current loans	21,098,092	-	21,098,092
N Non-current financial indebtedness (K + L + M)	22,280,023	-	22,280,023
O Net financial indebtedness (J + N)	31,917,459	-2,908,753	29,008,706

The adjustments in the table above are made up by the cash in the amount of approximately NOK 2,999 million injected in the Rights Issue less costs relating to the Rights Issue of approximately NOK 90 million.

10.1.3 Contingent and other liabilities

The following items are regarded as contingent and other liabilities:

- Operating leases and related commitments (see further information about leases in Section 15.2 "Material contracts which NAS is dependent on in its ordinary course of business" and 15.4.2 "Lease agreement with Fornebu Næringsseidom 1 AS").

<i>In NOK thousands</i>	2018	2017	2016
Within one year	5,110,928	4,623,211	3,114,133
Between 1 and 5 years	17,865,839	16,590,892	18,505,134
After 5 years	17,093,274	17,288,534	16,420,712
Total lease commitments	40,070,041	38,502,636	38,039,979

- The Company has significant aircraft purchase commitments from agreements entered into with Boeing and Airbus. An overview of these commitments is presented in Section 9.4 "Investments".
- Tax issues – see further information in Section 15.1.2 "Reassessment from the Central Tax

Office for Large Enterprises".

Other than as stated above, the Company is not aware of any material liability, direct or indirect, actual or contingent.

10.1.4 Material changes in capitalization and indebtedness since 31 December 2018

Since 31 December 2018 and up to the date of this Prospectus, the only material change in capitalization and indebtedness having occurred is the receipt by the Company of the share contribution in the Rights Issue, which has been reflected as adjustments in the tables in Sections 10.1.1 "Capitalization" and 10.1.2 "Net financial indebtedness".

10.2 WORKING CAPITAL STATEMENT

The restrictive covenants in the Company's bond financing arrangement that the Company is required to maintain a book equity of minimum NOK 1,500 million and a liquidity of minimum NOK 500 million, ref. Section 10.3.4 "Status on covenants", entails that the Company does not have sufficient working capital for its present requirements. In order to comply with the covenants and to establish a satisfactory buffer to them for the next twelve (12) months, the Company is dependent on new equity and more specifically on a successful completion of the Rights Issue as described in Section 5 "The Rights Issue". Without the Rights Issue the Company expects to be in breach of the covenant regarding book equity on or about Q1 2019.

As further described in Section 5.22 "The Underwriting", 100% of the Rights Issue has been underwritten by the Underwriters, the Additional Underwriters and the Pre-committing Shareholders. On this basis, the Company is confident of a successful completion of the Rights Issue which will result in gross proceeds for the Company in the amount of approximately NOK 3 billion.

Based on the above, the Company is confident that it will have sufficient equity and liquidity in place to meet the requirements under the said restrictive covenants for the next twelve (12) months.

10.3 TREASURY AND FUNDING POLICY

10.3.1 Treasury and funding policy

Financial control and cash management systems enable Norwegian to manage and monitor liquidity needs. Forecasts are maintained and regularly updated to estimate short- and long-term financial requirements. Funding options are evaluated based on longer-term capital needs and involve a review of optimal financing alternatives in conjunction with a targeted capital structure. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve, cash and cash equivalents on the basis of expected cash flow. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to monitor liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company has historically utilized aircraft financing institutions, like the Ex-Im, as its primary funding source in relation to aircraft acquisitions in addition to the U.S. capital market by way of private placements of debt, EETCs and sale and leaseback arrangements. The Company is dependent on access to one of these or other financing forms to finance the delivery of aircraft. Deliveries in 2019 are expected to be financed through export guaranteed financing, non-payment insurance product, in the U.S. capital market or through other commercial sources of financing available for the Group. The Group is currently in the process of securing pre-delivery payment financing and term financing according to the Group's financing strategy for deliveries in 2019-2021. The Group's financing policy includes sales and leaseback transactions on several aircraft to diversify its aircraft fleet. In 2018, 8 aircraft were delivered and financed as sales and leaseback transactions (17 in 2017).

The Group's aircraft fleet consists of leased aircraft and owned aircraft, in addition, the Group currently has 195 aircraft on firm order with future delivery. In accordance with airline industry

market practice the total order is not fully financed. The financing will be secured on a periodic basis, the size and timing depending on the schedule of aircraft delivery and market conditions. Prepayments to aircraft manufacturers on future aircraft deliveries are financed by internal and external funds.

10.3.2 Hedging policy and financial risk management

Introduction

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management program focuses on changes and fluctuations in financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain financial risk exposures.

Financial risk management is carried out by a central treasury department, the Group treasury, under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The Board provides principles for overall risk management such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Management of foreign exchange risk

A substantial part of the Group's expenses is denominated in foreign currencies. The Group's leases, aircraft borrowings, maintenance, jet fuel and related expenses are mainly denominated in USD, and airplane operation expenses are partly denominated in EUR. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments vary with changes in the foreign exchange rate. In order to reduce currency risk, the Management has a mandate to hedge up to 100% of its currency exposure for the following twelve months.

The Group manages its foreign exchange (FX) exposure using spot and forward contracts. There is no rolling FX hedge program in place for the Group as at the date of this Prospectus. Normal trade flows in foreign currencies are exchanged using spot contracts and forward contracts one month out. The Group might also hedge committed contracts (both financial and operating) giving rise to FX exposure. Finally, the Group might hedge a currency pair if it is deemed attractive compared to targets set in budgets and forecasts.

Management of jet fuel prices

Expenses for jet fuel represent a substantial part of the Group's operating costs, and fluctuations in jet fuel prices influence the projected cash flows. The objective of the jet fuel price risk management policy is to safeguard against significant and sudden increases in jet fuel prices whilst retaining access to price reductions. The Group manages jet fuel price risk using fuel derivatives. The Management has a mandate to hedge up to 100% of its expected consumption over the next 24 months with forward commodity contracts.

The Group holds forward commodity contracts to hedge jet fuel price risk. Such derivative contracts affect the financial statements through unrealized gains/losses from jet fuel prices. At 31 December 2018, the Group held forward contracts totaling 774,500 tons of jet fuel (2017: 481,500), equaling approximately 35% of estimated fuel consumption in 2019.

Management of credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to travel agencies and commercial customers, including outstanding receivables and committed transactions. The utilization of credit limits is regularly monitored. The Group's policy is to maintain credit sales at a minimum level. Sales to private customers are settled in cash or using major credit card companies.

A portion of the Group's sales are paid for by the customers at the time of booking and the Company receives the actual payments from the credit card companies at a later point in time. Delayed payments from credit card companies vary between credit card brands. The risk arising from receivables on credit card companies are monitored closely.

Credit risk related to bank defaults is closely monitored and partly offset by diversifying the Group's deposit portfolio.

There is re-invoicing of maintenance costs on aircraft to leasing companies, and the Company regularly evaluates and assesses the value of these credits.

10.3.3 Overview of debt facilities and debt maturities

The table below sets forth an overview of the outstanding financial debt of the Company as per 31 December 2018.

	Outstanding amount per 31 Dec 2018 (NOK million)
Aircraft financing	26,061
Pre-delivery payment financing	4,143
Bonds	3,586
Securities financing	1,125
Total outstanding debt	34,915
Amortized financing costs	-1,076
Book value of outstanding debt	33,839

The Company uses various sources for aircraft financing. The table below sets forth an overview of the various sources that the Company currently uses as well as the outstanding amounts as per 31 December 2018.

Financing source	# of aircraft	Outstanding amount per 31 Dec 2018 (NOK million)
U.S. Export Credit Financing	25	5,505
US Private Placement	17	3,733
Bank loans	5	1,484
Enhanced Equipment Trust Commitment	10	2,684
Aircraft Finance Insurance Consortium	13	5,397
U.K. Export Credit Financing (UKEF)	3	2,848
UKEF / Japanese Operating Lease Co.	3	3,657
Finance lease	2	753
Total aircraft financing	78	26,061

In addition the Company is financing a significant portion of its fleet with operational lease financing with the outstanding obligations as per 31 December 2018 not accounted for on the Company's balance sheet. The table below sets forth an overview of the outstanding operational lease obligations as per 31 December 2018.

Financing source	# of aircraft	Outstanding amount per 31 Dec 2018 (NOK million)
Operating lease	35	26,385
Sale-and-leaseback	53	13,154
Total operational lease financing	88	39,539

The Company is also actively using the bond markets and has three outstanding bonds with a total outstanding amount of NOK 3,586 million as per 31 December 2018.

In addition the Group has in place a securities financing facility holding the Company's NOFI shares as collateral. As at 31 December 2018 the LTV limit on the facility was 60%, and NOK 1,125 million was drawn on the facility. NOK 79 million was still undrawn. During January 2019, the LTV limit was increased to 80% subject to a guarantee from a third party. As of the date of the Prospectus, NOK 1,233 million was drawn and NOK 467 million was still undrawn.

The table below sets forth an overview of the Company's borrowings as per 31 December 2018, including repayment schedule and anticipated interest payments in 2019 and 2020 and thereafter, as well as expected interest payments and outstanding amounts for each period. Note that the table does not include anticipated new borrowings relating to the delivery of new aircraft.

Bonds:

In NOK million

Name of facility	NAS07	NAS08	NAS09
Currency	EUR	SEK	NOK
Interest rate type	Fixed	Floating	Floating
Outstanding at year-end 2018:	2,401	935	250
Down payments 2019	2,401	-	-
Interest payments 2019	174	47	12
Outstanding at year-end 2019:	-	935	250
Down payments 2020	-	935	250
Interest payments 2020	-	35	12
Outstanding at year-end 2020:	-	-	-
Down payments after 2020	-	-	-

Long term aircraft financing and pre-delivery payment financing ("PDP"):

In NOK million

Name of facility	Aircraft financing	PDP
Currency	USD/EUR	USD
Outstanding at year-end 2018:	26,061	4,143
Down payments 2019	3,922	3,861
Interest payments 2019	674	79
Outstanding at year-end 2019:	22,138	282
Down payments 2020	2,307	-
Interest payments 2020	590	14
Outstanding at year-end 2020:	19,831	282
Down payments 2021	2,318	282
Interest payments 2021	546	7
Outstanding at year-end 2021:	17,513	-
Down payments after 2021	17,513	-

Long term aircraft financings have for the most part fixed interest rate.

Pre-delivery payment (PDP) financing is always done using floating interest rate.

The Group manages its interest rate risk by choosing fixed and floating interest rates on its facilities in order to get the preferred portfolio mix of interest rate exposure.

The Company expects to repay the respective debt facilities upon their maturity by means of available cash on hand and by refinancing in the bank or bond market, depending on the financial situation and available alternatives at the time of such maturity. Repayments are made at par value.

10.3.4 Status on covenants

As per the date of this Prospectus, the Company and the Group are in compliance with all its debt covenants. These covenants are related to the bond financings, and constitute of minimum equity of NOK 1,500 million, minimum liquidity of NOK 500 million and dividend payments amounting to less than 35% of net profit.

10.4 PROPERTY, EQUIPMENT AND OTHER ASSETS

The aircraft owned by the Company comprise its principal assets, and a description of the fleet, the number of aircraft, etc. is included in Section 7.7.2 "Fleet".

The Company operates out of leased premises in the municipality of Bærum, just outside the city limits of Oslo. The Group's head offices at Oksenøyveien 3 are 11,802 sq. m. For more information about the lease agreement, see Section 15.4.2 "Lease agreement with Fornebu Næringseiendom 1 AS".

The Company owns a hangar at Oslo Airport measuring 11,088 square meters. In addition to the hangar, the Company owns a repair shop measuring 1,100 square meters and an office building measuring 1,350 square meters.

For an overview of the Group's historical investments, see Section 9.4.3 "Principal investments in 2015, 2016, 2017, 2018 and the period from 1 January 2019 until the date of this Prospectus "

10.5 INSURANCE

The Group maintains aviation insurance covering liability to passengers and crew, third-party liability, terrorist incidents and aircraft loss or damage and general insurance including property,

general employer and tenant liability, accident and life insurance, travel insurance and crew related loss of license and directors' and officers' cover, in each case in amounts that are consistent with industry standards and that meet the Group's obligations under applicable laws and regulations.

10.6 THE GROUP'S LIQUIDITY AND CAPITAL RESOURCES

Introduction

The Group takes conservative treasury policies to maintain sufficient cash reserves, readily realizable marketable equity and debt securities and to obtain credit facilities from well-known financial institutions. The Management is actively involved in treasury management to ensure adequate cash flows to meet the expected liquidity requirements, working capital and capital expenditures needs. With the aviation industry being challenging and volatile, preserving optimal liquidity is of high importance. The Group will be working closely with lenders (aircraft financing, debt capital markets and others) to find ways to maximize liquidity position in case of unexpected events in the aviation market.

The Group's liquidity is significantly influenced by seasonal fluctuations. This is driven by changes in working capital in general and ticket sales in particular. Normally, seasonality always makes liquidity increase significantly in the first and second quarter each year, and decrease in the third and fourth quarter of the same year. This means that ticket sales adjusted for growth are always higher in the first six months compared to the final six months of a year.

Growth also effect cash levels significantly, but have two opposite effects:

- Growth makes ticket sales increase which in turn increases liquidity;
- However, growth is driven by increase in aircraft fleet and then followed by increased investing activities. If such investing activities are not followed up by financing activities, cash levels will suffer.

If financing activities are according to plan, positive effects from ticket sales will normally off-set the negative cash effects from investing- and financing activities.

The Group's liquidity and capital resources as at 31 December 2018 and changes in the subsequent period up to the date of this Prospectus

As at 31 December 2018, the Group maintained cash and cash equivalents of NOK 1,922 million in aggregate, of which i) bank deposits comprise NOK 1,854 million and ii) NOK 68 million was invested in money market funds.

The money market funds in question include i) portfolios of bonds issued by other corporations, ii) government bonds and iii) municipal bonds. The rate of return from these money market funds is significantly higher than bank account interest rates, and at a very low increased return risk. All of the funds are rated investment grade or better.

At the end of 2018, the Group also has in place a credit facility, and NOK 79 million is undrawn under this credit facility and in fact available cash.

In 2018, the Group's cash inflow from operating activities was NOK 463 million. Such cash inflow is mainly generated from passenger revenues and ancillary revenues, which in 2018 amounted to NOK 32,560 million (2017: NOK 24,719 million) and NOK 6,267 million (2017: NOK 4,823 million), respectively. The revenue growth was mainly a result of the 13 per cent passenger growth, surpassing 37 million during 2018, driven by new aircraft deliveries in 2018. At the end of 2018, the fleet operated by the Company comprised of 164 aircraft, including aircraft on maintenance, but excluding wetleased aircraft. In 2018, ancillary revenue per passenger rose by 15 per cent to NOK 168 (2017: NOK 145).

Passenger revenue consists of revenue generated from sales of airline tickets, while ancillary revenue consists of other services directly generated from ticket sales. Other revenue consists of sales that are not directly related to an airline ticket, *e.g.* cargo and sales of third-party products.

In 2018, the net cash flow used for investment activities was NOK 8,563 million, related to the purchases of eleven new Boeing 787-9s, twelve new Boeing 737 MAXs, two Boeing 737-800s and three Airbus 320 Neo and net of pre-delivery payments.

The net cash flow from financial activities in 2018 was NOK 5,984 million.

More than 80% of the cash is at all times held in NOK, while the remaining cash is held in USD, SEK, EUR, GBP and DKK. Other currencies held are with insignificant exposures. As cash inflows and outflows in foreign currency hit the Group's bank accounts, the currency balances are on a daily basis exchanged into NOK. Revenue split by currency 2018 is 25% in NOK, 23% in EUR, 14% in SEK, 19% in USD, 7% in DKK, 11% in GBP and 1% other currencies. Cost split by currency in the same period is 56% in USD, 16% in NOK, 20% in EUR and 8% in other currencies.

Since 31 December 2018 and up to the date of this Prospectus, cash and cash equivalents maintained by the Group has been reduced by approximately NOK 500 million. However, this is being off-set by an increase in the available amount under the Company's securities financing facility. The LTV limit on this facility has been increased from 60% to 80% enabling the Group to draw approximately NOK 470 million with immediate notice. Available cash in the Group is thus considered relatively unchanged since 31 December 2018.

Capital resources for financial commitments and repayments of loans and bond facilities

The Group generates large amount of liquidity from its operations every year, see above in this Section 10.6 "The Group's liquidity and capital resources" for a further break-down on the cash inflow from operating activities into passenger revenues, ancillary revenues and other. The liquidity from the operations is an important source of capital as an addition to aircraft financing, debt capital markets and credit facilities. In 2018, the Group generated NOK 463 million from its operations, NOK 2,901 million in 2017 and NOK 3,047 million in 2016.

Cash generated from the Group's operations is the most important source of capital for repayment of the Group's loans, bonds, etc.

PDP loans are replaced with long term debt upon delivery of an aircraft, or repaid entirely upon delivery if the delivery financing is a sale and leaseback

Repayment of aircraft financing (AC) loans are typically made in 48 installments over 12 years. There are no bullets on these loans and all of them are repaid at par value.

All outstanding bonds issued by the Group (NAS07, NAS08 and NAS09) are to be repaid in one bullet each. All of them are repaid at par value. NAS06 was repaid on 22 May 2018. Please see Section 10.3.3 "Overview of debt facilities, debt maturities and operational lease commitments" for the repayment plans of each bond.

Bonds are typically refinanced and rolled at maturity. Upon maturity, the Company makes an assessment and considers whether refinancing of the bond in question (roll-over) is needed and if it can be achieved on favorable terms. This source of capital of repayments serves as a supplemental to cash from operations.

11. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

11.1 THE BOARD

11.1.1 Overview of the Board and its responsibilities

In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of its business, ensuring proper organization of its business, preparing plans and budgets for its activities, ensuring that its activities, accounts and asset management are subject to adequate controls, and undertaking investigations necessary to perform its duties.

11.1.2 The Board

The following table sets forth, as the date of this Prospectus, the directors of the Company and the number of shares beneficially owned by each director as of the date of this Prospectus. For information about share options issued to the directors of the Company see Section 11.3.2 of this Prospectus.

<u>Name</u>	<u>Position</u>	<u>Has served since</u>	<u>Term expires</u>	<u>Shares held</u>
Bjørn H. Kise	Chair	1993	2020	645,161*
Liv Berstad	Deputy chair	2005	2019	-
Ada Kjeseth	Director	2015	2019	-
Christian Fredrik Stray	Director	2015	2019	214
Sondre Gravir	Director	2018	2020	2,900
Geir Olav Øien	Director	2016	2021	-
Eric Holm	Director	2019	2021	131
Katrine Gundersen	Director	2019	2021	-

* The 645,161 Shares are owned by Sneisungen AS, where Bjørn H. Kise owns 51% of the shares and is Chairman of the board of directors. In addition, HBK Holding AS, which is 9.07% owned by Nye Brumm AS, owns 11,204,809 Shares, equal to 24.66% of the share capital, in the Company.

11.1.3 Brief biographies of the directors of the Board

Set out below are brief biographies of the directors of the Board (the "**Directors**"), including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Director is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Bjørn H. Kise, Chair of the Board

Mr. Bjørn H. Kise (born 1950) has been a partner and lawyer at the Oslo office of Advokatfirmaet Simonsen Vogt Wiig, earlier Advokatfirmaet Vogt Wiig, since 1983. He is (since 1997) admitted to the Supreme Court. Mr. Kise is one of the founding partners of the Company and has been a member of the Board since 1993. Mr. Kise also holds a number of board appointments in large and medium-sized companies in Norway and abroad. He has been elected Chair for the period 2016-2020, and represents the Company's principal shareholder HBK Holding AS. The business address is c/o Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chair); Advokatfirmaet Simonsen Vogt Wiig (Partner/lawyer); Bertel O. Steen Holding AS (Chair); Brumm AS (Chair); Cpb Holding AS (Chair); Fornebu Næringseiendom 1 AS (Chair); Fornebu Næringseiendom ANS (Chair); HBK Holding AS (Chair); Sneisungen Holding AS (Chair); Sneisungen AS (Chair); Marine Global Holding AS (board member); Yara Marine Technologies AS (board member); Scan-Net AS (Chair); Scan-Net Eiendom AS (Chair); Scan-Net Holding AS (Chair); Høst verdien I avfall AS (board member); Gaia Eiendomsutvikling AS (Chair)
Previous directorships and management positions last five years	Bank Norwegian AS (Chair); Norwegian Finans Holding ASA (Chair); BNS Holding AS (board member); Call Norwegian AS (board member); HBK Invest AS (Chair)

Liv Berstad, deputy chair of the Board

Ms. Liv Berstad (born 1961) is today the chief executive officer (Nw.: *daglig leder*) for the clothing company KappAhl in Norway. Ms. Berstad has extensive experience from retail trade in the Nordic region, mainly from construction material, fashion and cosmetics. She joined KappAhl as their financing manager in 1990 and in 1996 she was made the chief executive officer. She is a Business economist from BI Norwegian Business School.

Ms. Berstad (born 1961) has had several board appointments for companies in both Norway and Scandinavia. Ms. Berstad has been a board member since 2005. She has been elected for the period 2017-2019, and is an independent board member. The business address is c/o Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Deputy Chair); KappAhl A/S (chief executive officer and board member)
Previous directorships and management positions last five years	N/A

Ada Kjeseth, Board member

Ms. Ada Kjeseth (born 1949) has been CEO and is now Executive Chair of Tekas AS, a family investment company, and has held various leading roles as Managing Director, CEO and CFO in companies like Visma Services ASA, Visma Services Norway AS, ØkonomiPartner AS and AS Nevi. Ms. Kjeseth was educated at The Norwegian School of Economics and Business Administration (NHH).

Ms. Kjeseth has extensive experience from several boards. She is Chair of the Board of TEKAS AS and director of the Board of Bertel O. Steen Holding AS and Parkveien 27-31 ANS. Ms. Kjeseth has been elected for the period 2017-2019, and is an independent board member. The business address is c/o Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Director); Tekas AS (Executive Chairperson); Artisan AS (Chair); Bertel O, Steen Holding AS (Director); Parkveien 27-31 ANS (Director)
Previous directorships and management positions last five years	OBOS Forsikring AS (Chair); Norwegian Finans Holding ASA (board member); Tekas Shipping AS (Chair); Tekas Holding AS (Chair of the board and chief executive officer); B O Steen Shipping AS (board member)

Christian Fredrik Stray, Board Member

Mr. Christian Fredrik Stray (born 1978) has been CEO of Hy5Pro AS since 2015. Prior to this, he has several years of experience from the global medical device company, Biomet. From 2008-2011, he held the position as CEO of Biomet Norge, and from 2011-2014 as CEO of Biomet Nordic. Mr. Stray holds a Bachelor of Science in Biomedical Engineering and an executive MBA from ESCP-EAP (Paris) and the Norwegian School of Management (BI).

Mr. Stray holds several board appointments for companies both in Norway and Scandinavia, primarily within the medical and digital industry. Mr. Stray has been elected for the period 2017-2019, and is an independent board member. The business address is c/o Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Director); Hy5Pro AS (CEO); Apriori Group AS (Chair and chief executive officer); Styret.com – in the box AS (board member); WeOrder Hospitality Technologies AS (board member); Defigo AS (board member)
Previous directorships and management positions last five years	Biomet Norge AS (board member); Biomet Nordic (CEO); Medtech Norway (Board member); Bank Norwegian; (supervisory board member); Norwegian Finance Holding (supervisory board member); Snappit AS (Chair); Joint Biomed AS (board member)

Sondre Gravir, Board member

Mr. Sondre Gravir (born 1977) has been the CEO of Sats Group since 2018. Prior to this he was CEO of Schibsted Marketplaces and Executive Vice President of Schibsted Established Markets, as well as CEO of Finn.no, Aftenposten and Bergens Tidende. He has also worked as a management consultant in McKinsey. Gravir holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) and selected MBA courses in international finance and business from the National University of Singapore. Gravir has experience from several Schibsted boards internationally both as chairman and board member, and has also had board appointments in Fædrelandsvennen, Frende Forsikring and Finn.no. Mr Gravir has been elected for the period 2018-2020, and is an independent board member. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Director); Sats Group (CEO)
Previous directorships and management positions last five years	Schibsted Marketplaces (CEO), Schibsted Established Markets (Executive Vice President); Finn.no (CEO); Aftenposten (CEO); Bergens Tidende (CEO)

Geir Olav Øien, Board member (employee representative)

Mr. Geir Olav Øien (born 1972) joined the Company's Technical Department in 1998. He has been working in the aviation industry since 1991 and has extensive experience within technical operations. Mr. Øien has previously worked for SAS Heavy Maintenance Oslo and as a civil employee for the Norwegian Air Force in Bodø and Kjeller. From 2014-2015, he was the leader of the Company's Technical Union. Mr. Øien was elected for the period 2016-2021. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Director)
Previous directorships and management positions last five years	Norwegian's Technical Union (Leader)

Eric Holm, Board member (employee representative)

Mr. Eric Holm (born 1967) joined the Group in March 2010, and is currently employed in Norwegian Cabin Services Norway AS. Mr. Holm holds a M.A. in International Security Studies from the University of Leicester.

Mr. Holm has been Deputy Board Member at Norwegian Cabin Services Norway, Chairman at Parat Luftfart and Board Member (employee representative) at Lufthansa Service Group Norway. He has been elected for the period 2019-2021. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	N/A
Previous directorships and management positions last five years	Deputy Board Member at Norwegian Cabin Services Norway

Katrine Gundersen, Board member (employee representative)

Ms. Katrine Gundersen (born 1974) is currently holding the position as Crew Tracker at IOCC. She started in the airline industry in the late 1990s and has been with the Group since August 2002. She holds a bachelor in Economics from the University of BI.

Ms. Gundersen held the Deputy Director of the Board position at the Board of Directors in the Group. She is elected for the period 2019-2021. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	N/A
Previous directorships and management positions last five years	Norwegian Air Shuttle ASA (Deputy Director)

11.2 MANAGEMENT

11.2.1 Overview

The names, positions, and current term of the members of the Management are presented in the table below:

Name	Position	Employed since
Mr. Bjørn Kjos	Chief Executive Officer	2002
Mr. Geir Karlsen	Chief Financial Officer	2018
Mr. Asgeir Nyseth	Chief Operating Officer	2006
Ms. Anne-Sissel Skånvik	Chief Communications Officer	2009
Ms. Helga Bollmann Leknes	Chief Commercial Officer	2017
Mr. Frode Berg	Chief Legal Officer	2013
Mr. Kurt Simonsen	Chief Information Officer	2018
Mr. Edward Thorstad	Chief Customer Officer	2015
Mr. Tore Jenssen	Managing Director Arctic Aviation Assets	2013
Mr. Bjørn Erik Barman-Jenssen	Managing Director Support Services	2016
Mr. Brede Huser	Chief Sales and Marketing Officer	2015

11.2.2 Chief Executive Officer

Introduction

The Chief Executive Officer ("**CEO**") is responsible for the day-to-day management of a Norwegian public limited liability company ("**PLLC**"), and operates in accordance with the instructions set out by the Board of Directors. Among other things, the CEO of a PLLC is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations, and that the assets of the company are managed responsibly. In addition, at least once a month the CEO of a PLLC must brief the Board of Directors about the company's activities, position and operating results.

Brief biography of Bjørn Kjos, the Company's CEO

Bjørn Kjos has been the CEO of the Group since October 2002. He is one of the founding partners of Norwegian Air Shuttle and was the Chair of the Board between 1993 and 1996. Mr. Kjos was also Chair during the start-up period of the Boeing 737 operation from June-September 2002. He was granted the right of audience in the Supreme Court in 1993. Mr. Kjos was a fighter pilot in the 334 squadron for six years, and is a law graduate from the University of Oslo. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Executive Officer); Read AS (Chair); Observatoriet Invest AS (Chair)
Previous directorships and management positions last five years	Bøgaset AS (Chair); HBK Invest AS (board member); Portillo Holding AS (Chair in 2016 and board member during 2008-2016)

11.2.3 Brief biographies of the other members of the Group's Management

Introduction

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Geir Karlsen, Chief Financial Officer

Mr. Geir Karlsen (born 1965) has over the last 12 years held various CFO positions with international companies such as Golden Ocean Group and Songa Offshore. He now comes from the position of Group CFO at London-based Navig8 Group, the world's largest independent pool and management company. Geir Karlsen has a degree in Business Administration from BI Norwegian Business School. Karlsen assumed the position of CFO in April 2018. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Financial Officer)
Previous directorships and management positions last five years	Navig8 Group (Chief Financial Officer); Songa Offshore SE (Chief Financial Officer); Golden Ocean Group (Chief Financial Officer)

Asgeir Nyseth, Chief Operating Officer

Mr. Asgeir Nyseth (born 1957) was appointed Chief Operating Officer of the Company in 2016. He started as the Company's Chief Operational Officer in 2006 and CEO of the Company's long-haul operation in 2013. Mr. Nyseth has extensive experience as an aeronautics engineer from both Lufttransport and Scandinavian Airlines. He was the technical director of Lufttransport for a period of three years and became the CEO of Lufttransport in 2000. Mr. Nyseth conducted officer training school and technical education at the Norwegian Air Force. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Operating Officer)
Previous directorships and management positions last five years	Norwegian Air Shuttle ASA (CEO of Long-haul Operation)

Anne-Sissel Skånvik, Chief Communications Officer

Ms. Anne-Sissel Skånvik (born 1959) has more than 30 years of experience working with corporate communications and journalism. Ms. Skånvik was the Deputy Director General in The Ministry of Finance between 1996 and 2004. She has 4 years of experience from Statistics Norway (SSB), and as a journalist for various news media. She joined the Group in 2009 from a position as Senior Vice President at Telenor ASA, where she was responsible for corporate communications and governmental relations. She has a Masters degree in political science ("Cand. Polit") from the University of Oslo and a degree in journalism. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Communications Officer)
Previous directorships and management positions last five years	N/A

Helga Bollmann Leknes, Chief Commercial Officer

Ms. Helga Bollmann Leknes (born 1972) was appointed Chief Human Resources Officer (CHRO) of the Company in October 2017 and Chief Commercial Officer in November 2018. Ms. Bollmann Leknes held the global position of Executive Vice President HR & Communications at Kongsberg Automotive ASA, where she was part of the Executive Management Team. She worked as Senior Vice President HR/Head of Staff Functions in Frontica Business Solutions, and has had leading positions within HR in Aker Solutions. Ms. Bollmann Leknes also has experience from aviation; she has worked for SAS, where she was HR Director for Norway. She has a Bachelor of Management from Norwegian Business School (BI) and a Master of Management from Norwegian University of Science and Technology (NTNU). The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Commercial Officer and Human Resources Officer)
Previous directorships and management positions last five years	Kongsberg Automotive ASA (Executive Vice President HR & Communications)

Frode Berg, Chief Legal Officer

Mr. Frode Berg (born 1968) has been Chief Legal Officer of the Group since February 2013. He has practiced law since 1997 and was as a partner at the law firm Vogt Wiig (in 2013, merged into Simonsen Vogt Wiig) from 2007. As a lawyer, Mr. Berg’s main fields have been corporate law, transactions and international contracts. He was legal advisor to the Group during the start-up phase, as well as during the establishment of Bank Norwegian. Mr. Berg holds a law degree and a bachelor's degree in Economics from the University of Tromsø, Norway, and a master’s degree (LL.M) from the University of Cambridge, England. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Legal Officer)
Previous directorships and management positions last five years	N/A

Kurt Simonsen, Chief Information Officer

Mr. Kurt Simonsen (born 1958) joined the Group as Chief Information Officer (CIO) in January 2018. Mr. Simonsen has a vast background within the IT industry and has held various positions at Hewlett-Packard Norge AS and has served as Vice President of Telenor FOU and Vice President of Telenor 4tel, (later acquired by Evry). During the past 17 years, he has been partner and co-owner of the consulting company Infocom Group AS, a leading consulting company with expertise in IT sourcing and restructuring processes. During his time at Infocom, Mr. Simonsen has implemented some of the largest IT sourcing and restructuring projects in Norway in sectors such as telecom, banking / finance and oil / energy. Mr. Simonsen is a graduate engineer in electronics. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Information Officer)
Previous directorships and management positions last five years	Infocom Group AS (Partner and co-owner)

Edward Thorstad, Chief Customer Officer

Mr. Edward Thorstad (born 1969) is Chief Customer Officer at the Company. He has been part of the Company's commercial management team and led the Group's Customer Services department since 2005. Mr. Thorstad has worked in aviation since 1996 and has previously worked for Delta Air Lines where he helped build their European call center in London. He has a bachelor's degree from University College, London. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Customer Officer)
Previous directorships and management positions last five years	N/A

Tore Jenssen, Managing Director Arctic Aviation Assets

Mr. Tore Jenssen (born 1978) is Chief Executive Officer of Norwegian Air International, the Company's Irish-based operations. He is also the Chief Executive Officer of the Company's wholly-owned asset company, Arctic Aviation Assets ("**AAA**"). He has been at the Group since 2007, when he was hired as cost controller for the Company's technical department. From 2010, Mr. Jenssen worked as Asset Manager, and in 2013 he moved to Ireland to become Chief Operating Officer for AAA. Before he started his career at the Company, he worked for Grilstad. Mr. Jenssen has a business degree from Bodø Graduate School of Business. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Arctic Aviation Assets (Managing Director)
Previous directorships and management positions last five years	Norwegian Air International (Chief Executive Officer)

Bjørn Erik Barman-Jenssen, Managing Director Support Services

Mr. Bjørn Erik Barman-Jenssen (born 1963) is the Managing Director of Support Services, and responsible for several operational functions, including ground operations and in-flight services. He also holds the position as Managing Director of Norwegian Cargo. He previously held the role as the Company's Director of Ground Operations & In-Flight Services and has been a part of the Company's operational management team since 2007. He has held both operational and commercial positions in Braathens and SAS since 1988. In 2013, he founded Norwegian Cargo, where he still holds the position as Managing Director. The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Managing Director Support Services)
Previous directorships and management positions last five years	Norwegian Air Resources (Chief Executive Officer); Norwegian Cargo (Managing Director)

Brede Huser, Chief Sales and Marketing Officer

Mr. Brede G. Huser (born 1971) was appointed Chief Sales and Marketing Officer of Norwegian in September 2018. He joined the Company in its start-up year in 2002, first as a consultant and as an employee since 2006. He was part of the Company's financial management team from 2006 until 2015. Prior to joining Norwegian, Brede has 10 years of experience from finance and management consulting with Orkla, Arthur Andersen and Ernst & Young. Mr. Huser holds a Master of Science Degree in Financial Economics from Norwegian School of Business (BI). The business address is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions.....	Norwegian Air Shuttle ASA (Chief Sales and Marketing Officer); Norwegian Finans Holding ASA (Director)
Previous directorships and management positions last five years	Norwegian Reward (Managing Director)

11.3 SHARES AND OPTIONS HELD DIRECTLY OR INDIRECTLY BY MEMBERS OF THE BOARD OF DIRECTORS, CEO AND MANAGEMENT

11.3.1 Overview of Shares

Name	Title	Shares
Bjørn H. Kise	Chair	645,161*
Liv Berstad	Deputy Chair	-
Ada Kjeseth	Director	-
Christian Fredrik Stray	Director	214
Sondre Gravir	Director	2,900
Eric Holm	Director, elected by the employees	131
Geir Olav Øien	Director, elected by the employees	-
Katrine Gundersen	Director, elected by the employees	-
Bjørn Kjos	Chief Executive Officer	11,250,809**
Geir Karlsen	Chief Financial Officer	-
Asgeir Nyseth	Chief Operating Officer	16,030
Anne-Sissel Skånvik	Chief Communications Officer	-
Helga Bollmann Leknes	Chief Commercial Officer	122
Frode Berg	Chief Legal Officer	-
Kurt Erik Simonsen	Chief Information Officer	-
Tore Jenssen	Managing Director Arctic Aviation Assets	-
Edward Thorstad	Chief Customer Officer	2,730
Bjørn Erik Barman-Jenssen	Managing Director Support Services	-
Brede Huser	Chief Sales and Marketing Officer	4,116

* The 645,161 Shares are owned by Sneisungen AS, where Bjørn H. Kise owns 51% of the shares and is Chair of the board of directors. In addition, HBK Holding AS, which is 9.07% owned by Nye Brumm AS, owns 11,204,809 Shares, equal to 24.66% of the share capital, in the Company.

** Includes 46,000 shares owned directly by Bjørn Kjos and 11,204,809 shares owned via HBK Holding AS, where Bjørn Kjos owns 84.62% of the shares. In addition, Sneisungen AS, where Bjørn Kjos owns 49% holds 645,161 Shares.

11.3.2 Overview of Options

Options program

The Company has an options program that is approved by the AGM annually for one year at the time. The options program applies to the Management and key personnel and the criteria for 2018 were as follows:

- The number of options was limited to 400,000 share options, entitling optionees to buy one share per option, i.e. limited to 400,000 shares, at a fixed price per share (exercise price).
- The exercise price per share corresponds to the average price of the NAS share on trading days during the first 10 calendar days after presentation of Norwegian's 2nd quarter 2018 financial results plus 15% (rounded to the nearest NOK 1).

- Options granted may be exercised at the earliest after 3 years. The exercise period shall be 4 years.
- Any calendar year, each optionee's aggregated gross profit from exercise of options under all share option programs shall not exceed 3 years' gross base salary.
- If an optionee leaves the Company, the non-vested options will be forfeited. Outstanding options exercisable at the date of such termination shall be exercisable no later than the first exercise period thereafter.

Share savings program

In addition to the options program for the Management and key personnel the Company has implemented a share purchase savings program for the employees, whereby the employees purchase shares in the parent company by way of salary deductions, and the Company will fund up to 50 per cent of the purchased shares, limited to NOK 6,000 per year. Employees are not permitted to sell the shares in a period of twelve months after date of acquisition. The Company will also distribute one bonus share per ten shares kept by the employee for two years after acquisition date.

Options issued in 2018

In 2018, a total of 455,000 share options were granted to Management and key personnel, of which 380,000 were part of the options program described above and 75,000 were granted to Chief Financial Officer Mr. Geir Karlsen after he joined the Company on 1 April 2018. Options granted to Mr. Geir Karlsen have an exercise price of NOK 187. The options in the options program have an exercise price of NOK 278, corresponding to the average price of the NAS share on trading days during the first 10 calendar days after presentation of Norwegian's 2nd quarter 2018 financial results plus 15% (rounded to the nearest NOK 1). The options granted may be exercised in 2021 at the earliest, and in 2025 at the latest. Any calendar year, each optionee's aggregated gross profit from exercise of options shall not exceed 3 years' gross base salary. All 380,000 share options granted in 2018 were granted to primary insiders. There were 960,000 outstanding share options on 31 December 2018.

Options issued in 2017

In 2017, a total of 35,000 share options were granted to Management and key personnel. The options have an exercise price of NOK 254 corresponding to ten per cent above the weighted average price the ten last trading days as of 1 October 2017. The options granted may be exercised nine months after the grant. The exercise window is six months. The potential gain on the options has a maximum cap of three times basic salary per year minus employer contribution tax (1.933 times basic salary effectively). All of the 35,000 share options were granted to Chief Human Resources Officer Helga Bollman Leknes. The Management exercised no share options in 2017. A total of 150,000 share options were terminated. There were 510,000 outstanding share options on 31 December 2017.

Options issued in 2016

In 2016, a total of 625 000 share options were granted to Management and key personnel. The options have an exercise price ten per cent above the weighted average price the ten last trading days as of 13 July 2016, which is equal to NOK 321.00. The options granted may be exercised two years after the grant. The exercise window is six months. The Management exercised no share options in 2016 and no share options were terminated. There were 625,000 outstanding share options on 31 December 2016.

Name	Title	Outstanding
Bjørn Kjos	Chief Executive Officer	180,000
Geir Karlsen	Chief Financial Officer	125,000
Asgeir Nyseth	Chief Operating Officer	150,000
Anne-Sissel Skånvik	Chief Communications Officer	70,000
Helga Bollmann Leknes	Chief Human Resources officer	85,000
Frode Berg	Chief Legal Officer	45,000
Kurt Erik Simonsen	Chief Information Officer	50,000
Tore Jenssen	CEO Norwegian Air International Ltd	45,000
Edward Thorstad	Chief Customer Officer	30,000
Bjørn Erik Barman-Jenssen	Managing Director Norwegian Air Resources	25,000
Brede Huser	Managing Director Norwegian Reward	35,000

11.4 REMUNERATION AND BENEFITS

11.4.1 Remuneration of the Board of Directors and the Management

Remuneration of the Board of Directors:

Total remuneration paid to the Board in 2018 was NOK 1.650 million (2017: NOK 1.5 million). The Chair of the Board, Bjørn H. Kise, received NOK 0.5 million (2017: NOK 0.5 million). There were no bonuses or other forms of compensation paid to the Board members in 2018.

Total compensation year 2018:

NOK 1,000	Fee	Salary	Bonus	Other benefits	Total Compensation	Pension expense
The Board of Directors						
Bjørn H. Kise, Chair of the Board	500	-	-	-	500	-
Liv Berstad, Deputy Chair	300	-	-	-	300	-
Christian Fredrik Stray, Director	275	-	-	-	275	-
Ada Kjeseth, Director	275	-	-	-	275	-
Sondre Gravir, Director	-	-	-	-	-	-
Linda Olsen, Director (elected by the employees)*	100	-	-	-	100	-
Geir Olav Øien, Director (elected by the employees)*	88	-	-	-	88	-
Marcus Daniel Hall, Director (elected by the employees) *	100	-	-	-	100	-
Eric Holm, Director (elected by the employees)*	-	-	-	-	-	-
Katrine Gundersen, Director (elected by the employees)*	12	-	-	-	12	-
Total Board of Directors	1,650	-	-	-	1,650	-

* For the employee representatives in the Board of Directors, only their fee for serving on the Board of Directors fee is stated.

Remuneration governance

The purpose of executive remuneration in Norwegian is to stimulate a strong and lasting performance-oriented culture, enabling Norwegian to deliver on its strategy. The total compensation level should be competitive, however, not market leading compared to similar organizations. The Board determines the remuneration of the CEO, and the guidelines for remuneration of the Management. The remuneration of the Board and the Executive Management must not have negative effects on the Group, nor damage the reputation and standing of the Group in the public eye.

Compensation made to the Management going forward will be based on Norwegian's performance.

Principles for base salary

The fixed salary should reflect the individual's area of responsibility and performance over time. Norwegian offers base salary levels which are competitive, but not market leading in the market in which we operate. Salaries are benchmarked versus salary statistics provided by global 3rd party human resource and related financial services consulting firms.

Variable compensation and incentive schemes

Norwegian's short-term incentive (STI):

The STI is a short-term incentive with a timeframe of one year. The STI is a global incentive program designed to motivate, recognize and reward executives for the contributions they make towards meeting Norwegian's financial and business targets. The objectives of the program are to (i) clearly communicate to the executives the targets, (ii) communicate to the executives how bonus payment is linked to Norwegian's performance, (iii) drive the Norwegian organization's ability to meet or exceed Norwegian's performance targets, (iv) encourage more cross functional cooperation and "one Norwegian mind-set", and (v) improve Norwegian's ability to attract, retain and motivate employees.

Executives can receive variable salaries based on (i) Group revenue (weighted 30%), (ii) CASK ex fuel (weighted 40%) and (iii) special initiatives (weighted 30%).

Target bonus for the CEO is 75% of gross base salary. Max bonus is 127.5% of gross base salary.

Management can on an individual level be awarded with a special compensation for profit enhancing projects.

Norwegian's long-term incentives (LTIs):

Employee Share Savings Plan

Norwegian offers its Scandinavian employees participation in an employee share savings plan. The objective of the plan is to align and strengthen employee and shareholder's interests and remunerate for long-term commitment and value creation.

Under this plan, Norwegian will match 50% of the individuals' investment, limited to NOK 6,000 per annum. Provided that the employee contributes NOK 12,000 annually, Norwegian's contribution is NOK 6,000. The grant has a one-year vesting period. If shares are kept for two calendar years, the participants will be allocated bonus shares proportionate to their purchase. One bonus share will be earned for every tenth share allocated under this scheme.

Share Option Plan

The Board has established share option programmes for leading employees. It is the Company's opinion that share option programmes are positive for long-term value creation in the Group.

The intention of this plan is to (i) attract and retain employees whose service is important to the Company's success, (ii) motivate such employees to achieve long-term goals of the Company, (iii) provide incentive compensation opportunities to such employees which are competitive with those

of other companies, and (iv) to secure such employees share a common financial interest with the other shareholders of the Company.

The Board can offer share options to leading employees when shareholders have given authority to run options programmes:

- The exercise price per share shall be the average price of the NAS share on trading days during the first 10 calendar days after presentation of Norwegian's 2nd quarter financial results plus 15% (rounded to the nearest NOK 1).
- Options granted can be exercised at the earliest after 3 years. The exercise period shall typically be 4 years.
- Any calendar year, each optionee's aggregated gross profit from exercise of options under all share option programs shall not exceed 3 years' gross base salary.
- If an optionee leaves the Company, the non-vested options will forfeit. Outstanding options exercisable at the date of such termination shall be exercisable no later than the first exercise period thereafter.

Principles for benefirs

In addition to fixed and variable salary, other benefits such as insurance, newspaper, Internet and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Principles for company car and car allowance vary in accordance with local conditions.

Pension:

Executives participate in the same pension plans as other employees within the unit in which they are employed.

Executives in the Norwegian entities participate in a defined contribution pension plan. The annual accrual is 5% of the annual base salary from 1-7.1 G and 8% from 7.1-12 G (G is the base amount of Norwegian Social Security).

No Executives have a retirement agreement.

Severance pay

No executives have any agreement for redundancy payment. The notice period for the Executive Management is 6 months.

There were made no changes to the guidelines or principles of management remuneration during the 2018. The actual remuneration in 2018 was consistent with the guidelines and principles.

Total compensation year 2018:

NOK 1,000	Fee	Salary	Bonus	Other benefits*	Total compensation	Pension expenses**
Management						
Bjørn Kjos (Chief Executive Officer)	-	2,795	-	159	2,954	68
Geir Karlsen (Chief Financial Officer from April 2018)	-	1,867	-	126	1,993	-
Asgeir Nyseth (Chief Operating Officer)	-	2,548	-	164	2,712	74
Anne-Sissel Skånvik (Chief Communications Officer)	-	1,949	-	177	2,126	79
Helga Bollmann Leknes (Chief Commercial Officer)	-	2,023	-	162	2,185	69
Frode Berg (Chief Legal Officer)	-	2,001	-	155	2,156	72
Kurt Erik Simonsen (Chief Information Officer)***	-	-	-	-	-	-
Tore Jenssen (CEO Norwegian Air International Ltd)	-	2,107	-	156	2,263	71
Edward Thorstad (Chief Customer Officer)	-	1,822	-	158	1,980	73
Bjørn Erik Barman-Jenssen (Managing Director Support Services)	-	3,055	-	170	3,225	76
Brede Huser (Chief Sales and Marketing Officer)	-	1,972	-	159	2,131	72
Thomas Ramdahl (Chief Commercial Officer)****	-	1,299	-	106	1,405	48
Lennart Ceder (Chief Operating Officer -Norwegian Air UK Ltd)*****	-	1,004	-	7	1,011	51
Ole-Christian Melhus (Director South America)****	-	1,816	-	5	1,821	115
Tore Østby (Acting Manager CFO Norwegian Group)****	-	1,236	-	122	1,358	49
Total management	-	27,494	-	1,826	29,320	918

* Other benefits include company car, telephone, internet, etc.

** Pension expense reflects paid pension premium

*** Mr. Simonsen is a contingent worker, and has invoiced NOK 3,401 thousand during 2018 excluding VAT.

**** Not part of executive management from 3 September 2018. Numbers are pro-rata

11.4.2 Benefits upon termination of employment

There are no Members of the Board, Executive Management or employees with agreed benefits upon termination of employment in the Company.

11.4.3 Pension obligations and option schemes

The Group operated defined benefit plans and defined contribution plans in Norway, Denmark, Sweden, Ireland and the UK. In March 2014, the Group renegotiated its pension obligations with the Norwegian Pilots Union, resulting in a change for some members to defined contribution plan. Additional renegotiations in March 2015 with the Norwegian Pilots Union, resulted in an agreement where all pilots aged 46 or younger entered into a defined contribution plan. Pension plans in Norway are placed with DNB Liv and pension plans in Sweden are placed with Alecta and Fora.

Defined contribution plan

The defined contribution plans require that the Group pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. The Group has no further obligations once these premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Pre-paid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

Defined contribution plans comply with local pension legislation.

Pension expenses on defined contribution plans were NOK 298 million, excluding social security tax in 2018 (2017: NOK 227.3 million).

Defined benefit plan

As per 31 December 2018, 466 employees were active members, including members in the defined benefit legacy plan for pilots in Norway (2017: 474) and 38 (2017: 31) were on pension retirement. The related pension liability is recognized at NOK 146.5 million (2017: 149.7 million).

The pension plans are in compliance with the Occupational Pensions Act and actuarial calculations comply with IAS 19.

The mortality and disability estimates are based on up-to-date mortality tables K2013 BE. This has had no material effect on the consolidated financial statements in 2018.

Pension expense

<i>NOK 1,000</i>	Funded		
	2018	2017	2016
Net present value of benefits earned	23,738	25,593	25,636
Interest cost on pension liability	3,867	2,250	3,599
Return on plan assets	-101	(93)	(239)
Administrative expenses	139	132	-
Recognized settlement	-	-	-
Social security tax	3,912	3,944	4,122
Net pension expense defined benefit plans	31,555	31,826	33,119
Pension expense on defined contribution plans	258,320	202,384	179,088
Social security tax	36,423	24,883	15,280
Total pension expense	326,298	259,093	227,486

Defined benefit liability and fund

NOK 1,000	Funded		
	2018	2017	2016
Change in present value of defined benefit liability:			
Gross pension liability January 1	267,614	194,053	193,582
Current service costs	26,381	30,513	28,791
Interest cost	6,318	3,989	5,032
Actuarial gains/losses	-1,911	43,988	(26,210)
Effect of new disability plan	-	-	(2,575)
Settlement	-	-	(394)
Benefits paid	-1,615	(1,100)	-
Social security on payments to plan	-3,674	(3,829)	(4,173)
Gross pension liability 31 December	293,113	267,614	194,053
Change in fair value of plan assets:			
Fair value of pension assets January 1	117,953	86,675	59,066
Expected return	2,963	3,657	1,467
Actuarial gains/losses	579	954	(1,758)
Effect of new disability plan	-	-	(1,300)
Contributions paid	29,731	30,983	33,765
Benefits paid	-963	(486)	(394)
Social security on payments to plan	-3,674	(3,829)	(4,173)
Fair value of plan assets 31 December	146,590	117,953	86,675
Net pension liability	146,523	149,661	107,379
Social security tax	-	-	-
Net recognized pension liability 31 December	146,523	149,661	107,379

	2018	2017	2016
Actual return on pension funds*	- %	4.80%	3.60%
Expected contribution to be paid next year (NOK 1 000)	33,605	34,848	37,885

* Actual return on pension funds is not yet disclosed.

The net pension liability was based on several assumptions. The discount rate was based on long-term government bonds in Norway, with adjustments for duration. The pension liability's average duration was 20 years. Wage adjustments, pension adjustments and the expected increase in state pensions were based on historical observations for the Group, and an expected long-term inflation rate of 1.5 per cent.

	2018	2017	2016
Discount rate	2.60%	2.40%	2.10%
Expected return on pension funds	2.60%	2.40%	2.10%
Wage adjustments	2.75%	2.25%	2.00%
Increase of social security base amount (G)	2.50%	2.25%	2.00%
Future pension increase	0,80%	0.50%	0.00%
Average turnover	2-8%	2-8%	2-8%

The Group's pension fund was invested in the following instruments:

	2018	2017	2016
Equity	12.80%	10.9%	5.1%
Alternative investments	0.0%	0.0%	0.0%
Bonds	12.50%	13.2%	12.1%
Money market funds	10.20%	14.0%	25.3%
Hold-to maturity bonds	30.60%	27.2%	30.7%
Real estate	9.10%	10.0%	6.4%
Various	24.80%	24.7%	20.4%

11.4.4 Loans and guarantees

No loans have been given by the Company to, or guarantees given on the behalf of, any members of the Management, the Board or other elected corporate bodies.

11.5 BOARD SUB-COMMITTEES

11.5.1 The nomination committee

The nomination committee's task is to nominate candidates to the General Meeting for the shareholder-elected Directors' and deputy members' seats. The Articles of Association state that the nomination committee shall have four members who shall be shareholders or representatives of shareholders. To ensure that nominees meet the requirements for expertise, capacity and diversity set forth by the members of the Board of Directors, the Chair of the Board is a permanent member of the committee. The remaining three members are elected by the General Meeting for two years at a time.

The guidelines for the nomination committee are included in the Company's Annual Corporate Governance Statement.

As described in the guidelines, the nomination committee should have contact with shareholders, the Board of Directors and the Company's executive personnel as part of its work on proposing candidates for election to the Board of Directors.

The nomination committee currently consists of the Chair of the Board of Directors, one employee who is also a Shareholder and two external members representing major Shareholders. The current composition of the committee was elected by the Annual General Meeting on 8 May 2018 and consists of;

- Mr. Bjørn H. Kise, Chair of the Board;
- Mr. Geir Tjetland, Portfolio manager Skagen Fondene;
- Mr. Jørgen Stenshagen, CEO Stenshagen Invest AS; and
- Mr. Sven Fermann Hermansen, pilot and shareholder in the Company.

None of the members of the nomination committee represent the Management. The majority of the members are considered as independent of the Management and the Board. The composition of the nomination committee is regarded as reflecting the common interests of the community of Shareholders.

The next election is due in 2019, when Mr. Kise's and Mr. Tjetland's current terms expire.

The business address of the nomination committee is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

On 28 January 2019, the Company received a proposal from certain large shareholders that representation from the shareholders of the Company should be increased in the election committee at the next annual general meeting, and that Article 8 of the Articles of Association of the Company should be changed so that the chair of the Board of Directors of the Company is no longer a permanent member of the committee. HBK Holding AS, the largest shareholder of the Company, supports the proposal.

11.5.2 The audit committee

The audit committee was established by the Annual General Meeting in 2010. To ensure that nominees meet the requirements of expertise, capacity and diversity set forth by the Board members, the Board of Directors acts as the Company's audit committee.

The Board of Directors conducts an annual self-assessment of its work competence and cooperation with the Management and a separate assessment of the Chair.

The quarterly financial reports are reviewed by the audit committee prior to Board approval and disclosure.

The auditor annually presents the main features of the audit plan for the Group to the audit committee. The auditor presents a review of the Group's internal control procedures at least once a year to the audit committee, including identified weaknesses and proposals for improvements. The auditor participates in meetings with the audit committee and present the report from the auditor that addresses the Group's accounting policy, risk areas and internal control routines.

The business address of the audit committee is c/o Norwegian Air Shuttle ASA, Oksenøyveien 3, 1336 Lysaker, Norway.

11.6 CONFLICT OF INTERESTS

Bjørn H. Kise is the Chair of the Board and an indirect shareholder as described in Section 11.3.1. Kise is also a partner at the Oslo office of Advokatfirmaet Simonsen Vogt Wiig AS, which is acting as the Company's legal counsel in connection with the Offering.

Bjørn Kjos is the Company's CEO and an indirect shareholder as described in Section 11.3.1.

As explained in Section 15.5.2, the Company has entered into a lease agreement for its principal business premises with Fornebu Næringseiendom 1 AS. Fornebu Næringseiendom 1 AS is a wholly-owned subsidiary by HBK Holding AS, and HBK Holding AS is indirectly owned by, among others, Bjørn H. Kise and Bjørn Kjos.

In the event of actual or potential conflicting interests between the Company and Fornebu Næringseiendom 1 AS connected to said lease agreement, Bjørn H. Kise and Bjørn Kjos may have conflicts of interest due to their positions and ownership.

Other than this, to the Company's knowledge, there are currently no actual or potential conflicts of interest between the Group and the private interests or other duties of any of the members of the Board of Directors and the members of the Management.

11.7 CONVICTIONS FOR FRAUDULENT OFFENCES, BANKRUPTCY, ETC.

None of the members of the Board of Directors or members of the Management have during the last five years preceding the date of this Prospectus:

- Been presented with any convictions related to indictable offences or convictions related to fraudulent offences;
- Received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- Been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

11.8 EMPLOYEES

Introduction

At the end of 2018, the Group facilitated employment for a total 10,215 people, compared to 9,593 at the end of 2017, apprentices and staff employed in partner companies included. This was a planned increase, which has taken place in line with the 2018 expansion of the route network.

The Company's successful apprentice program in Travel & Tourism continued in 2018 with apprentices from Norway. The program is approved by the Norwegian Educational Authorities and comprised of approximately 100 apprentices at the end of 2018. The program runs over a two to three-year period dependent on the apprentice's educational background and has year-round rolling admission. A further intake is due in 2019, and the program is continuously developed. At graduation, the apprentices had successfully completed modules in Sales & Marketing, Customer Support & Booking and Ground Handling. They also had two international assignments over a longer period and had spent several months flying as cabin crew members across Scandinavia and Europe. The standard of Norwegian apprentices is at the highest level with a perfect pass rate in 2018.

The Company's human resources policy strives to be equitable, neutral and non-discriminatory. The airline industry has historically been male-dominated, but NAS has a strong tradition of practicing equality since its inception in 2002. Norwegian has talented and highly competent staff and is committed to recruiting both women and men to key positions. In 2018, 44 per cent of staff were female and 56 per cent male. Most pilots are male and women represent around a 5 per cent share of pilots. The majority of cabin personnel are female, while males account for approximately 32 per cent. Among administrative staff, there is roughly an equal ratio of male to female staff.

Technicians and engineers have historically been men, but in the past few years, the number of female staff has been rising. The Board of Directors has more than 40 (40) per cent female representation.

Active monitoring of HSE (Health, Safety and Environment) indicators, corporate health insurance policies and continued cooperation with protective services will help ensure that a reduction of sickness leave remains a priority. A number of key HSE activities are conducted in compliance with labor laws and corporate guidelines. This includes risk assessments, audits, handling of occurrence reports, conflicts, work environment surveys and following up with Group processes on base meetings for crew and technical staff. Activities also include participation in ERM organization, and regular meetings with Fatigue Risk Manager, Non-SAG and in several HSE-related projects. HSE information is also provided in connection with the training of crew, pilots, and technical staff. HSE provides leader training and seminars focusing on positive work engagement. The Group HSE function also ensures HSE supervision, leads the work on preventing addiction and abuse problems, Work Environment committees (WEC) and safety representative meetings. A well-functioning safety representative organization has been established and there is ongoing work to create WECs throughout the organization, as part of implementing HSE aligned with global requirements.

The Company is a member of NHO Aviation, which is a member of NHO, the Confederation of Norwegian Enterprise. Salary reviews are conducted through local union negotiations or according to local laws, regulations and CBA (collective bargaining agreements). The salary development reflects the social situation and market requirements and in 2018 was moderate according to the consumer price index. People working at Norwegian are employed in the country they are based and follow the laws and regulations of their respective country. However, Norwegian's policies and guidelines are based upon a Scandinavian approach according to its legacy and organizational culture. Sickness leave for the Group across all units (not including agency staff) was 5.7 per cent for 2018.

Number of man-labor years 2018-2015¹⁾

	2018	2017	2016	2015
Norway	2,405	1,910	1,835	1,730
Spain	2,090	1,837	1,209	819
UK	1,790	1,637	945	564
Sweden	768	583	520	430
Singapore/Bangkok	205	212	246	292
Denmark	753	401	324	283
The U.S.	610	621	391	228
Finland	373	269	204	175
Ireland	218	86	77	55
Italy	392	166	45	-
France	288	44	-	-
Netherlands	33	37	-	-
Caribbean	115	28	-	-
Argentina	175	14	-	-
Total	10,215	7,845	5,796	4,576

¹⁾ Including man-labor years related to hired crew personnel

12. SHARE CAPITAL AND SHAREHOLDER MATTERS

12.1 SHARE CAPITAL AND SHARES

The following description includes certain information concerning the Company's share capital, a brief description of certain provisions contained in the Company's Articles of Association and Norwegian law in effect as of the date of this Prospectus. Any change in the Articles of Association is subject to approval by a General Meeting. This summary does not intend to be complete and is qualified in its entirety by the Articles of Association and Norwegian law.

12.1.1 General

NAS is a public limited liability company organized under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act, with registered office at Oksenøyveien 3, 1366 Lysaker, Norway.

12.1.2 Share capital

As of the date of this Prospectus, the Company's registered share capital is NOK 4,543,705.90, divided into 45,437,059 shares each with a nominal value of NOK 0.10. All the Shares are issued and fully paid.

The Company has one class of shares, each Share carrying equal shareholder rights, including one voting right at the General Meeting. The Articles of Association do not provide for limitations on the transferability or ownership of Shares.

The Shares have been created, and the Offer Shares will be created, under the Norwegian Public Limited Liability Companies Act and registered in book-entry form with the VPS under ISIN NO 001 0196140. The registrar for the Shares is DNB Bank ASA. The Company has been listed on Oslo Børs since December 2003 under the ticker NAS.

12.1.3 Warrants, convertible loans and authorizations to issue new Shares

The Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares in the Company, other than those options held by the Chief Executive Officer and members of Management as described in Section 11.3.2 "Overview of Options".

Further, the Company has not issued subordinated debt or transferable securities other than the Shares and the bonds described in Section 10.3.3 "Overview of debt facilities and debt maturities".

Authorization to the Board to adopt capital increases by way of share issue under the Company's incentive program

At the AGM held on 8 May 2018, the Board of Directors was granted two separate authorizations to increase the share capital. None of these has been utilized as per the date of this Prospectus.

One allows for increases up to NOK 77,256.80, corresponding to 1.75% of the Company's share capital at the time of the resolution, under the Company's incentive program. The authorization is valid until the AGM in 2019, but no longer than to 30 June 2019. The preferential rights of the Existing Shareholders to subscribe to the new Shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act may be deviated from.

The mandate to increase the share capital under the Company's incentive schemes:

"The General Meeting authorizes the Board of Directors to increase the company's share capital to issue shares related to the company's incentive programs:

- a. The company's share capital may be increased by up to NOK 77,256.80 by issuing up to 772,568 shares, each with a nominal value of NOK 0.10. Increases within these limits may take place in one or more subscriptions, as per the Board's decision.*
- b. This authorization can be used to issue shares as payment related to incentive schemes.*
- c. This authorization is valid until the Annual General Meeting in 2019, and in any event no longer than to 30 June 2019.*

- d. *The Board may depart from the shareholders' pre-emption right to subscribe for new shares pursuant to Section 10-4 of the Public Limited Companies Act.*
- e. *This authorization shall also cover a capital increases against non-cash contributions and the right to impose special obligations on the Company, as mentioned in Section 10-2 of the Public Limited Companies Act. The authorization also includes a merger resolution pursuant to Section 13-5 of the Public Limited Companies Act.*
- f. *The shares will be entitled to dividends as from the time they are registered in the Norwegian Register of Business Enterprises.*
- g. *This authorization supersedes current authorizations to increase the company's share capital; however, subject to the general meeting's approval, this mandate applies in parallel with the board authorization that may be used to issue shares for strengthening the company's equity and as consideration for the acquisition of business falling within the company's business."*

Authorization to the Board to conduct capital increases by way of share issues for acquisitions and for strengthening the Company's equity

The other authorization which was granted to the Board of Directors at the AGM held on 8 May 2018, covers increases in the share capital by up to NOK 364,210.50, corresponding to 8.25% of the Company's share capital at the time of the resolution to be used in connection with acquisitions and raising new equity. This authorization is valid until the AGM in 2019, but no longer than to 30 June 2019. The preferential rights of the Existing Shareholders to subscribe to the new Shares pursuant to Section 10-4 of the Norwegian Public Limited Liability Companies Act may be deviated from. The authorization may be used connected to a merger resolution and covers potential share capital increases against contribution in kind.

The mandate to increase the share capital in connection with acquisitions and for strengthening the Company's equity:

"The General Meeting authorizes the Board of Directors to increase the company's share capital for necessary strengthening of the company's equity and as consideration for the acquisition of businesses falling within the company's business purposes:

- a. *The company's share capital may be increased by up to NOK 364,210.50 by issuing up to 3,642,105 shares, each with a nominal value of NOK 0.10. Increase within these limits may take place in one or more subscriptions, as per the Board's decision.*
- b. *This authorization can be used to issue shares for necessary strengthening of the company's equity and as consideration for the acquisition of businesses falling within the company's business purposes.*
- c. *This authorization is valid until the Annual General Meeting in 2019, and in any event no longer than to 30 June 2019.*
- d. *The Board may depart from the shareholders' pre-emption right to subscribe for new shares pursuant to Section 10-4 of the Public Limited Companies Act.*
- e. *This authorization shall also cover a capital increases against non-cash contributions and the right to impose special obligations on the Company, as mentioned in Section 10-2 of the Public Limited Companies Act. The authorization also includes a merger resolution pursuant to Section 13-5 of the Public Limited Companies Act.*
- f. *The shares will be entitled to dividends as from the time they are registered in the Norwegian Register of Business Enterprises.*
- g. *Subject to the general meeting's approval, this mandate applies in parallel with the board authorization that may be used to issue shares as payment related to incentive schemes."*

12.1.4 Own Shares and mandate to acquire own Shares

As per the date of this Prospectus the Company owns 1,400 own Shares.

Authorization to acquire own Shares

At the AGM held on 8 May 2018, the Board of Directors has been granted authorization to repurchase the Company's own shares within a total par value of NOK 441,467.30, corresponding to 10% of the Company's share capital at the time of the resolution. The authorization is valid 18 months from the date of the AGM's resolution.

The mandate to acquire own Shares:

"The General Meeting authorizes the Board of Directors to acquire treasury shares on the following conditions:

- a. The authorization shall be valid until the annual general meeting in 2019, however not beyond June 30, 2019.*
- b. The Company may at no time hold/own treasury shares with a nominal value in excess of 10 per cent of the Company's registered share capital.*
- c. The highest price that may be paid per share is NOK 1,000*
- d. The lowest price that may be paid per share is NOK 0.1.*
- e. The Board is free with regard to the manner of acquisition and any subsequent disposal of the shares."*

As of the date of this Prospectus, the Board of Directors has not used any of the above authorization to acquire own Shares.

12.1.5 Other financial instruments related to Shares

Other than set out above in Section 11.3.2 "Overview of options", the Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares.

12.1.6 Transferability and foreign ownership

There are no restrictions on trading in the Shares under Norwegian law, the Articles of Association or any shareholders agreement known to the Company.

There are no restrictions on foreign ownership of the Shares.

12.1.7 Legislation and rights attached to the Shares

Reference is made to the review of legislation and rights attached to the Shares in Section 12.4 "The Articles of Association and general shareholder matters"

12.2 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

Below is a table showing the development in the number of Shares and the share capital of the Company since 1 January 2015 until the date of the Prospectus (all figures in NOK):

Date of registration	Type of change	Change in share capital	Sub- scription price	Total issued share capital	No of shares
13 May 2015	Capital increase	25,250	231.20	3,541,463.90	35,414,639
7 August 2015	Capital increase	18,350	231.20	3,559,813.90	35,598,139
12 October 2015	Capital increase	16,150	231.20	3,575,963.90	35,759,639
23 March 2018	Capital increase (Tranche 1 of the Private Placement)	295,096.30	155	3,871,060.20	38,710,620
18 April 2018	Capital increase (Tranche 2 of the Private Placement)	543,613.40	155	4,414,673.60	44,146,730
5 July 2018	Capital increase and subsequent offering	129,032.30	155	4,543,705.90	45,437,059

12.3 MAJOR SHAREHOLDERS

The 20 largest shareholders in Norwegian Air Shuttle ASA per 19 February 2019:

#	Shareholder	Shareholding	Share
1	HBK Holding AS*	11,204,809	24.66%
2	Folketrygdfondet	2,746,556	6.04%
3	Verdipapirfondet DNB Norge (IV)	1,788,407	3.94%
4	Danske Bank A/S	1,166,161	2.57%
5	Danske Invest norske Instit. II.	1,074,982	2.37%
6	Verdipapirfondet Pareto Investment	890,000	1.96%
7	Sneisungen AS	645,161	1.42%
8	Morgan Stanley & Co. International	591,120	1.30%
9	Danske Invest norske Aksjer Inst.	568,797	1.25%
10	Stenshagen Invest AS	500,395	1.10%
11	Goldman Sachs Int. Equity	442,444	0.97%
12	SIX SIS AG	423,654	0.93%
13	Nordnet Bank AB	306,680	0.67%
14	J.P. Morgan Securities Plc.	300,223	0.66%
15	DnB NOR Markets Aksjehand/Analyse	280,082	0.62%
16	Nordnet Livsforsikring AS	279,346	0.61%
17	Stavanger Forvaltning AS	260,000	0.57%
18	Verdipapirfondet Pareto Nordic	253,856	0.56%
19	Bank of America, N.A.	251,237	0.55%
20	O.N. Sunde A/S	250,000	0.55%
Total		24,223,910	53.31%

*The shareholding of HBK Holding AS reflects the actual shareholding and may deviate from the official shareholder register as HBK Holding AS has signed a securities lending agreement with Nordea and Danske Bank. Under this agreement, these institutions may borrow shares from HBK Holding AS for a limited period to improve the liquidity in the share trading, for example by fulfilling their market maker obligations. As per 19 February 2019 1,740,000 shares were lent out under the securities lending agreement.

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, where a shareholder's proportion of shares and/or rights shares reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or voting rights of a company listed on Oslo Børs must notify Oslo Børs immediately. The table above shows the percentage held by each shareholder, and each shareholder with 5.0% or more of the Shares is subject to the disclosure requirement when such shareholder reaches, exceeds or falls below any of these thresholds.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

12.4 THE ARTICLES OF ASSOCIATION AND GENERAL SHAREHOLDER MATTERS

The Articles of Association of the Company are included as Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Associations:

Registered office

The Company's registered office is in the municipality of Bærum in Norway.

The Company's object and purpose

The Company's objective is to be engaged in aviation, other transport and travel related business activities as well as activities connected therewith. The Company may also directly or indirectly be engaged in other forms of internet-based provision of goods and services, including car-rental, hotel booking, payment services, financial services and services related to issuing of credit cards. Participation in such activities as mentioned may take place through co-operation agreements, ownership interests or by any other means.

Share capital and nominal value

The Company's share capital is NOK 4,543,705.90 divided into 45,437,059 shares each of nominal value NOK 0.10.

The Board of Directors

The Company's Board of Directors shall consist of six to eight members as determined by the decision of the General Meeting.

The Company's signature

Power of signing for the Company is vested in the Chair of the Board of Directors alone or any two members of the Board of Directors signing jointly.

The General Meetings

The Company shall hold its Annual General Meeting each year before the end of the month of June. At least three weeks written notice must be given to call the Annual General Meeting. The notice calling the General Meeting shall include the agenda for the meeting. Shareholders wishing to attend the Annual General Meeting must, in the manner directed by the Board of Directors, give notice of this to the Company no later than three days before the date of the General Meeting. The Chair of the Board of Directors shall be the Chair of the Annual General Meeting. The Annual General Meeting will consider and decide upon:

1. Approval of the annual report and accounts, including any dividend,
2. Election of the Board of Directors,
3. All such other matters as are dealt with by a general meeting by the operation of law or pursuant to the Articles of Association.

The General Meetings can be held in Oslo municipality.

The nomination committee

The Company shall have a nomination committee. The duty of the nomination committee is to make recommendations to the General Meeting on nominations for candidates to be elected by the shareholders as members and deputy members of the Board of Directors. The nomination committee shall consist of four members, and its members shall be shareholders or representatives of shareholders. The Chair of the Board of Directors shall be a permanent member of the nomination committee, and the three other members shall be elected by the General Meeting. Elected members of the nomination committee shall be elected for two years at a time.

Audit committee

The Board of Directors shall function as the Company's audit committee.

Documents pertaining to business to be dealt with by the General Meeting

When documents pertaining to business to be dealt with by the General Meeting are made available to shareholders on the Company website, the requirement of the Norwegian Public Limited Liability Companies Act for the documents to be sent to the shareholders shall not apply. Nevertheless, a shareholder may request to have documents sent to him that pertain to business to be dealt with by the General Meeting.

Shareholders' right to attend and vote at the General Meeting

Shareholders are entitled to attend and vote at the General Meeting only when their acquisition of shares has been entered in the register of shareholders by no later than the fifth business day prior to the General Meeting (the record date).

Risk of authorizations to carry out air traffic operations to be annulled or temporarily revoked

If there are circumstances that in the Board of Directors' opinion may cause the Company's or any of its subsidiaries' authorizations to carry out air traffic operations to be annulled or temporary revoked on the grounds of violation of provisions in bilateral civil aviation agreements or violation of statutory rules requiring the Company and/or its subsidiaries to be owned and controlled by shareholders who are EEA nationals, the Board of Directors shall effectuate one or more of specified actions.

The Board of Directors may also decide that shares that are owned by shareholders that (i) are non EEA nationals and (ii) have acquired shares in the Company and (iii) by such acquisition cause the Company to violate such provisions, shall be redeemed by reduction of the share capital of the Company, cf. the Norwegian public limited liability companies act, Section 12-7.

12.4.1 Voting rights and other shareholder rights

The Company has one class of shares, and each Share carry equal voting rights at the General Meeting.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Articles of Association, require approval by a simple majority of the votes cast. In the case of election of directors to the Board, the person who obtains the most votes is elected to fill the vacant position.

However, as required under Norwegian law, certain decisions, including resolutions to waive preemptive rights in connection with any issue of shares, convertible bonds, warrants etc., to approve a merger or demerger, to amend the Articles of Association, to authorize an increase or reduction in the share capital, to authorize an issuance of convertible loans or warrants or to authorize the Board to purchase own Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast, as well as at least two-thirds of the share capital represented at a General Meeting.

Further, Norwegian law requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments of the Articles of Association. Decisions that (i) would reduce any existing Shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the Shares require a majority vote of at least 90% of the share capital represented at the General Meeting in question as well as the majority required for amendments to the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Articles of Association. The Articles of Association do not contain conditions that are more significant than required by the Norwegian Public Limited Liability Companies Act, including with regard to (i) what action is necessary to change the rights of holders of the Shares, and (ii) changes in capital.

In general, in order to be entitled to vote, a Shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS or provide proof of its beneficial ownership. Beneficial owners of Shares that are registered in the name of a nominee may not be entitled to vote under Norwegian law unless such Shares are re-registered in the name of the beneficial owner, nor are any persons who are designated in the register as holding such Shares as nominees entitled to vote such Shares.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

Under the Public Limited Liability Companies Act, shareholders will have preferential rights to subscribe for new securities issued by the Company, unless such rights are departed from (such departure requires a majority of two-thirds of the votes present and represented at that General Meeting).

A Shareholder will have the right to a share in the profits of the Company that are distributed as dividend, as well as any surplus following liquidation of the Company. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Liability Companies Act or the Articles of Association. Furthermore, there are no dividend restrictions for non-resident shareholders. See Section 14 "Norwegian taxation" for a description of the Norwegian tax rules that apply to dividend paid to domestic and foreign shareholders of the Company.

The Shares are not subject to redemption rights with the exemption provided for below under 12.5.9 "Compulsory acquisition". There are no conversion provisions applicable to the Shares.

12.4.2 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, its Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the shareholders have a preferential right to subscribe to issues of new Shares. The preferential rights to subscribe to an issue may be waived by a resolution in a General Meeting passed by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The General Meeting may, with a vote as required for amendments to the Articles of Association, authorize the Board of Directors to issue new Shares, and to waive the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered.

Under Norwegian law, bonus shares may be issued, subject to approval by a General Meeting, by transfer from the Company's distributable equity or from its share premium reserve. Any bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, the Company may be required to file a registration statement in the United States under United States securities laws. If the Company decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights. See Section 2.6 "Risks related to the Shares".

12.4.3 Shareholder vote on certain reorganizations

A decision to merge with another company or to demerge requires a resolution of the shareholders passed by two-thirds of the aggregate votes cast at a General Meeting. A merger plan or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the General Meeting.

12.4.4 Legal constraints on the distribution of dividends

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Limited Liability Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that the Company may distribute dividend to the extent that the Company's net assets following the distribution covers (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealized gains. The total nominal value of own shares which the Company has

acquired for ownership or as security prior to the balance sheet date, as well as credit and security which, pursuant to Section 8-7 to Section 8-10 of the Norwegian Public Limited Liability Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividend based on the Company's annual accounts. Dividend may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividend can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14.3 "Foreign shareholders – Norwegian taxation".

12.4.5 Procedure for dividend payments

Any dividends on the Shares will be denominated in NOK. Any dividends or other payments on the Shares will be paid through the Company's registrar in the VPS, DNB Securities Services. Dividends and other payments on the Shares will be paid, on a payment date determined by the Company, to the bank account registered in connection with the VPS account of the registered shareholder as of the record date for the distribution.

Dividends and other payments on the Shares will not be paid to shareholders who have not registered a bank account with their VPS account. Shareholders who have not received dividends for this reason will receive payment if they register a bank account with their account operator in the VPS and inform the VPS registrar of the details of such bank account.

Shareholders with a registered address outside of Norway may register a bank account in another currency than NOK with their VPS account. Shareholders who have done so will receive payment in the currency of such bank account. The exchange rate(s) applied will be the VPS registrar's rate on the date of payment.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. Accordingly, a shareholder's right to receive dividends or other distributions will lapse three years after the payment date if bank account details have not been provided to the VPS registrar within such date. Following the expiry of the limitation period, any remaining dividend amounts will be returned from the VPS registrar to the Company.

There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14 "Norwegian Taxation".

12.4.6 Related party transactions

Please refer to Section 15.4 "Related party transactions" for a description of the Group's agreement with related parties.

12.4.7 Minority rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any Shareholder may petition the courts to have a decision of its General Meeting declared invalid *inter alia* on the grounds that it unreasonably favors certain shareholders or third parties to the

detriment of other shareholders or the Company itself. In certain circumstances, shareholders may require the courts to dissolve the company as a result of such decisions.

Shareholders holding 5% or more of the Company's share capital (individually or as a group) have the right to demand in writing that the Company holds an Extraordinary General Meeting to discuss or resolve specific matters. In addition, any Shareholder may in writing demand that the Company places an item on the agenda for any General Meeting if it is notified to the Board of Directors at least seven days before the deadline to call for that General Meeting together with a proposal for resolution or an explanation as to why the item is to be placed on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least 21 days remain before the General Meeting is to be held.

12.4.8 Liability of Directors

Directors owe a fiduciary duty to the Company and the shareholders. Such fiduciary duty requires that each Director acts in the best interests of the Company when exercising his or her functions and exercise a general duty of loyalty and care towards the Company. The Directors' principal task is to safeguard the interests of the Company.

Directors may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the General Meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the General Meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility, but can be recovered from any proceeds it receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders cannot pursue the claim in the Company's name.

12.4.9 Indemnification of Directors and officers

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company or the Board of Directors. However, as of the date of this Prospectus, the Company has a board of directors and officers liability insurance program.

12.4.10 Liquidation and dissolution, as well as public administration and winding up

According to the Norwegian Public Limited Liability Companies Act, the Company may be liquidated by a resolution in a General Meeting passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at that General Meeting.

The Shares rank *pari passu* in the event of a return on capital by the Company upon a liquidation or otherwise.

In the event a resolution to liquidate the Company has been made, the Company's assets shall be transformed to cash in order to cover the Company's contractual obligations and for distribution to the shareholders as long as the shareholders have not accepted to receive the dividends in kind.

12.5 SECURITIES TRADING IN NORWAY

12.5.1 Introduction

As a company listed on Oslo Børs, NAS will be subject to certain duties to inform the market under the Oslo Børs Continuing obligations of stock exchange listed companies, and the insider trading rules in chapter 3 of the Norwegian Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

12.5.2 Trading and settlement

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 (CET) and 16:20 (CET) each trading day, with a pre-trade period between 08:15 (CET) and 09:00 (CET), a closing auction between 16:20 (CET) and 16:25 (CET) and a post-trade period from 16:25 (CET) to 16:30 (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on Oslo Børs/Oslo Axess is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days.

Oslo Clearing ASA, a wholly-owned subsidiary of SIX x-clear AG, a company in the SIX group, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA, or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in another EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in another EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

12.5.3 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, having implemented the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that has filed a application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

12.5.4 The VPS and transfer of Shares

The Company's shareholder register (the "**Shareholder Register**") is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, by the relevant company's general meeting, or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control, of which the VPS could not reasonably be expected to avoid or overcome the consequences. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

12.5.5 Shareholder register

Under Norwegian law, shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, shares may be registered with the VPS in the name of a depositary (bank or other nominee) approved by the Norwegian FSA, to act as nominee for non-Norwegian shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with the VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

12.5.6 Foreign investment shares listed in Norway

Non-Norwegian investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or non-Norwegian.

12.5.7 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of shares which are listed or in respect of which a listing application has been submitted or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act.

The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

12.5.8 Mandatory offer requirement

Pursuant to the Norwegian Securities Trading Act, any person or entity acting in concert that acquires shares representing more than 1/3 (with a repeated obligation at 40% and at 50%) of the voting rights of a Norwegian company whose shares are listed on Oslo Børs or Oslo Axess is obliged to make an unconditional general offer for the purchase of the remaining shares in the company within four weeks or, within the same period, dispose of a number of voting shares which brings the percentage of voting rights down to or below 1/3.

The shareholder must, immediately upon reaching any of the said thresholds, notify the company and Oslo Børs accordingly and of whether it will make a mandatory offer or perform a sell-down. A notice informing about a disposal can be altered to a notice of making an offer within the four-week period, while a notice stating that the shareholder will make an offer cannot be amended and is thus binding. The mandatory offer obligation ceases to apply if the person or entity notifies the company and Oslo Børs of its decision to sell down and then sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

An offer must be reflected in an offer document which is subject to approval by Oslo Børs before submission of the offer document to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. Note, however, that the EFTA court in a statement dated 10 December 2010 has concluded that the "market price" alternative is not in compliance with EU regulations. Consequently, there is currently doubt as to the legal validity of this alternative. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK), but it may contain a consideration alternative at least equivalent to the cash consideration offered. Until an offer has been made or a disposal completed, the shareholder will have no voting rights or other rights relating to the shares exceeding the offer threshold, apart from the right to receive dividends and pre-emption rights in the event of a share capital increase. In case of the failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction.

Any person or entity that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and that has, therefore, not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

As described in Section 9.1 "Management's discussion and analysis of financial conditions and results of operations", it was announced on 12 April 2018 that IAG had acquired 4.61 per cent of the Shares in NAS, and that IAG was considering to make an offer for all the Shares in the Company. Subsequently, the Company received enquiries from several parties who expressed interest for structural transactions, financing of the Company and various forms of operational and financial cooperation. Discussions with such parties have been ongoing on several levels and with different approaches. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the shares in the Company, which were rejected by the Company on the basis that they undervalued the Company and its prospects. During Q4 2018 and through December 2018, the Company has been engaged in new, concrete and specific negotiations related to the acquisition of the Shares of the Company. On 24 January 2019, IAG announced that it does not intend to make an offer for the Company and that, in due course, it will be selling its shareholding in the Company. As of the date of this Prospectus, the Company is not in any discussions regarding Share acquisition/structural transactions.

12.5.9 Compulsory acquisition

Pursuant to the Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition, the majority shareholder becomes the owner of the remaining shares with immediate effect.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such a minority shareholder may, within a specified deadline not to be of less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two-month deadline.

In event a shareholder, directly or through subsidiaries, exceeds the 90% threshold by way of a mandatory offer in accordance with the Norwegian Securities Trading Act, and a compulsory acquisition is resolved within three months, then the share price in the compulsory acquisition shall be equal to the price in the mandatory offer if no special circumstances call for a different price. Further, if the 90% threshold is exceeded by way of a voluntary offer, the compulsory acquisition may, subject to the following conditions, be carried out without such shareholder being obliged to

make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution according to the rules for mandatory offers.

12.5.10 Disclosure obligations

A person, entity or bank acting in concert that acquires shares, options for shares or other rights to shares (inter alia convertible loans or subscription rights) resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares, option for shares etc., resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

The reporting obligations will also apply if the thresholds are reached or passed as a result of events changing the relative ownership or voting stake by "passive" means e.g. if a company is increasing its share capital and thereby causes an existing shareholder not participating in the capital increase to be diluted.

12.5.11 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

12.6 DIVIDEND POLICY

The Company aims to generate competitive returns to its shareholders. The Board has recommended not to distribute dividends but to retain earnings for investment in expansion and other investment opportunities as stated in the Articles of Association, thereby enhancing profitability and returns to shareholders. The Company has not paid dividends during the last four years.

12.7 SHAREHOLDER AGREEMENTS

To the extent known by the Company, there are no shareholders agreements in force between the shareholders of the Company.

12.8 CORPORATE GOVERNANCE

The principle behind good corporate governance is to establish and maintain a strong, sustainable and competitive company in the best interest of the shareholders, employees, business associates, third parties and society at large.

The Board of Directors acknowledges the Norwegian recommendation of the Corporate Governance Code ("Norsk anbefaling for eierstyring og selskapsledelse") (the "**Code**"), and the principle of comply or explain, which means that a company may deviate from the provisions set forth in the Code, provided that each such deviation and the chosen alternative solution is properly explained, along with the reason for the deviation. The Company states that it complies with the Code.

The Board of Directors has implemented the Code and will use its guidelines as the basis for the Board's governance duties in all areas. The annual statement on how the Group complies with the Code and the requirements for corporate governance of the Norwegian accounting act dated 17 July 1998 no. 56 is included on page 97 in the Group's annual report for 2017, which is incorporated in this Prospectus by reference, ref. Section 16.3 "Documents incorporated by reference".

13. REGULATORY OVERVIEW

13.1 INTRODUCTION

The Group is subject to extensive and complex rules and regulations both on a domestic and international level, including numerous EU regulations applicable throughout the EEA. The influence of national governments over civil aviation in the EEA is decreasing as a result of new EU regulations. The implementation of EU regulations has also further harmonized the national regulations of the Scandinavian countries. A summary of certain significant regulatory matters affecting the Group's activities is set out below. The summary – which is divided into descriptions of the international regulatory framework, the European regulatory framework, the Norwegian regulatory framework, the regulation of non-EEA services and other legal and regulatory developments – is not intended to provide a comprehensive description of all such regulatory matters and should not be considered exhaustive.

Through the International Air Transport Association ("**IATA**"), the airline industry actively works towards influencing civil aviation regulation to benefit airlines' customers and the industry as a whole. IATA is the trade association for the world's airlines, representing some 280 airlines or 83% of the total air traffic. It has a pivotal role through its contact with governmental agencies.

13.2 INTERNATIONAL REGULATORY FRAMEWORK

The Chicago Convention and the ICAO

The regulatory system for international air transport is based upon principles set out in the Convention on International Civil Aviation of 1944 (the "**Chicago Convention**"). The Chicago Convention has since been revised eight times (in 1959, 1963, 1969, 1975, 1980, 1997, 2000 and 2006). The Chicago Convention, with 192 contracting states (including all member states of the United Nations, except for Dominica and Liechtenstein; however, the convention was extended to cover Liechtenstein by ratification of Switzerland), establishes the general principle that each state has sovereignty over its air space (Article 1) and has the right to control the operation of scheduled air services over its territory (Article 6). International air transport rights are based primarily on traffic rights granted by individual states to other states through bilateral air transport agreements which are founded on the Chicago Convention. Each state grants the rights it receives to its local air carriers.

As envisioned by the Chicago Convention, the International Civil Aviation Organization ("**ICAO**") was established in 1947. The aims and objectives of ICAO, an agency of the United Nations, are to develop the principles and techniques of international air navigation and to foster the planning and development of international air transport. ICAO establishes standards and recommended practices covering, for example, aircraft operations, staff licensing, aviation safety, accident investigation, airport operations and environmental protection, all with a view to ensuring conformity among the rules and regulations of the 192 member states.

The Rome Convention

The primary aim of the Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface of 1952 (the "**Rome Convention**"), is to impose strict liability on the part of the airline operator in respect of damage to third parties on the ground caused by any of such airline's aircraft, regardless of any fault on its part. The Rome Convention has 49 signatory states, including Denmark, Norway and Sweden.

The Rome Convention incorporates certain limits on liability and only applies to damage caused on the ground of a signatory state by an aircraft in flight registered in another signatory state. ICAO has set out to modernize the Rome Convention, principally prompted by the events of 11 September 2001 and the perceived inadequacy of the compensation mechanism and liability limits contained in the convention. This process resulted in two draft ICAO conventions (concerning damage arising out of general aviation risks and acts of unlawful interference, respectively). The objective of these two new conventions is to ensure equitable benefits for victims while not unduly increasing the economic and regulatory burden on carriers. The conventions aim to modernize the existing system by addressing the perceived inadequacies of liability limits and provision of financial security for carriers and victims, as well as provide a more predictable compensation system.

A diplomatic conference to consider the two drafts was held from 20 April to 2 May 2009. The conference adopted the two new airline conventions. The first convention is the Convention on Compensation for Damage caused by Aircraft to Third Parties Resulting From Acts of Unlawful Interference Involving Aircraft (the "**First Convention**"), including acts of sabotage and terrorism. The First Convention aims to provide compensation for damage to third parties caused by acts of unlawful interference of aircraft. Central to the First Convention is the creation of an International Civil Aviation Compensation Fund that will potentially provide compensation to persons who suffer physical injury or property damage as a result of unlawful interference with an aircraft in flight. The second convention is the Convention on Compensation for Damage Caused by Aircraft to Third Parties (the "**Second Convention**"). The Second Convention covers damages caused as a result of matters other than those involving unlawful interference and provides for victims to be compensated. It may still take years before the new conventions are ratified and come into effect.

The Montreal Convention

The Convention for the Unification of Certain Rules for International Carriage by Air of 1999 (the "**Montreal Convention**") establishes airline liability in the case of death or injury to passengers, damage or loss of baggage and cargo. It unifies all of the different international treaty regimes covering airline liability that had developed since 1929, and the Montreal Convention is designed to be a single, universal treaty to govern airline liability around the world. As of the end of 2017, there were 127 parties to the Montreal Convention, including all EU member states, Norway, the United States, China and Japan. Under Regulation (EC) No. 889/2002, amending Regulation (EC) No. 2027/97 on air carrier liability in the event of accidents, the rules of the Montreal Convention have been extended to apply to all flights, whether domestic or international, operated by airlines with operating licenses granted by EU member states. A number of fast-growing aviation markets in Asia, such as Thailand, and Vietnam, have yet to sign up. This means that a patchwork of liability regimes continue exists around the world.

The EU-U.S. Open Skies Agreement

The so-called "EU-U.S. Open Skies Agreement" was signed on 30 April 2007 and became effective on 30 March 2008, replacing existing bilateral agreements between EU member states and the United States, creating an "open-skies" framework. Under the agreement, every EU and U.S. airline is authorized to fly between any airport within the EU and the United States. U.S. airlines are also allowed to fly between points in the EU. However, EU airlines are not allowed to operate domestic flights within the United States. On 17 December 2009, the Agreement was extended to include Norway and Iceland.

13.3 THE EUROPEAN REGULATORY FRAMEWORK

Air Services Regulation

Pursuant to Regulation (EC) No. 1008/2008 (the "**Air Services Regulation**"), air carriers that are subject to the air traffic regulation rules of the EU must have an operating license for the transportation of passengers, mail and/or freight in commercial air traffic. An operating license is granted only if the air carrier holds an Air Operator Certificate ("**AOC**"). Such an AOC specifies the types of aircraft that can be operated by the air carrier as well as other operational and technical specifications.

The Air Services Regulation consolidates and updates the Third Aviation Liberalisation Package, which established a single EU air transport market, effective from 1 January 1993. The Air Services Regulation is part of Annex XIII of the European economic area agreement establishing the EEA (the "**EEA Agreement**") and is therefore binding on nationals of Iceland, Liechtenstein and Norway.

The Air Services Regulation sets out the financial conditions that all EU airlines (which the Air Services Regulation refers to as "Community carriers") must fulfil in order to obtain and maintain an operating license; clarifies the criteria for the granting and validity of operating licenses in the EU; introduces uniform standards for the review and monitoring of operating licenses in the EU Member States; simplifies the procedure for fulfilling public service obligations; and clarifies the framework for relations with third countries and the requirement that traffic rights for non-EU airlines to operate between European cities must be negotiated on an European level. The Air Services Regulation also lays down the conditions for the leasing of aircraft.

The principal features of the regulatory regime established in the Air Services Regulation are as follows:

Operating licenses

The Air Services Regulation provides that an operating licence may be granted to an undertaking by the EU Member State in which it has its principal place of business, subject to such undertaking having a valid AOC; demonstrating to the relevant licensing authority that it can meet its actual and potential obligations for a period of 24 months from the start of operations; and demonstrating that it can meet its fixed and operational costs for a period of three months from the start of operations without taking account of revenue from its operations, and subject to the conditions mentioned in the next paragraph below.

Under the Air Services Regulation, an EU airline must (a) have its principal place of business in the EU Member State from which it obtained its licence, (b) have air services as its main occupation and (c) be more than 50 per cent owned and be effectively controlled by Qualifying Nationals and continue to be so owned and controlled. A "**Qualifying National**" includes (i) EEA nationals, (ii) Nationals of Switzerland and (iii) in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation. An EU airline must also comply with insurance requirements, provide proof of good repute of its management if required by its licensing authority and have at least one aircraft available to it through ownership or lease.

An EU airline must notify the licensing authority in advance of changes in its activities, such as the operation of certain new services or a substantial change of scale in its activities, of a merger or acquisition, and within 14 days of a change of ownership of any single shareholding which represents ten per cent or more of its total share capital or that of its parent or ultimate holding company. The licensing authority may request a revised business plan or resubmission of approval for the licence.

The licence is suspended if the carrier cannot meet its obligations during a twelve-month period, although a temporary licence may be issued pending financial reorganization. The licence is also suspended if the carrier furnishes false information on an important point, if the AOC is suspended or revoked or if the carrier no longer complies with any good repute requirements.

Access to routes

The Air Services Regulation enables all EU airlines to operate any routes within the EEA and Switzerland, including routes within those states, with no restrictions on capacity and frequency.

Subject to the approval of the European Commission and certain conditions, an EU Member State may make rules distributing traffic between airports serving the same city or conurbation. Such rules cannot be discriminatory.

EU Member States may also enter into agreements with airlines for the operation of services on "public service obligation" routes to ensure standards of continuity, regularity, capacity and pricing of a scheduled service to peripheral or development regions in their territories following consultations with other EU Member States concerned and after having informed the European Commission and air carriers operating on the relevant routes.

Pricing

The Air Services Regulation allows EU airlines to fix their own fares on services provided within the EU subject to EU competition law and to fares agreed for public services obligations. The Air Services Regulation also specifies that the published price for a service shall include the fare and all applicable taxes, charges, surcharges and fees that are unavoidable and foreseeable at the time of publication. In addition, details must be given of the different components of the price (fares, taxes, airport charges and other costs).

Airport slot allocation

The rules for the allocation of slots at coordinated airports in the EEA and Switzerland are contained in Council Regulation (EEC) No. 95/93 (as amended by Regulation (EC) No. 793/2004) (the "**Slot Regulation**"). The principal objective of the Slot Regulation is to facilitate competition between airlines and to encourage and support new entrants in the EU air transport market. The

Slot Regulation is part of the EEA Agreement (Annex XIII) as well as of the EU-Switzerland Air Transport Agreement and is therefore binding on Iceland, Liechtenstein, Norway and Switzerland.

The Slot Regulation provides for the designation by EU Member States of congested airports for co-ordination by independent co-ordinators whose appointment must be ensured by the EU Member States concerned. The Slot Regulation draws a distinction between "co-ordinated" airports and "schedules-facilitated" airports.

A schedules-facilitated airport is an airport where there is potential for congestion during some periods of the day, week or year which is amenable to resolution by voluntary co-operation between air carriers and where a schedules facilitator has been appointed to facilitate the operations of air carriers operating services or intending to operate services at that airport.

A co-ordinated airport means an airport where, in order to land or take off, it is necessary for an air carrier or any other aircraft operator to have been allocated a slot by a co-ordinator. EU Member States are obliged to carry out a thorough capacity analysis of an airport (a) when they consider it necessary, (b) when requested to do so either by air carriers representing more than half of the operations at the airport in question or the airport's managing body or (c) upon request of the European Commission. The EU Member State will make its decision whether to designate an airport as co-ordinated on the basis of this capacity report and consultation with the managing body of the airport, the air carriers, their representatives and representatives of general aviation and air traffic control.

The main principles of the Slot Regulation affecting slot allocation are the following:

- (a) Provision for the long established principle of historical precedence, under which an airline holding and using a series of slots for a particular industry scheduling period (winter or summer) shall be entitled to that series of slots in the next equivalent period, subject primarily to the "use-it-or-lose-it" rule. The "use-it-or-lose-it" rule means that in order to claim such historical precedence the airline must have operated the series of slots for at least 80 per cent of the time during the scheduling period for which they were allocated. Otherwise, all the slots constituting the series are placed in the slot pool.
- (b) The creation of a slot pool into which newly created slots (created through increases in hourly scheduling limits or new runway capacity) are placed comprises slots returned either voluntarily or under the "use-it-or-lose-it" rule and slots otherwise unclaimed under historical precedence. 50 per cent of the pool slots must be allocated to new entrants unless they request a lesser number. A new entrant is defined as (i) an airline requesting, as part of a series of slots, a slot at an airport on any day on which that airline holds or has been allocated fewer than five slots or (ii) an airline which requested a series of slots for a non-stop service between two airports in the EU where at most two other carriers operate a direct service between those airports or airport systems on that day and where the applicant airline holds or has been allocated fewer than five slots on that day for that service or (iii) any air carrier requesting a series of slots at an airport for a non-stop service between that airport and a regional airport where no other air carrier operates an air service between those airports on that day, where the applicant holds or would hold fewer than five slots at that airport on that day for that service. Any airline with more than five per cent of all slots at an airport or more than four per cent of slots at an airport system (being two or more airports grouped together and serving the same city or conurbation, as listed in Annex II to Council Regulation (EEC) 2408/92) cannot qualify as a new entrant.
- (c) Recognition of additional rules. Airport co-ordinators are required to take into account additional rules and guidelines established by the air transport industry worldwide (such as the IATA Worldwide Slot Guide) or in the EU as well as any local guidelines approved by the relevant EU Member State for the airport in question, provided that such rules and guidelines do not affect the independent status of the co-ordinator.

Slots are not route-specific or aircraft-specific and may be used by an airline for any aircraft, type of service or destination. Slots may be exchanged one for one with other airlines. This has given rise to a mechanism for the secondary trading of slots. A practice developed, mainly at London Heathrow airport, whereby airlines exchange a valuable slot for a less valuable one (which may have been obtained from the co-ordinator for this purpose and is returned to the slot pool after the exchange). Payment is made by the airline receiving the more valuable slot. This has allowed airlines to receive payments of millions of pounds for trading series of valuable slots. The English High Court ruled that this practice is compatible with the Slot Regulation in *R v Airport Co-*

ordination Limited ex parte States of Guernsey Transport Board 1999 EULR 745. Subsequently, in a communication on the application of the Slot Regulation dated 30 April 2008 (COM(2008)227 final), the European Commission stated: "The text of the Slot Regulation is silent on the question of exchanges with monetary and other consideration to reflect differences in value between slots at different times of day and other factors. Given that there is no clear and explicit prohibition of such exchanges, the Commission does not intend to pursue infringement proceedings against EU Member States where such exchanges take place in a transparent manner, respecting all the other administrative requirements for the allocation of slots set out in the applicable legislation". Slot trading has continued at London Heathrow airport and has been practiced at London Gatwick airport and possibly, to a limited extent, at some other co-ordinated airports.

In December 2011, the European Commission adopted a package of measures containing a proposed revised regulation on common rules for the allocation of slots to address capacity shortages at European airports and improve the quality of services offered to passengers (the "**Better Airports Package**").

The proposed regulation has the aim of maximizing use by airlines of available capacity. In particular, under the proposed regulation:

- (a) airlines will be able to trade slots with each other at airports anywhere in the EU in a transparent way and under clear conditions. Slot trading will be supervised by national authorities;
- (b) the rules requiring airlines to demonstrate that they have used their slots sufficiently during the season will be tightened by increasing the slot utilization threshold from 80 per cent to 85 per cent and the length of the slot series from the current five to ten for the winter season and 15 for the summer season. The tightening of the so-called "use-it-or-lose-it" rule should ensure that airlines who wish to keep slots for the coming season fully utilize the capacity; and
- (c) there will be additional safeguards for the independence of the slot coordinator and increased level of transparency on slots transactions.

The Better Airports Package falls under the ordinary legislative procedure of the EU; both the European Parliament and the Council are co-legislators and need to approve the same final text of the regulation. On 12 December 2012, the plenary session of the European Parliament adopted legislative resolutions at first reading, introducing amendments to the proposed regulation on slots allocation. The amendments maintain the current slot utilization thresholds at 80 per cent and strengthen the penalty system to discourage airlines from holding slots without using them. The proposed revised regulation still awaits final approval by the Council of the EU.

Air carrier liability

Regulation (EC) No. 2027/97 (as amended by Regulation (EC) No. 889/2002) imposes provisions equivalent to the Montreal Convention with respect to the carriage of passengers and their baggage by air. The regulation is part of the EEA Agreement and is therefore binding on nationals of Iceland, Liechtenstein and Norway. The Montreal Convention imposes strict liability on airlines in the event of death or injury to passengers up to a maximum of the equivalent of 113,100 Special Drawing Rights (approximately USD 158,340 per passenger). Thereafter, liability is unlimited but an airline can escape liability if it proves either that it was not negligent or guilty of a wrongful act or omission, or that the accident was caused by the fault of a third party. The airline is also required to compensate passengers, or their survivors, for their expenses in the immediate aftermath of an accident within 15 days. Liability for loss, damage or delay to baggage is limited to 1,131 Special Drawing Rights (approximately USD 1,583).

Regulation (EC) No. 785/2004 on insurance requirements for air carriers and aircraft operators (as amended by Regulation (EC) No. 1137/2008 and Commission Regulation (EU) No. 287/2010) sets out the minimum insurance requirements for liability linked to passengers, baggage, cargo and third parties for air carriers and air traffic operators flying within, into, out of or over the territory of an EU Members State. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore binding on Iceland, Liechtenstein, Norway and Switzerland and their nationals.

Passenger rights and compensation (the Flight Compensation Regulation)

Regulation (EC) No. 261/2004 (the "**Flight Compensation Regulation**") establishes common rules on compensation and assistance to passengers in the event of denied boarding, cancellation or a long delay of flights.

The rights apply to any flights, including charters, from an EU airport or to an EU airport from an airport outside the EU when operated by an EU airline. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore also applicable to flights to or from an airport in Iceland, Liechtenstein, Norway and Switzerland. Where a passenger is denied boarding against his will, the airline must offer compensation and assistance, together with a choice of reimbursement of the full cost of the ticket and a return flight to the point of first departure or re-routing to the passenger's final destination, except where there are reasonable grounds to deny the passenger boarding such as reasons of health, safety, security or inadequate travel documentation.

The compensation amount payable depends upon the length of the flight: EUR 250 for all flights of 1,500 km or less (type 1 flight); EUR 400 for all intra-EU flights of more than 1,500 km and non-intra-EU flights between 1,500 and 3,500 km (type 2 flight); and EUR 600 for all other flights (type 3 flight).

The regulation also imposes obligations with regard to care and assistance of passengers in the case of delays that exceed certain defined durations, ranging from two to four hours depending on the length of the delayed flight. A right of reimbursement also arises if a flight is delayed by more than five hours.

Where a flight is cancelled, the airline must offer passengers care and assistance together with the choice of a refund of the passenger's ticket and a return flight to the first point of departure or re-routing to the passenger's final destination. In the case of cancellation, compensation may also be payable at the same amounts as are applicable to denied boarding, unless the airline can prove that the cancellation was caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken.

A revision of Regulation (EC) No. 261/2004 is currently being considered and the European Commission has put forward a proposal creating new passenger rights and facilitating and strengthening enforcement. On 5 February 2014, the European Parliament adopted a legislative resolution on the European Commission proposal. The proposed regulation falls under ordinary legislative procedure, meaning the European Parliament and Council, as co-legislators, need to adopt the same final text. The Council may now accept the European Parliament's position or adopt its own position for further discussions with the European Parliament. On 22 May 2014, a Presidency progress report was published in the Council Register outlining major outstanding issues with the revised regulation, which it is hoped the Council will take note of in future discussions.

Ground handling

Access to the market for ground handling at EU airports has been liberalized under Directive 96/67/EC (as updated and amended by Regulation (EC) No. 1882/2003). The aim of this directive is to provide open access to the ground handling market at European airports. EU Member States are obliged to ensure that access to the ground handling market is granted by the airport authorities under a transparent and impartial procedure that prevents airport authorities or airlines from maintaining certain barriers to market entry. This directive is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement and is therefore binding on airport authorities in Iceland, Liechtenstein, Norway and Switzerland.

The Better Airports Package adopted by the Commission in December 2011 includes a proposal for a new regulation on ground handling services that would repeal Directive 96/67/EU. The proposed regulation intends to improve the quality and efficiency of ground handling services at airports by:

- (a) increasing the minimum choice of ground handlers for restricted services (baggage handling, ramp handling, refueling and oil, freight and mail services) at large airports from two to three;
- (b) creating a new role for the airport managing body as the "ground co-ordinator" with overall responsibility for the co-ordination of ground handling services (including minimum quality standards);

- (c) allowing EU Member States to impose a requirement on companies that win ground handling contracts in restricted markets to transfer the staff from the previous contract holder with their full existing conditions; and
- (d) allowing mutual recognition of national approvals for ground handlers issued by EU Member States, so that a handler approved by one EU Member State would be able to provide the same services in another EU Member State.

The Better Airports Package falls under the ordinary legislative procedure of the EU; both the European Parliament and the Council are co-legislators and need to approve the same final text of the regulation. On 16 April 2013, the plenary session of the European Parliament adopted a legislative resolution at first reading, introducing amendments to the proposed regulation on ground handling services. The European Commission supports the amendments. The proposed regulation still awaits final approval by the Council of the EU.

Rights for disabled passengers

Regulation (EC) No. 1107/2006 strengthening the rights of disabled air passengers and passengers with reduced mobility ("disabled passengers") was formally adopted on 5 July 2006 and entered into force on 15 August 2006. This regulation is binding on all EU airlines. The regulation is part of the EEA Agreement as well as the EU-Switzerland Air Transport Agreement, and is therefore also binding on airlines from Iceland, Liechtenstein, Norway and Switzerland.

The regulation bans air carriers from refusing reservations or boarding to disabled passengers on the grounds of their disability. All assistance to disabled passengers must be provided free of charge. Wheelchairs and recognized assistance dogs must be accommodated on aircraft.

Reservations and boarding by disabled passengers may be refused on safety grounds or where the size of the aircraft makes embarkation or carriage physically impossible. If a disabled passenger is refused boarding, he must either be re-routed on another flight or be reimbursed. The passenger must be informed in writing of the reasons why his reservation or boarding was refused.

Airlines are responsible for all assistance on-board aircraft. Airport managing bodies are responsible for all assistance in airports but may recover the ensuing costs from airlines, which may be asked to pay a charge proportional to the total quantity of passengers that the airport managing body embarks and disembarks at the airport. The charge is independent of the number of passengers with reduced mobility that the airline carries.

Noise restrictions at EU airports

On 16 April 2014, the European Parliament adopted at second reading under the co-decision procedure Regulation (EU) No. 598/2014 of the European Parliament and of the Council on the establishment of rules and procedures with regard to the introduction of noise-related operating restrictions at Union airports within a Balanced Approach. The Regulation repeals Directive 2002/30/EC and leaves the responsibility for concrete decisions about noise-related operating restrictions with national and local authorities that has to follow an EU harmonized process. The Commission will review the quality of the process and, if necessary, take action before restricting measures are implemented. The new Regulation entered into force on 13 June 2016. The Regulation does not set out noise quality goals, which will continue to derive from Directive 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise, and other relevant Union rules or legislation within each Member State. This regulation is part of the EEA Agreement and is therefore binding on airport authorities in Iceland, Liechtenstein and Norway.

Security

According to Regulation (EC) No. 300/2008, an air carrier is required to demonstrate specific security measures as set out in, and in compliance with, a security program appropriate to meet the requirements of the national civil aviation security program approved by the national civil aviation authority.

Within the EU there is an ongoing effort to develop a detailed implementation plan, including the possible simplification and streamlining of the current regulations for aviation security introduced as a direct consequence of the events of 11 September 2001. Work is also ongoing to harmonize EU regulations with corresponding rules in non-EU countries, such as those with respect to the handling and import of liquids and tax-free items.

Air safety

The Group's operations are subject to a wide range of safety standards. Annex III to Regulation (EEC) No. 3922/91, as amended, ("**EU OPS**") details common technical requirements as well as safety and related procedures applicable to commercial transportation by aircraft. The EU OPS requirements and procedures relate to, among other things, certification and supervision, flight operations, weather conditions, aircraft performance and equipment, maintenance, flight crew, cabin crew and transportation of dangerous goods.

European Aviation Safety Agency ("**EASA**") is an EU agency created under Regulation (EC) No. 1592/2002 (subsequently repealed by (EC) No. 216/2008). Under (EC) No. 216/2008 EASA's responsibilities include provision of expert advice to the EU for the purpose of new legislation, implementation and surveillance of safety rules, type-certification of aircraft and components, authorization of non-EU aircraft operators and safety analysis and research. EASA works with the national civil aviation authorities of EEA member states and has assumed certain of their functions in the interest of aviation standardization across the EEA.

Implementing regulations extending EASA powers to safety certification of airports in the EU are currently under discussion and are likely to come into force in the near future.

Insurance

Regulation (EC) No. 785/2004 prescribes insurance requirements for air carriers and aircraft operators regarding their liability in respect of passengers, luggage, cargo and third parties. Each of the air carrier and aircraft operator is responsible for obtaining sufficient cover as prescribed by this regulation. For further information about the Company's insurance coverage, see Section 10.5 "Insurance".

Competition

Airlines operating in the EU must observe EU competition rules, in particular Articles 101 and 102 of the FEU Treaty, which seek to address anti-competitive behavior. Article 101(1) prohibits agreements, decisions by associations of undertakings and concerted practices that restrict competition, whereas Article 102 is directed towards the unilateral conduct of firms with a dominant market position that act in an abusive manner.

An agreement that falls within Article 101(1) is not necessarily unlawful. Agreements, decisions or concerted practices that satisfy certain conditions may qualify for an individual exemption under Article 101(3) or fall under a so-called block exemption. In principle, individual entities must assess for themselves whether their agreements, concerted practices and decisions are compatible with Article 101 of the FEU Treaty.

Regulation (EC) No. 487/2009, which codifies Regulation (EC) No. 3976/87, authorizes the European Commission to apply the exemptions of Article 101(3) to certain categories of agreements and concerted practices in the air transport sector in respect of traffic within the EU as well as in respect of traffic between the EU and non-member states. While this authority has been used in the past, there are currently no block exemptions in force under Regulation (EC) No. 487/2009 or the previous Regulation (EC) No. 3976/87. It should nevertheless be noted that the European Commission has adopted general block exemptions for certain types of horizontal and vertical agreements that apply also to the air transport sector.

13.4 NORWEGIAN REGULATORY FRAMEWORK

Aviation laws and regulations of Norway have been harmonized as a result of, and are to a large extent based on, international standards and EU regulations.

The principal national civil aviation law in Norway is the Norwegian Aviation Act of 1993 ("Luftfartsloven") with detailed regulations issued by the national aviation regulator, the Norwegian Civil Aviation Authority ("Luftfartstilsynet").

13.5 REGULATION OF NON-EEA SERVICES

The Group's services that involve airports located in non-EEA countries are subject to regulation under international air services agreements. These are agreements between states or between a state and a group of states (such as the EU) that establish how airlines are authorized to serve routes between the territories of the parties to the agreement, what routes can be served,

regulation of pricing (if any) and conditions for operations and sales in the territory of one party for airlines authorized by the other party. Historically, many bilateral air services agreements contained provisions regarding the designation of airlines by the bilateral partners to operate air services that permitted only the designation of airlines which were owned and controlled by nationals of the relevant country. For EU airlines, the ownership and control requirements in international air services agreements have changed substantially as a result of the *Open Skies* judgment of the European Court of Justice of 5 November 2002 which ruled that the maintenance of restrictive ownership and control provisions in air services agreements with non-EU countries breached EU law.

13.6 OTHER LEGAL AND REGULATORY DEVELOPMENTS

13.6.1 Flight time limitations

Council Regulation (EEC) 3922/91 on EU civil aviation rules (as last amended by Regulation (EC) No. 859/2008 of 20 August 2008) imposes restrictions on maximum total duty time, duty block time and daily flight duty periods for crew members and stipulates rest periods. The regulation is part of the EEA Agreement, and is therefore binding on nationals of Iceland, Liechtenstein and Norway.

On 29 January 2014, the European Commission Regulation 83/2014 amending Regulation 965/2012 was published in the Official Journal. It has more than 30 provisions aimed at improving safety rules on pilot and crew fatigue, such as a reduction of flight duty time at night by 45 minutes. It became effective as of 18 February 2016. The regulation is part of the EEA Agreement, and is therefore binding on nationals of Iceland, Liechtenstein and Norway.

13.6.2 Environmental regulations

Commercial aviation uses aircraft that are internationally approved according to ICAO certification standards. Environmental approval is an integral part of national registrations of aircraft. Environmentally-based national and/or local permits, rules and regulations provide a framework for aircraft use. The current trend is toward stricter environmental framework conditions for the airline industry.

Airlines need no separate environmental licenses or permits for their operations, but rely on permits that airport operators have, such as for handling of fuel and glycol for aircraft de-icing, runway de-icing, and threshold levels for noise and emissions. There is an exemption for the use of the hazardous gaseous fire suppression agent halon in fire extinguishers on board aircraft. Halon use is heavily restricted under the Montreal Protocol on Substances that Deplete the Ozone Layer of 1987, as amended, and airline operators must submit annual reports to the authorities on the use and storage thereof.

Emissions trading

In February 2009, Directive 2008/101/EC came into force, amending Directive 2003/87/EC and bringing the aviation industry within EU ETS. EU ETS is a cap and trade scheme established in 2003 by Directive 2003/87/EC as a means of securing compliance with its obligations to reduce greenhouse gas emissions under the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

All flights departing from, and arriving at, EU airports have been included within EU ETS from 2012. The legislation applies to EU and non-EU airlines alike. Emissions from flights to and from Iceland, Liechtenstein and Norway are also covered under the EEA Agreement. Incoming flights may be exempted from the EU ETS if the EU recognizes that the country of origin is taking measures to limit aviation emissions from departing flights.

EU ETS delivers a market price for carbon, capping total emissions to a fixed limit with operators required to surrender allowances for each reporting year to cover their total emissions. Under the legislation, airlines are granted a certain number of allowances free of charge based on historical emissions and their share of the total aviation market; further allowances are auctioned by EU Member States.

The inclusion of the aviation sector in EU ETS is likely to have a substantial negative effect on the European aviation industry, including the Group, despite the young age of its aircraft fleet. In

addition to the financial impact, inclusion in EU ETS imposes administrative burdens (in particular, monitoring and reporting obligations) on participants.

While a challenge to the inclusion of the aviation industry in EU ETS on the grounds of international law was rejected by the European Court of Justice in 2011 (Case C-366/10), a number of non-EU countries, including China, India, Russia and the United States, remain strongly opposed to the inclusion of international aviation in EU ETS.

In April 2013, the Council of the EU adopted a decision temporarily deferring enforcement of the obligations of aircraft operations in respect of incoming and outgoing international flights under EU ETS for 2012 ("stop the clock"). This derogation temporarily exempted airlines from the EU ETS requirement to report carbon emissions for flights between EU airports and third countries and sanctions will not be imposed for failure to report. It applied from 24 April 2013. EU ETS continues to apply in full for intra-EU flights. In October 2013, the European Commission published guidance (2013/C 289/01) clarifying how authorities in Member States should implement this decision, including its geographical extent and how aviation allowances should be allocated and returned for 2012.

The EU ETS Aviation Amending Regulation came into force on 30 April 2014 (Regulation (EC) No. 421/2014 amending Directive 2003/87/EC). It established a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions. The Regulation amends the EU ETS by extending the effect of the Stop the Clock Decision of 2013 until 31 December 2016, exempting small non-commercial aircraft operators from 2013 to 2020 and postponing obligations to report emissions for flights within the EEA.

In December 2018, the EU Commission adopted implementing regulation 2018/2066 pursuant to Directive 2003/87/EC and amending Commission Regulation 601/2012. The regulation shall apply to emissions and activity data occurring from 1 January 2021.

13.6.3 Taxes and charges on air travel

Air travel is subject to numerous taxes and charges, which are typically levied on the basis of national legislation and thus vary among countries. Examples of traffic charges paid by carriers and included in air fares are take-off and landing charges, emission charges, noise charges, terminal navigation charges and en route charges. Additional passenger charges are paid by every customer on top of the fare to cover, for example, the cost of airport terminals, facilities and air travel-related security. In addition, certain countries impose a special air passenger tax to travelers who depart from airports within such countries. Tickets may also be subject to a separate ticket tax as well as value added tax. Normally, charges and taxes that are not included in an air carrier's fare must be included in the total ticket price when the carrier advertises to the public.

In accordance with a policy issued by ICAO in the 1950s, jet fuel for international commercial aviation is untaxed. The European Commission has been advocating within ICAO to introduce a global carbon tax on jet fuel. However, there has been considerable opposition to such a tax among ICAO members and as of the date of this Offering Memorandum no such measures have been introduced or are planned to be introduced.

Norway levies both a carbon tax and a tax on nitrogen oxide (Nox) on aviation.

In addition, Norway levies a passenger tax on all commercial flights of NOK 84 per passenger. The Norwegian government has, in the national budget for 2019, proposed to make the passenger tax progressive depending on the length of the flight, charging NOK 75 per passenger on flights inside Europe and NOK 200 per passenger on flights outside Europe.

13.6.4 Other legislation

The airline industry is highly regulated and airlines cannot always pass on to their customers the costs associated with regulation. Regulatory changes can have an adverse impact on airlines' costs, flexibility, marketing strategy, business model and ability to expand.

14. NORWEGIAN TAXATION

14.1 INTRODUCTION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on Norwegian laws, rules, and regulations in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The summary does not address foreign tax laws.

The following summary is of a general nature and does not purport to be a comprehensive description of all Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

14.2 NORWEGIAN SHAREHOLDERS

14.2.1 Taxation of dividends

14.2.1.1 Norwegian Individual Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Individual Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of currently 31.68% (the nominal rate is 22% but the taxable income is multiplied with a factor of 1.44) to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills ("statskasseveksler") with three months' maturity. The allowance is calculated for each calendar year, and it is allocated solely to Norwegian Individual Shareholders holding shares at the expiration of the relevant income year.

Norwegian Individual Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("**Excess Allowance**") may be carried forward and set off against future dividends received on, or gains upon realization of, the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share in the following years.

14.2.1.2 Norwegian Corporate Shareholders

Dividends received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are effectively taxed at a rate of 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and subject to tax at a flat rate of currently 22%). For Norwegian Corporate Shareholders that are considered to be financial institutions (e.g. banks etc.) the applicable effective tax rate is 0.75% (3% of dividend income is subject to tax at the flat tax rate for financial institutions of currently 25%).

14.2.2 Taxation of capital gains on realization of shares

14.2.2.1 Norwegian Individual Shareholders

Sale, non-proportionate redemption, or other disposals of shares is considered as realization for Norwegian tax purposes. A capital gain or loss derived by a Norwegian Individual Shareholder through realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal and taxable

at an effective rate of 31.68% (the nominal rate is 22% but the taxable income or deductible loss is multiplied with a factor of 1.44).

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Individual Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct any Excess Allowance, cf. Section 14.2.1.1 above. Any Excess Allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any Excess Allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

14.2.2.2 Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

14.2.3 Taxation of Subscription Rights

14.2.3.1 Norwegian Individual Shareholders

A Norwegian Individual Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered as realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholders through a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at an effective rate of 31.68% (the nominal rate is 22% but the taxable income or deductible loss is multiplied with a factor of 1.44).

Capital gains related to subscription rights granted to employees as a consequence of their employment will be regarded as employment income and thus taxable at a marginal (maximum) rate of 46.4%. The employer will be required to calculate and pay employer's social security contributions at a (maximum) rate of 14.1%.

14.2.3.2 Norwegian Corporate Shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of subscription rights qualifying for the Norwegian participation exemption. Losses upon the realization and costs incurred in connection with the purchase and realization of such subscription rights are not deductible for tax purposes

14.2.4 Net wealth tax

The value of shares and subscription rights held by Norwegian Individual Shareholders as at 1 January in the year of assessment (i.e. the year following the relevant fiscal year) is included in the basis for the computation of net wealth tax imposed on such shareholders. Currently, the marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

14.3 FOREIGN SHAREHOLDERS – NORWEGIAN TAXATION

14.3.1 Taxation of dividends

14.3.1.1 Non-Norwegian Individual Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Individual Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation. Documentation requirements apply to Non-Norwegian Shareholders who claim entitlement to a reduced withholding tax rate. Non-Norwegian Individual Shareholders may be required to provide a Certificate of tax residence, which cannot be older than three years at the time of the dividend resolution, in order to benefit from a reduced withholding tax rate.

Non-Norwegian Individual Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance in respect of each individual share (please see "Norwegian Individual Shareholders" under Section 14.2.2 above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% calculated on the gross dividend less the tax-free allowance.

If a Non-Norwegian Individual Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Individual Shareholder, as described above.

Non-Norwegian Individual Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply individually to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

14.3.1.2 Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders that are limited liability companies not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities in Norway, the shareholder will be subject to the same taxation as a Norwegian Corporate Shareholders, as described above.

Documentation requirements apply to Non-Norwegian Shareholders who claim entitlement to a reduced withholding tax rate or a withholding tax exemption. These documentation requirements vary depending on whether the Shareholders claims a reduced withholding tax rate in accordance with an applicable tax treaty or whether the Shareholder claims a tax exemption based on being a tax resident in another EEA country and depending on whether the Non-Norwegian Corporate Shareholder has previously qualified for a reduced rate for, or an exemption from, the withholding tax. Thus, Non-Norwegian Corporate Shareholders should consult with their own tax advisers in order to determine the documentation required. The documentation requirements apply equally to nominee registered shares.

Non-Norwegian Corporate Shareholders who have suffered to a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax withheld. The same applies to Non-Norwegian Corporate Shareholders within the EEA that are exempt from Norwegian tax on dividends, pursuant to participation exemption.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

14.3.2 Taxation of capital gains on realization of shares

14.3.2.1 Non-Norwegian Individual Shareholders

Gains from the sale or other disposals of shares in the Company by a Non-Norwegian Individual Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Individual Shareholder holds the shares in connection with business activities carried out in or managed from Norway. In such cases the shareholder will be subject to the same taxation as Norwegian Individual shareholders.

14.3.3 Non-Norwegian Corporate Shareholders

Capital gains derived from the sale or other type of realization of shares in the Company by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway

14.3.4 Taxation of Subscription Rights

A Non-Norwegian Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Non-Norwegian Shareholders are not subject to taxation in Norway unless the Non-Norwegian Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway. In such cases the shareholder will be subject to the same taxation as Norwegian shareholders. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

14.3.5 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax.

Non-Norwegian Individual Shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

14.3.6 Inheritance tax

Effective 1 January 2014, there is no inheritance tax in Norway.

14.4 VAT AND TRANSFER TAXES

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

14.5 INHERITANCE TAX

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

15. LEGAL MATTERS

15.1 LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, except from those described below in this Section 15.1.

15.1.1 Pilot and cabin crew unions

Through their respective unions, pilots and cabin crew that have been subject to business transfers from NAS to NAN and from NAN to local national resourcing entities for pilots and cabin crew in Norway, have raised claims that NAS primarily, NAN alternatively, shall be considered employer.

The crew had originally entered into employment agreements with NAS. NAS decided to restructure the Group in the autumn of 2013. Pilots and cabin crew were then, in several rounds, transferred to other companies in the Group. Firstly, the crew demanded ruling of employer's liability because NAS had continued to exercise real employer functions for them. Secondly, the crew stated that they were illegally hired pursuant to Section 14-12, fourth paragraph, of the Working Environment Act, cf. section 14-9, first paragraph. In addition, the pilots demanded NAN's employer liability because the company had illegally transferred the pilots during strike, alternatively because the pilots were illegally hired for NAN.

Oslo District Court (No: *Oslo tingrett*) ruled in favor of the pilots and cabin crew. NAS appealed the ruling.

Borgarting Appellate Court (No: *Borgarting lagmannsrett*) ruled in favor of NAS and NAN and found that the transfer of the NAN pilots to Norwegian Pilot Services Norway was valid even though it occurred while the pilots were striking.

The ruling was appealed to the Supreme Court (No.: *Høyesterett*), and was admitted to a hearing in the Supreme Court. On 12 December 2018, the Supreme Court ruled in NAS' and NAN's favor and decided that the employees were not entitled to employment neither with NAS nor with NAN.

15.1.2 Reassessment from the Central Tax Office for Large Enterprises

The Group has, since the end of 2013, continuously reorganized its operations, and in 2013 and 2014, the Company transferred parts of its business to Irish group companies as a part of this international reorganization process. The Group's reorganization was carried out under the tax rules on contingent tax-free transfers within a group and the freedom of establishment under the EEA agreement. In March 2017, the Company received a reassessment from the Central Tax Office for Large Enterprises in which the tax office argues that the rules on contingent tax free transfers within a group do not apply to the transfer of the business in 2013. The reassessment resulted in increased taxable income in 2013. In addition, the tax office has notified the Group that the rules on contingent tax-free transfers within a group similarly do not apply to the transfer in 2014. In June 2018, Norwegian received reassessments from the tax office regarding the other business transfers carried out in 2013 and 2014, in which the tax office upholds its view from the previously received draft reassessment proposals.

The Company and its tax advisor are still of the opinion that the reassessment by the tax office is without merit and the Company has, thus, not made any provision for any potential tax claim in its 2017 financial statement or the 2018 quarterly reports. This view is especially supported by the fact that the tax assessment appeal board at the same tax office in 2013 ruled in a similar case that the rules on contingent tax-free transfers within a group when read in conjunction with the freedom of establishment under the EEA agreement indeed applies to transfer of a business from a group company in Norway to a group company within the EU.

The company has concluded that the possibility of any outflow in settlement is remote. The reassessments received in June have been appealed.

15.1.3 Claims based on Regulation (EC) 261/2004

the jurisdictions in which it operates. Many of these proceedings relate to claims arising in the ordinary course of business including, but not limited to, litigation relating to service interruption, flight delays, cancellations and lost or damaged luggage.

Claims for care and compensation as per Regulation (EC) 261/2004 (the EU regulation establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights) account for a significant proportion of the Group's exposure to litigation and administrative proceedings and are also a significant cost component. The Group complies with Regulation (EC) 261/2004 where it applies.

The Group's potential liability is not only determined in litigation to which itself is a party, but also in litigation involving other carriers, as decisions issued by higher courts of EU member states and the European Court of Justice may create precedence to which the Group seeks to comply. Such precedents can potentially both widen or narrow the scope of liability for carriers under Regulation (EC) 261/2004, and may also affect claims retrospectively.

The Group aims to resolve all claims from passengers for Regulation (EC) 261/2004 compensation in an expedited manner without resorting to dispute resolution procedures, however, because of e.g. processing delays or disagreement concerning the eligibility, claims are sometimes also escalated to national enforcement bodies within the EU/EEA (NEBs), alternative dispute resolution bodies (ADRs) or to the courts of the relevant EU/EEA member state. Such proceedings will be ongoing in the ordinary course of business.

15.2 MATERIAL CONTRACTS WHICH NORWEGIAN IS DEPENDENT ON IN ITS ORDINARY COURSE OF BUSINESS

Aircraft purchase commitments

The Group has several aircraft purchase commitments from agreements entered into with Boeing and Airbus. An overview of these agreements is presented in Section 9.4 "Investments".

Operating leases

In addition to the aircraft purchased from Boeing and Airbus, the Group is currently operating 62 Boeing 737-800 aircraft, 4 Boeing 737-8 Max aircraft and 22 Boeing 787 (both -8 and -9) aircraft on operating leases from external leasing companies. The lease agreements on the Boeing 737 aircraft expire between the third and twelfth anniversary of the Delivery Date from the lessor to the lessee for each Aircraft. Some of the lease agreements have extension options. The lease agreements on the Boeing 787 aircraft expire on the twelfth anniversary of the Delivery Date of the aircraft. A few of the 787s have purchase options before maturity.

From 2008 to 2018, 99 aircraft were delivered. In 2018, 14 aircraft (2017: 22) were delivered on operating lease agreements to the Group, including sale and leaseback of 4 737-8 Max aircraft, 2 737-800 aircraft and 2 787-9 Dreamliners.

Renegotiations have resulted in the extension of some of the shorter leases. In 2017, the Group redelivered 6 aircraft, whilst 4 aircraft were redelivered in 2018. Further aircraft will be redelivered in 2019 and onwards, as the lease agreements expire and over half of the oldest lease agreements of B737NGs will be redelivered to its lessors within 2023.

Leasing costs expensed on aircraft lease within operational expenses was NOK 4,351.4 million in 2018 (2017: NOK 3,889.7 million). Included in leasing costs are wetlease and operating lease costs on aircraft from sale-and-leaseback transactions.

In addition, the Group leases 14 (2017: 13) cars and 124 (2017: 45) properties in Oslo, Dublin and London, in addition to properties in all the operating bases worldwide. Leasing costs related to cars and properties expensed in other operating expenses in 2018 was NOK 93.8 million. (2017: NOK 73.4 million).

Annual minimum rent on non-cancellable operating lease agreements per December 31 is as follows:

(NOK 1,000)	Nominal value 2018				Nominal value 2017			
	Aircraft	Cars	Property	Total	Aircraft	Cars	Property	Total
Within one year	5,035,910	1,285	70,341	5,107,535	4,551,261	1,284	70,666	4,623,211
Between 1 and 5 years	17,656,894	3,752	191,623	17,852,269	16,468,302	5,028	117,562	16,590,892
After 5 years	16,912,385	0	147,746	17,060,131	17,239,792	0	48,741	17,288,534

The aircraft's minimum lease payments consist of ordinary lease payments and expensed deferred lease payments resulting from non-interest bearing deposits paid at inception of lease agreements. The overview above also includes external leased aircraft scheduled to be received in 2019 where agreements already are entered into. Payments for maintenance reserves are not included due to dependency on future utilization. Current estimates of maintenance reserves payments over the lease agreements 31 December 2019: NOK 10,499.6 million in 2018 (2017: NOK 11,842 million). Aircraft leases committed through letter of intent are not included in the table above.

Other contracts

The Company has selected the Rolls-Royce Trent 1000 engine to power all new 787-Dreamliners. The contract, signed with Rolls-Royce, includes "Total Care" long-term support agreements which include all maintenance, spare parts and other support services. The contract value quoted at list price is USD 450 million when comprising 18 engines.

The Company has entered into a maintenance agreement with Boeing comprising all long-haul aircraft on order. The agreement secures cost efficient maintenance and has a duration of twelve years.

On 18 December 2015, the Group signed an agreement to lease out twelve Airbus 320neo aircraft to airline HK Express. The first five aircraft were delivered from December 2016 to May 2018, and then sold to another lessor at a profit. Currently, there are 7 aircraft left to be delivered on lease to HK Express.

Bond agreements

For further information on the bond agreements, please refer to Section 10.3.3 "Overview of debt facilities and debt maturities".

15.3 AGREEMENTS OUTSIDE NORWEGIAN'S ORDINARY COURSE OF BUSINESS

15.3.1 Agreements related to Bank Norwegian's core business

License Agreement

Bank Norwegian AS ("**Bank Norwegian**") and NAB, a wholly-owned subsidiary of NAS, have entered into a trademark license agreement (the "**License Agreement**") pursuant to which Bank Norwegian is granted a right to use the following intellectual property rights in Norway, Sweden, Denmark and Finland:

- (i) *"the mark/combined brand "Norwegian", also in combination with "bank" or any compounded words"; and*
- (ii) *"designs and graphical design of websites according to the pattern that Norwegian Air Shuttle uses at any time".*

Bank Norwegian may, however, only use the license in relation to its activities in the bank sector.

Neither of the parties to the License Agreement may terminate, except in certain situations, e.g., in case of material failure by the other party to meet its obligations pursuant to the License Agreement. Unless a termination event occurs, the License Agreement will, based on an addendum dated 20 June 2018 (the "**Addendum**") have a duration for 10 years from such date.

One of the termination events is the situation where NAS' ownership interest in Bank Norwegian falls to less than 10%, further provided however that the occurrence of such situation is not due to

NAS' voluntary sale of shares or dilution due to a private placement of shares where NAS had the opportunity to participate. This termination event was deleted in the Addendum.

Otherwise, the License Agreement includes terms and conditions typical to arrangements of the same or similar nature.

Reward Agreement

NAS and Bank Norwegian have entered into a reward agreement covering Norway, Sweden, Denmark and Finland (the "**Reward Agreement**"). According to the Reward Agreement, Bank Norwegian became a partner of "Norwegian Reward" – NAS' loyalty program where members earn "CashPoints". The "Norwegian Reward" program is owned and managed by NAS.

As a partner of "Norwegian Reward", "CashPoints" may be earned through the use of Bank Norwegian's credit card, and which may then be used to purchase airline tickets with the Company.

Neither of the parties to the Reward Agreement may terminate, except in certain situations, e.g., in case of material failure by the other party to meet its obligations pursuant to the Reward Agreement. Unless a termination event occurs, the Reward Agreement will have a duration for 10 years from 20 June 2018.

One of the termination events is the situation where NAS' ownership interest in Bank Norwegian falls to less than 10%, further provided however that the occurrence of such situation is not due to NAS' voluntary sale of shares or dilution due to a private placement of shares where NAS had the opportunity to participate. This termination event was deleted in the Addendum.

Otherwise, the Reward Agreement includes terms and conditions typical to arrangements of the same or similar nature.

Agency Agreement

NAS and Bank Norwegian have entered into an agency agreement covering (the "**Agency Agreement**") pursuant to which NAS shall act as an agent for Bank Norwegian for the marketing, distribution and sale of (the "**Products**"):

(i) credit cards to existing and new customers of NAS in Norway, Sweden, Denmark and Finland; and

(ii) financing of flights purchased by NAS' customers (in respect of this type of financing, the Agency Agreements only covers Norway and Sweden – and not Denmark or Finland).

NAS' duties under the Agency Agreement are limited to the marketing, distribution and sale of the Products, and any contractual relation resulting from such marketing, distribution and sale is solely and exclusively between Bank Norwegian and the customer in question.

Generally, the Agency Agreement includes terms and conditions typical to arrangements of the same or similar nature.

The Agency Agreement runs, pursuant to the Addendum, for a period of 10 years from 20 June 2018. Prior to that, neither of the parties may terminate the agreement, except in the event that: (i) a party materially fails to perform its obligations, or (ii) the Reward Agreement is terminated.

15.3.2 Agreements related to Lilienthal Finance Limited

On 7 December 2018, NAS and NAB entered into an agreement with Lilienthal Finance Limited ("**Lilienthal**") under which Lilienthal acquired from NAS and NAB corresponding rights in Europe outside the Nordic countries and on corresponding terms, to the rights acquired by Bank Norwegian in the Nordic countries under the License Agreement, the Reward Agreement and the Agency Agreement, respectively. The rights acquired by Lilienthal under the said agreement are exclusive and Lilienthal must commence utilization of the rights within three years. The parties' intention is that Lilienthal shall apply for a banking license in Ireland and start banking business there without delay.

Simultaneously, NAS acquired from the sole shareholder of Lilienthal, HBK, the right to acquire up to 40% of the shares in Lilienthal on fair market value. The said shares may be acquired by NAS or by the shareholders of NAS according to terms as further specified in the agreement.

15.4 RELATED PARTY TRANSACTIONS

15.4.1 Introduction

Under Norwegian law, an agreement between the Company and a Shareholder, a Shareholder's parent, a director of the Company or the Company's CEO, or any connected person to a Shareholder or a Shareholder's parent, which involves consideration from the Company in excess of 1/20th of the Company's share capital at the time of such agreement is not binding on the Company unless the agreement has been approved by a General Meeting. Certain exemptions may apply, e.g. business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements, as well as the purchase of securities at a price which is in accordance with the official quotation. Any performance of an agreement which is not binding on the Company must be reversed, renewed or extended, but the material terms have remained the same from time to time.

15.4.2 Lease agreement with Fornebu Næringseiendom 1 AS

The Group leases its property at Fornebu from Fornebu Næringseiendom 1 AS, which is a fully owned subsidiary of HBK Holding AS, being the Company's largest Shareholder. The leasing agreement entitles the Group to lease Oksenøyveien 3 at Fornebu until 2030, with an option to extend the lease for another five years. The lease agreement is exempted from the requirements for approval by the General Meeting since it is entered into in the Company's ordinary course of business and contains pricing and other terms which are normal for such agreements.

15.4.3 Agreements related to Lilienthal Finance Limited

On 7 December 2018, NAS and NAB entered into an agreement with Lilienthal under which Lilienthal acquired from NAS and NAB corresponding rights in Europe outside the Nordic countries and on corresponding terms, to the rights acquired by Bank Norwegian in the Nordic countries under the License Agreement, the Reward Agreement and the Agency Agreement, respectively. The rights acquired by Lilienthal under the said agreement are exclusive and Lilienthal must commence utilization of the rights within three years. The parties' intention is that Lilienthal shall apply for a banking license in Ireland and start banking business there without delay.

Simultaneously, NAS acquired from the sole shareholder of Lilienthal, HBK, the right to acquire up to 40% of the shares in Lilienthal on fair market value. The said shares may be acquired by NAS or by the shareholders of NAS according to terms as further specified in the agreement.

15.4.4 Summary

The following transactions were carried out with related parties (NOK 1,000):

Sales (-) and purchases (+) of goods and services (excl VAT)	2019 up until 31 Jan	2018	2017	2016
- Simonsen Vogt Wiig AS (legal services)	671	15,180	15,084	11,397
- Fornebu Næringseiendom (property rent)	-	18,931	13,469	15,559
- OSM Aviation Ltd. (incl. subsidiaries; crew management services)	179,358	1,876,704	1,660,185	746,762

Year-end balances arising from sales/purchases of goods/services (incl VAT)	2019 up until 31 Jan	2018	2017	2016
Payables to related parties				
- Simonsen Vogt Wiig AS (legal services)	240	809	851	252
- Fornebu Næringseiendom (property rent)	-	6,086	-	4,771
- OSM Aviation Ltd. (incl. subsidiaries; crew management services)	163,180	197,683	191,036	37,206

Transactions between Group Companies have been eliminated in the consolidated financial statements and do not represent related party transactions.

16. ADDITIONAL INFORMATION

16.1 DOCUMENTS ON DISPLAY

For the life of the Prospectus, the following documents (or copies thereof), where applicable, may be inspected at the offices of the Company (Oksenøyveien 3, 1336 Lysaker, Norway):

- The Company's the certificate of registration and Articles of Association;
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;
- The historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document; and
- This Prospectus

16.2 ADVISERS

The Company has engaged DNB Markets, a part of DNB Bank ASA (Dronning Eufemias gate 30, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway) as Sole Global Coordinator and Joint Bookrunner for the Rights Issue and Arctic Securities AS (Haakon VIIIs gate 5, 0161 Oslo, Norway) and Danske Bank, Norwegian branch (Bryggetorget 4, P.O. Box 1170 Sentrum, N-0107 Oslo, Norway) as Joint Bookrunners.

Advokatfirmaet Simonsen Vogt Wiig AS (Filipstad Brygge 1, 0252 Oslo, Norway) is acting as legal counsel to the Company.

Advokatfirmaet Wiersholm AS (Dokkveien 1, 0250 Oslo, Norway) is acting as legal counsel to the Managers and has carried out certain legal due diligence investigations on behalf of the Managers in connection with the Rights Issue.

In addition, Ernst & Young AS (Dronning Eufemias Gate 6, 0191 Oslo, Norway) has carried out certain financial due diligence investigations on behalf of the Managers in connection with the Rights Issue.

16.3 DOCUMENTS INCORPORATED BY REFERENCE

The Group incorporates by reference its audited consolidated financial statements as at, and for the years ended, 31 December 2015, 2016 and 2017, the unaudited consolidated statements as at, and for the year ended, 31 December 2018, and certain other documents specified below.

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Sections 8-10	Audited historical financial information	Norwegian Air Shuttle ASA, Årsrapport 2015: https://www.norwegian.no/globalassets/ip/documents/ab-out-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian-annual-report-2015-interactive.pdf	P62-P81
		Norwegian Air Shuttle ASA, Årsrapport 2016: https://www.norwegian.no/globalassets/ip/documents/ab-out-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian-annual-report-2016-interactive.pdf	P60-P78
		Norwegian Air Shuttle ASA, Årsrapport 2017: https://www.norwegian.no/globalassets/ip/documents/investor-relations/annual-report-2017.pdf	P62-P80

Sections 4.2.1	Audit reports	Norwegian Air Shuttle ASA, Årsregnskap 2015: https://www.norwegian.no/globalassets/ip/documents/ab-out-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian-annual-report-2015-interactive.pdf	P82
		Norwegian Air Shuttle ASA, Årsregnskap 2016: https://www.norwegian.no/globalassets/ip/documents/ab-out-us/company/investor-relations/reports-and-presentations/annual-reports/norwegian-annual-report-2016-interactive.pdf	P79
		Norwegian Air Shuttle ASA, Årsregnskap 2017: https://www.norwegian.no/globalassets/ip/documents/investor-relations/annual-report-2017.pdf	P81
Sections 8-10	Unaudited historical financial information	Norwegian Air Shuttle ASA, Kvartalsrapport Q4 2018: https://www.norwegian.no/globalassets/ip/documents/ab-out-us/company/investor-relations/reports-and-presentations/interim-reports/norwegian-q4-2018-report.pdf	P1-P19
Sections 12.8	A statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime(s)	Norwegian Air Shuttle ASA, Årsrapport 2017: https://www.norwegian.no/globalassets/ip/documents/investor-relations/annual-report-2017.pdf	P97-P100

17. DEFINITIONS AND GLOSSARY

AAA	Arctic Aviation Assets DAC
Addendum	The addendum to the License Agreement dated 20 June 2018
Additional Underwriters	Certain Pre-Committing Shareholders as further described in Section 5.22 "The Underwriting"
Agency Agreements	The two agency agreement entered into between NAS and Bank Norwegian effective from 1 January 2014
AGM	The Annual General Meeting in NAS
Air Service Regulation	Pursuant to Regulation (EC) No. 1008/2008
Airbus GMF	Airbus Global Market Forecast
Aircraft lease expense	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary Revenue/PAX	Ancillary passenger revenue divided by passengers
Annual General Meeting(s)	"Annual General Meetings" mean the annual general meetings of shareholders in the Company; and "Annual General Meeting" means any one of them
ANAC	Argentine Administratcion Nacional de Aviacion Civil
Anti-Money Laundering Legislation	Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulation
AOC	Air Operator's Certificate
Arctic	Arctic Securities AS
Articles of Association	NAS' articles of association
ASK	Available Seat Kilometres
Average Sector Length	Total flown distance divided by number of flights
Bank Norwegian	Bank Norwegian AS, business reg. no. 991 455 671
Better Airports Package	A package of measures containing a proposed revised regulation on common rules for the allocation of slots to address capacity shortages at European airports and improve the quality of services offered to passengers adopted by the European Commission in December 2011
Block hours	Average number of hours per day every operational aircraft is utilized (time of block off to block on – industry standard measure to aircraft utilization)
Board of Directors or Board	The board of directors of Norwegian Air Shuttle ASA
Boeing FTM	Boeing Fleet Technical Management
Book equity per share	Total equity divided by number of shares outstanding

CAGR	Compound annual growth rate
CASK	Cost per available seat-kilometer
CEO	Chief executive officer
CET	Central European Time
CFO	Chief financial officer
Chicago Convention	The Convention on International Civil Aviation of 1944
CO2 per RPK	Amount of CO2 emissions divided by RPK
Code	The Corporate Governance Code ("Norsk anbefaling for eierstyring og selskapsledelse" or "NUES")
Company, NAS or Norwegian Air Shuttle	Norwegian Air Shuttle ASA, business reg. no. 965 920 358
Company Register	The Norwegian Register of Business Enterprises
Danske Bank	Danske Bank, Norwegian branch
Deloitte	Deloitte AS, business reg. no. 980 211 282
DNB Markets	DNB Markets, a part of DNB Bank ASA
Director(s)	The directors of the Board
EASA	The European Aviation Safety Agency
EBIT	Earnings Before Interest and Taxes
EBIT excl other losses/(gains)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net
EBIT margin	EBIT divided by total operating revenue
EBITDA	Represents operating income before depreciation and write-downs
EBITDA excl other losses/(gains)	Earnings before net financial items, income tax expense (income), depreciation, amortization and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net
EBITDA margin	EBITDA divided by total operating revenue
EBITDAR	Earnings Before Income Tax, Depreciation, Amortization and Restructuring Costs
EBITDAR margin	EBITDAR divided by total operating revenue
EBT	Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Consolidated Income Statement in the annual report
EBT margin	EBT divided by total operating revenue

EEA	European Economic Area
EEA Agreement	The agreement with the European Union regarding the EEA
EETCs	European export credit agencies
EFTA	European Free Trade Association
EGM	The extraordinary general meeting in the Company which was held on 13 April 2018
Eligible Shareholders	Shareholders as of 20 March 2018 as documented by the shareholders register in the VPS on 22 March 2018, who were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action
Equity Ratio	Book equity divided by total assets
EU	European Union
EU ETS	The EU emissions trading system
EU OPS	Annex III to Regulation (EEC) No. 3922/91, as amended
EUR	Euro, the currency introduced at the start of the third stage of the Economic and Monetary Union to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.
Excess Allowance	Any part of the calculated allowance one year exceeding the dividend distributed on the share
Exchange Act	U.S. Securities Exchange Act of 1934, as amended
Ex-Im	Export-Import Bank of the U.S.
Existing Shareholder	The shareholders of the Company as 19 February 2019 (and being registered as such in VPS on the Record Date).
Extraordinary General Meeting(s)	"Extraordinary General Meetings" mean the extraordinary general meetings of shareholders in the Company; and "Extraordinary General Meeting" means any one of them
Financial Statements	The Group's consolidated financial statements as of, and for the years ended, 31 December 2017, 2016 and 2015
First Convention	The Convention on Compensation for Damage caused by Aircraft to Third Parties Resulting From Acts of Unlawful Interference Involving Aircraft
Flight Compensation Regulation	Regulation (EC) No. 261/2004
Foreign EEA Corporate Shareholders	Foreign Shareholders that are corporations tax resident within the EEA for tax purposes
Foreign EEA Personal Shareholders	Foreign Shareholders who are individuals tax-resident within the EEA

Forward-looking statements	Projections and expectations regarding the Group's future financial position, business strategy, plans and objectives
FSMA	The Financial Services and Markets Act 2000 (UK)
Fuel Consumption (metric tonnes)	Aviation fuel consumed, presented in metric tons
GDP	Gross Domestic Product
GDPR	The General Data Protection Regulation
General Meeting(s)	"General Meetings" mean the Annual General Meetings and Extraordinary General Meetings in the Company; and "General Meeting" means any one of them
GLEIF	The Global Legal Entity Identifier Foundation
Group or Norwegian	Norwegian Air Shuttle ASA, business registration number 965 920 358, and its Subsidiaries
Group Company/-ies	Norwegian Air Shuttle ASA and its Subsidiaries
IAG	International Airline Group, the owner of British Airways and Spanish carrier Iberia
IATA	The International Air Transport Association
ICAO	Assembly of the International Civil Aviation Organization
ICCT	The International Council on Clean Transportation
IFRS	International Financial Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "Standing Interpretations Committee" (SIC))
Ineligible Jurisdictions	Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada Hong Kong, the United States or Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares
Ineligible Persons	Ineligible Shareholders or other persons in an Ineligible Jurisdiction
Ineligible Shareholders	Shareholders registered with the VPS as at the Record date who are residents in an Ineligible Jurisdiction
Unaudited 2018 Financial Statements	The Group's unaudited consolidated financial statements as of, and for the year ended, 31 December 2018
IAA	Aviation Authority of Ireland
ISIN	International Securities Identification Number
LCC	Low Cost Carrier
LEI	Legal Entity Identifier
License Agreement	The trademark license agreement entered into between Bank

Norwegian and NAB effective from 1 January 2014

Lilienthal	Lilienthal Finance Limited
Load Factor	RPK divided by ASK. Describes the utilization of available seats
LOI	Letter of Intent
LOU	Local Operating Units
Management	The executive management of the Group
Managers	DNB Markets, Arctic and Danske Bank
MBM	Market-based mechanism
Montreal Convention	The Convention for the Unification of Certain Rules for International Carriage by Air of 1999
NAA	Norwegian Air Argentina
NAB	Norwegian Brand Limited
NAI	Norwegian Air International Limited
NAN	Norwegian Air Norway AS, business reg. no. 912 084 949
NAR	Norwegian Air Resources Limited
NAS or Company	Norwegian Air Shuttle AS, business reg. no. 965 920 358
NCAA	Civil Aviation Authority of Norway
Net interest-bearing debt	Long-term borrowings plus short-term borrowings less cash and cash equivalents
NGAAP	Norwegian Generally Accepted Accounting Principles
NOFI	Norwegian Finans Holding ASA
NOK	Norwegian Kroner, the lawful currency of the Kingdom of Norway
Non-Norwegian Corporate Shareholders	Shareholders that are limited liability companies not resident in Norway for tax purposes
Non-Norwegian Individual Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian FSA	Financial Supervisory Authority of Norway (No.: <i>Finanstilsynet</i>)
Norwegian Individual Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Securities Trading Act	The Securities Trading Act of 29 June 2007 no. 75 (No.: <i>verdipapirhandelloven</i>)

NSE	Norwegian Air Sweden AB
NUK	Norwegian UK Limited
Offer Share(s)	The Share(s) offered for subscription in the Rights Issue
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
ORSNA	Regulatory Organism of the National Airport System
Oslo Børs or Oslo Stock Exchange	Oslo Børs ASA (translated "the Oslo Stock Exchange")
Other losses/(gains)-net	Gains and losses from foreign currency contracts, forward fuel contracts, adjustment of market value for total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets
PAX	Passenger
Payment Date	13 March 2019
Payment Guarantors	DNB Markets, a part of DNB Bank ASA and Danske Bank, Norwegian branch
PDP financing	Financing of aircraft pre-delivery
PLLC	A Norwegian Public Limited Liability Company (<i>No. "allmennaksjeselskap"</i>), as regulated by the Norwegian Public Limited Liability Companies Act
Pre-Committing Shareholders	Has the meaning ascribed to such term in Section 5.22 "The Underwriting"
Products	Credit cards and financing of flights as described in the Agency Agreements
Prospectus	This Prospectus dated 21 February 2019
Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act dated 13 June 1997 no. 45
QIB	A qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act
Qualifying National	EEA nationals, Nationals of Switzerland and in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Air Services Regulation
RASK	Ticket revenue per available seat kilometer
Record Date	21 February 2019
Regulation S	Regulation S under the U.S. Securities Act
Relevant Member State	Each member state of the EEA other than Norway
Reward Agreement	Reward agreement entered into between NAS and Bank

Norwegian effective from 1 January 2014

Rights Issue	The offering of 90,871,318 Offer Shares at a Subscription Price of NOK 33.00 per Offer Share with Subscription Rights for Existing Shareholders, as further described in Section 5 "The Rights Issue".
Rome Convention	The Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface of 1952
RPK	Revenue Passenger Kilometres
Rule 144A	Rule 144A under the U.S. Securities Act
Second Convention	The Convention on Compensation for Damage Caused by Aircraft to Third Parties
Settlement Agent	DNB Markets, acting as settlement agent in the Rights Issue
Share(s)	"Shares" mean the existing and new shares in the Company; and "Share" means any one of them
Shareholder Register	NAS' shareholder register
Shareholder(s)	"Shareholders" mean the Company's existing shareholders, from time to time; and "Shareholder" means any one of them
Slot Regulation	Council Regulation (EEC) No. 95/93 (as amended by Regulation (EC) No. 793/2004)
STA	Swedish Transport Agency
Sterna Finance	Sterna Finance Ltd., a company indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family
Sublease Agreement	The agreement between NAS and Bank Norwegian for the sublease of office premises at Oksenøyveien 3 in the municipality of Bærum
Subscriber(s)	"Subscribers" means the Eligible Shareholders subscribing in the Subsequent Offering; and "Subscriber" means any one of them
Subscription Form	The subscription form in the Subsequent Offering attached as Appendix 2 hereto
Subscription Period	From and including 22 February 2019 at 9:00 (CET) to 16:30 (CET) on 8 March 2019
Subscription Price	The subscription price for the Offer Shares, being NOK 33.00
Subscription Rights	The subscription rights to the Offer Shares
Supreme Court	The Supreme Court of Norway (No.: <i>Høyesterett</i>)
Target Market Assessment	Shall have the meaning ascribed to it in Section 5.29 "Product governance"
Total operating expenses excl. leasing, depreciation and	Total operating expenses not including aircraft lease expenses, depreciation, amortization and impairment

amortization	
Total operating expenses excl depreciation and amortization	Total operating expenses not including depreciation, amortization and impairment
Total Underwriting Commitment	Has the meaning ascribed to such term in Section 5.22 "The underwriting"
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
UK	The United Kingdom
UK CAA	Civil Aviation Authority of the United Kingdom
Unaudited 2018 Financial Statements	The Group's consolidated unaudited financial statements as of, and for the year ended, 31 December 2018
Underwriters	DNB Markets, a part of DNB Bank ASA, Sterna Finance Ltd. and Danske Bank, Norwegian Branch
Underwriting Agreement	The agreement for the underwriting of the Rights Issue between the Underwriters, the Additional Underwriters and the Company, dated 29 January 2019, as amended by a pricing supplemented dated 18 February 2019
Unit cost	Total operating expenses excl depreciation and amortization, excluding other losses/(gains)-net, divided by ASK
Unit cost excl depreciation ex fuel	Total operating expenses excl depreciation and amortization, excluding other losses/(gains)-net and aviation fuel expense, divided by ASK
Unit cost excl depreciation	Total operating expenses excl depreciation and amortization and excluding other losses/(gains)-net, divided by ASK
Unit cost incl depreciation	Total operating expenses, excluding impairment and other losses/(gains)-net, divided by ASK
Unit cost incl depreciation ex fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expense, divided by ASK
Unit Revenue	Passenger revenue divided by ASK (as defined above)
U.S.	United States of America
USD	U.S. dollar, the lawful currency of the United States of America
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes a paperless securities registration system
VPS account	An account with VPS for the registration of holdings of securities
Vueling	Vueling Airlines S.A
Yield	Passenger revenue divided by RPK, being a measure of average fare per kilometer

APPENDIX A

ARTICLES OF ASSOCIATION

Articles of Association of Norwegian Air Shuttle ASA (the "Company")

(org. no. 965 920 358)

Last amended on 8 May 2018

Article 1

The name of the Company is Norwegian Air Shuttle ASA. The Company is a public limited liability company.

Article 2

The Company's registered office is in Bærum.

Article 3

The Company's objective is to be engaged in aviation, other transport and travel related business activities as well as activities connected therewith.

The Company may also directly or indirectly be engaged in other forms of internet-based provision of goods and services, including car-rental, hotel booking, payment services, financial services and services related to credit cards.

Participation in such activities as mentioned may be take place through co-operation agreements, ownership interests or by any other means.

Article 4

The Company's share capital is NOK 4,543,705.90 divided into 45,437,059 shares, each with a nominal value of NOK 0.10.

Article 5

The Company's board of directors (the "Board of Directors") shall consist of six to eight members as determined by the decision of the Company's general meeting (the "General Meeting").

Article 6

Power of signing for the Company is vested in the Chairman alone or any two members of the Board of Directors signing jointly. The Board of Directors may delegate the power of signing.

Article 7

The Company shall hold its annual General Meeting (the "Annual General Meeting") each year before the end of the month of June. At least three weeks written notice must be given to call the Annual General Meeting. The notice calling the meeting shall include the agenda for the meeting. Shareholders wishing to attend the Annual General Meeting must, in the manner directed by the Board, give notice of this to the Company no later than three days before the date of the meeting. The Chairman of the Board of Directors shall be the chairman of Annual General Meeting.

The Annual General Meeting will consider and decide upon:

1. Approval of the Annual Report and Accounts, including any dividend,
2. Election of the Board of Directors; and
3. All such other matters as are dealt with by a general meeting by the operation of law or pursuant to these Articles of Association.

The General Meeting may be held in the municipality of Oslo.

Article 8

The Company shall have an election committee. The committee's duty is to issue a recommendation to the Annual General Meeting (and other General Meetings as the case may be) regarding the election of shareholder-elected members and deputy members of the Board of Directors. The committee consists of four members who shall be shareholders or representatives of shareholders.

The chair of the Board of Directors is a permanent member of the committee, while the three other members are elected by the General Meeting. Committee members are elected for two years at a time.

Article 9

The entire Board of Directors will serve as the Company's audit committee.

Article 10

When documents concerning matters to be considered at the General Meeting are made available to shareholders on the Company's website, the statutory requirement that the documents should be sent to the shareholders is considered fulfilled. A shareholder may nevertheless request that documents concerning matters that will be considered and decided upon at the General Meeting are sent to him or her.

Article 11

Shareholders have the right to attend and vote at the General Meeting when the stock acquired is recorded in the shareholder register no later than the fifth business day before the meeting (record date).

Article 12

If there are circumstances that in the Board of Directors' opinion may cause the Company's or any of its subsidiaries' authorisations to carry out air traffic operations to be annulled or temporary revoked on the grounds of violation of provisions in bilateral civil aviation agreements or violation of statutory rules requiring the Company and/or its subsidiaries to be owned and controlled by shareholders who are EEA nationals, the Board of Directors shall effectuate one or more of the following actions:

1. The Board of Directors may request that shareholders not being domiciled within EEA to either sell shares or see to that such shares are owned and controlled by persons and/or companies domiciled within the EEA.
2. The Board of Directors may compel shareholders that (i) are non-EEA nationals and (ii) have acquired shares in the Company and (iii) by such acquisition cause the Company to violate provisions as mentioned in this Clause 12 first paragraph, within a time-limit as further determined by the Board of Directors to sell shares in a portion sufficient to so as to ensure that the Company no longer violates the above mentioned provisions regarding ownership and control. The permitted time to sell shares shall preferably not be shorter than 14 days as from notification has been given to the shareholder. Sale shall be performed to such extent that, in the Board of Directors' opinion, circumstances as mentioned in Clause 12 first paragraph do no longer exist.

An order to sell shares pursuant to this sub-clause (ii) shall preferably be done in reverse chronological order so that shareholders that acquired their shares last shall sell their shares first. When determining the time for acquisition, the date for entry in the VPS (the Norwegian Central Securities Depository) shall be used as basis.

3. Subject to the Company being entitled to acquire treasury shares in accordance with the Norwegian public limited liability companies act (as amended from time to time), the Board of Directors may decide that the Company shall acquire treasury shares in the Company from shareholders that (i) are non-EEA nationals and (ii) have acquired shares in the Company and (iii) by such acquisition conduce or cause the Company to violate provisions as mentioned in this Clause 12 first paragraph. Shareholders as mentioned in the preceding sentence are obliged to make such sale. The Company's acquisition of treasury shares pursuant to this sub-clause (iii) shall be performed in such extent that, in the Board of Directors' opinion, circumstances as mentioned in Clause 12 first paragraph do not longer exist.

Acquisition pursuant to this Sub-clause (iii) shall preferably be done in reverse chronological order so that shares that were acquired last shall be acquired by the Company first. When determining the time for acquisition, the date of entry in the VPS (the Norwegian Central Securities Depository) shall be used as basis.

The price to be applied for the Company's acquisition pursuant to this sub-clause (iii) shall be fixed to the closing price at the Oslo Stock Exchange as per the day prior to the acquisition is taking place, deducted by 25 %.

The assessment as to whether a shareholder is an EEA national shall be based on the at any time prevailing guidelines applied by the Civil Aviation Authority.

Article 13

If there are circumstances that in the Board of Directors' opinion may cause the Company's or any of its subsidiaries' authorizations to carry out air traffic operations to be annulled or temporary revoked on the grounds of violation of provisions in bilateral civil aviation agreements or violation of statutory rules requiring the Company and/or its subsidiaries to be owned and controlled by shareholders who are EEA nationals, the Board of Directors may, in addition to the actions pursuant to Clause 12, decide that shares that are owned by shareholders that (i) are non EEA nationals and (ii) have acquired shares in the Company and (iii) by such acquisition cause the Company to violate provisions as mentioned in this Clause 12 first paragraph, shall be redeemed by reduction of the share capital of the Company, cf. the Norwegian public limited liability companies act, section 12-7.

Redemption shall preferably be done in reverse chronological order so that shares that were acquired last shall be redeemed first. When determining the time for acquisition, the date for entry in the VPS (the Norwegian Central Securities Depository) shall be used.

The redemption price shall be fixed to the closing price at the Oslo Stock Exchange as per the day prior to the redemption is taking place, deducted by 25 %.

APPENDIX B

SUBSCRIPTION FORM FOR THE RIGHTS ISSUE

General information: The terms and conditions of the Rights Issue of 90,871,318 new shares (the "Offer Shares") in Norwegian Air Shuttle ASA (the "Company") pursuant to a resolution by the Company's extraordinary general meeting held on 19 February 2019, are set out in the prospectus dated 21 February 2019 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this subscription form (the "Subscription Form"). The notice of, and the minutes from, the extraordinary general meeting (with enclosures), the Company's articles of association and the annual accounts and directors' reports for the last two years are available at the Company's registered office at Oksøyveien 3, 1366 Lysaker, Norway.

Subscription procedure: The subscription period is from and including 22 February 2019 to 8 March 2019 at 16:30 hours (CET) (the "Subscription Period"). Correctly completed Subscription Forms must be received by one of the Managers no later than 8 March 2019 at 16:30 hours (CET) at one of the following addresses or email addresses: DNB Markets, Registrar Department, P.O. Box 1600 Sentrum, N-0021 Oslo, Norway or email: retail@dnb.no, Arctic Securities AS: P.O. Box 1833 Vika, N-0123 Oslo, Norway or email: subscription@arctic.com, or Danske Bank, Norwegian branch: P.O. Box 1170 Sentrum, N-0107 Oslo, Norway or email: emisjoner@danskebank.com. The subscriber is responsible for the correctness of the information inserted on the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Managers without notice to the subscriber.

Subscribers who are Norwegian residents with a Norwegian personal identity number (Nw.: personnummer) are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.dnb.no/emisjoner, www.arctic.com/secno or www.danskebank.no/nas which will redirect the subscriber to the VPS online subscription system). Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period.

Neither the Company nor the Managers may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by one of the Managers. Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after being received by one of the Managers or, in the case of subscriptions through the VPS online subscription system, the online subscription registration. By signing and submitting this Subscription Form, or registering a subscription through the VPS online subscription system, the subscriber confirms and warrants to have read the Prospectus and to be eligible to subscribe for Offer Shares under the terms set forth therein.

Subscription Price: The subscription price in the Rights Issue is NOK 33.00 per Offer Share (the "Subscription Price").

Subscription Rights: The shareholders of the Company as of 19 February 2019 (and being registered as such in the VPS at the expiry of 21 February 2019 pursuant to the two days' settlement procedure (the "Record Date")) will be granted subscription rights (the "Subscription Rights") in the Rights Issue that, subject to applicable law,

provide preferential right to subscribe for, and be allocated, Offer Shares at the Subscription Price. The Subscription Rights will be listed and tradable on the Oslo Stock Exchange from 22 February 2019 to 16:30 hours (CET) on 6 March 2019 under the ticker code "NAS T". **The subscription rights will hence only be tradable during part of the Subscription Period.** Existing Shareholders will be granted two (2) Subscription Rights for every one (1) Share registered as held by such Existing Shareholder as of the Record Date. Subscription Rights will not be issued in respect of the existing shares held in treasury by the Company. Subscription Rights acquired during the Subscription Period carry the same right to subscription as the Subscription Rights held by Existing Shareholders. Each Subscription Right will, subject to applicable securities laws, give the right to subscribe for, and be allocated, one Offer Share. Over-subscription and subscription without Subscription Rights is permitted. **Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period (i.e. 8 March 2019 at 16:30 hours (CET)) or sold before 6 March 2019 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder.**

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. The Company reserves the right to reject or reduce any subscription for Offer Shares not covered by Subscription Rights. No fractional Offer Shares will be allocated. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the VPS on or about 11 March 2019.

Payment: The payment for Offer Shares allocated to a subscriber falls due on 13 March 2019 (the "Payment Date"). By signing this Subscription Form, subscribers having a Norwegian bank account irrevocably authorise DNB Markets (the "Settlement Agent") to debit the bank account specified below for the subscription amount payable for the Offer Shares allocated to the subscriber. The Settlement Agent is only authorised to debit such account once, but reserves the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date. The subscriber furthermore authorises the Settlement Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Settlement Agent (DNB Markets) on telephone number +47 23 26 80 20 for further details and instructions.

PLEASE SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account	Number of Subscription Rights	Number of Offer Shares subscribed (incl. over-subscription)	(For broker: Consecutive no.)
SUBSCRIPTION RIGHTS' SECURITIES NUMBER: ISIN NO 0010842990			
		Subscription Price per Offer Share	Subscription amount to pay
		X NOK 33.00	= NOK _____

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 33.00).	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	(Norwegian bank account no.)																		

In accordance with the terms and conditions set out in the Prospectus and this Subscription Form, I/we hereby irrevocably subscribe for the number of Offer Shares specified above and grant the Settlement Agent authorisation to debit (by direct debiting or manually as described above) the specified bank account for the payment of the Offer Shares allocated to me/us. By signing this Subscription Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Subscription Form.

Place and date
Must be dated in the Subscription Period

Binding signature. The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney should be attached.

INFORMATION ON THE SUBSCRIBER

First name:	<input type="text"/>
Surname/company:	<input type="text"/>
Street address:	<input type="text"/>
Post code/district/ Country:	<input type="text"/>
Personal ID number/ Organisation number:	<input type="text"/>
Legal Entity Identifier ("LEI")/National Client Identifier ("NID") number ¹ :	<input type="text"/>
Nationality:	<input type="text"/>
E-mail address:	<input type="text"/>
Daytime telephone number:	<input type="text"/>

¹ An LEI number is a global identification code for legal entities, where the LEI is a 20-character alphanumeric code assigned to uniquely identify a legal entity that is a counterparty to a financial transaction. An NID number is a global identification code for natural persons. As a result of MiFID II/MIFIR, all legal entities and natural persons need an LEI/NID number in order to participate in financial transactions from 3 January 2018. For Norwegian citizens, the NID code is the same as the national identification number (Nw. "personnummer"), with "NO" as a prefix

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive (MiFID II) of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect the Managers must categorise all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Rights Issue who are not existing clients of the Managers will be categorised as non-professional clients. Subscribers can by written request to one of the Managers ask to be categorised as a professional client if the subscriber fulfils the applicable requirements of the Norwegian Securities Trading Act. For further information about the categorisation, the subscriber may contact one of the Managers. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of an investment decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

The Managers will receive a consideration from the Company and will in conducting its work have to take into consideration the requirements of the Company and the interests of the investors subscribing under the Rights Issue and the rules regarding inducements pursuant to the requirements of the Norwegian MiFID II Regulations (implementing the European Directive for Markets in Financial Instruments (MiFID II)).

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to Section 19 of the Prospectus "Selling and transfer restrictions". The making or acceptance of the Rights Issue to persons who have registered addresses outside Norway, or who are resident in, or citizens of, countries outside Norway, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person outside Norway wishing to subscribe for Offer Shares under the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and the Offer Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities law of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and Offer Shares in the United States. Notwithstanding the foregoing, the Offer Shares may be offered to and the Subscription Rights may be exercised by or on behalf of, persons in the United States reasonably believed to be QIBs, in offerings exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, provided such persons satisfy the Company that they are eligible to participate on such basis. Persons in the United States exercising Subscription Rights to acquire Offer Shares will be required to execute an investor letter in a form acceptable to the Company and the Managers. The Subscription Rights and the Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan and may not be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan except pursuant to an applicable exemption from applicable securities laws. This Subscription Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, the Prospectus will not be distributed in the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan. Except as otherwise provided in the Prospectus, the Subscription Rights and the Offer Shares may not be transferred, sold or delivered in the United States, Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, South Africa or Japan. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid.

Execution Only: The Managers will treat the Subscription Form as an execution-only instruction. None of the Managers are required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Financial Undertakings Act and foreign legislation applicable to the Managers there is a duty of secrecy between the different units of each of the Managers, as well as between the Managers and other entities in the Managers' respective groups. This may entail that other employees of the Managers or the Managers' respective groups may have information that may be relevant to the subscriber, but which the Managers will not have access to in their capacity as Managers for the Rights Issue.

Information Barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in the Managers' respective corporate finance departments are kept confidential, the Managers' other activities, including analysis and stock broking, are separated from the Managers' corporate finance departments by information walls. The subscriber acknowledges that the Managers' respective analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions of the Shares, including the Offer Shares, as a consequence of such information walls.

VPS Account and Mandatory Anti-Money Laundering Procedures: The Rights Issue is subject to the Norwegian Money Laundering Act No. 23 of June 1, 2018 and the Norwegian Money Laundering Regulations No. 1324 of September 14, 2018 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers with one of the Managers must verify their identity to one of the Managers in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by one of the Managers. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares. Further, in participating in the Rights Issue, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the European Economic Area (the "EEA"). Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Financial Supervisory Authority of Norway. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Personal data: The applicant confirms that it has been provided information regarding the Managers' processing of personal data, and that it is informed that the Managers will process the applicant's personal data in order to manage and carry out the Offering and the application from the applicant, and to comply with statutory requirements.

The data controllers who are responsible for the processing of personal data are the Managers. The processing of personal data is necessary in order to fulfil the application and to meet legal obligations. The Norwegian Securities Trading Act and the Norwegian Money Laundering Act require that the Managers process and store information about clients and trades, and control and document activities. The applicant's data will be processed confidentially, but if it is necessary in relation to the purposes, the personal data may be shared between the Managers, the company(ies) participating in the offering, with companies within the Managers' groups, VPS, stock exchanges and/or public authorities. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it.

If the Managers transfer personal data to countries outside the EEA, that have not been approved by the EU Commission, the Managers will make sure the transfer takes place in accordance with the legal mechanisms protecting the personal data, for example the EU Standard Contractual Clauses.

As a data subject, the applicants have several legal rights. This includes i.e. the right to access its personal data, and a right to request that incorrect information is corrected. In certain instances, the applicants will have the right to impose restrictions on the processing or demand that the information is deleted. The applicants may also complain to a supervisory authority if they find that the Managers' processing is in breach of the law. Supplementary information on processing of personal data and the applicants' rights can be found at the Managers' websites.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

- The service "Payment by direct debiting - securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
- Costs related to the use of "Payment by direct debiting - securities trading" appear from the bank's prevailing price list, account information and/or information given by other appropriate manner. The bank will charge the indicated account for costs incurred.
- The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
- In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act, the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
- The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.
- The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
- If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 8.75% per annum as of the date of the Prospectus. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act, not be delivered to such subscriber. In order to enable timely registration of the share capital increase pertaining to the Rights Issue with the Norwegian Register of Business Enterprises, the Company has entered into a payment guarantee agreement with DNB and Danske Bank (the "Payment Guarantors") pursuant to which the Payment Guarantors have undertaken to pay for any Offer Shares for which payment has not been received on or prior to the Payment Date, excluding (i) the Offer Shares not subscribed for by the expiry of the Subscription Period (which, if any, shall be subscribed and paid for in accordance with the terms and conditions of the Underwriting Agreement) and (ii) the Offer Shares subscribed for by the Pre-committing Shareholders. The Payment Guarantors' obligations under the payment guarantee agreement are several (and not joint and several) and limited to an amount NOK 721,368,153 for DNB Markets and NOK 499,792,227 for Danske Bank (NOK 1,221,160,380 in total). Pursuant to such payment guarantee agreement, the Payment Guarantors will pay any subscription amounts not paid by subscribers when due, limited upwards to the guaranteed amount. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Payment Guarantors. The Offer Shares allocated to such subscribers will be transferred to a VPS account operated by the Settlement Agent on behalf of the Payment Guarantors and will be transferred to the non-paying subscriber when payment of the subscription amount for the relevant Offer Shares is received. However, the Payment Guarantors reserve the right to sell on behalf of the subscriber or assume ownership of the Offer Shares from and including the fourth day after the Payment Date without further notice to the subscriber in question in accordance with section 10-12 (4) of the Norwegian Public Limited Liability Companies Act if payment has not been received within the third day after the Payment Date. If the Offer Shares are sold on behalf of the subscriber, the subscriber will remain liable for payment of the subscription amount, together with any interest, loss, costs, charges and expenses suffered or incurred by the Company and/or the Payment Guarantors as a result of or in connection with such sales. The Company and/or the Payment Guarantors may enforce payment for any amount outstanding in accordance with Norwegian law. If the Payment Guarantors decide not to assume ownership to the unpaid Offer Shares, the Settlement Agent, on behalf of the Company, reserves the right, at the risk and cost of the subscriber to, at any time from and including the fourth day after the Payment Date, cancel the subscription and to reallocate or otherwise dispose of allocated Offer Shares for which payment is overdue, on such terms and in such manner as the Settlement Agent may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, loss, costs, charges and expenses accrued and the Settlement Agent, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law. For further information of overdue and late payments, see section 5.15 "Payment for the Offer Shares" of the Prospectus.

National Client Identifier and Legal Entity Identifier: In order to participate in the Rights Issue, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("NID") and legal entities will need a so-called Legal Entity Identifier ("LEI").

NID code for physical persons: As of 3 January 2018, physical persons will need a NID code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NID code is the 11 digit personal ID ("fødselsnummer"). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NID code can be used. Subscribers are encouraged to contact their bank for further information.

LEI code for legal entities: As of 3 January 2018, legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorized LEI issuer, and obtaining the code can take some time. Subscribers should obtain a LEI code in time for the subscription. For more information visit www.gleif.org. Further information is also included in Section 5.19 ("LEI number") of the Prospectus.



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