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Norwegian Air Shuttle ASA

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

Prospectus in connection with

The listing on Oslo Børs of 5,436,134 Tranche 2 Shares, issued in the Private Placement, and offering and listing of up to 1,290,323 Offer Shares, each with a nominal value of NOK 0.10, at a subscription price of NOK 155 per Offer Share, in the Subsequent Offering.

Subscription Period for the Subsequent Offering:

From and including 12 June 2018 to 16:30 (CET) at 25 June 2018

THE OFFER SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND 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 IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. EACH U.S. SHAREHOLDER ON THE RECORD DATE WISHING TO SUBSCRIBE FOR OFFER SHARES MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" (A "QIB") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT, OR (B) AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(A) UNDER THE U.S. SECURITIES ACT, IN EACH CASE ACQUIRING THE OFFER SHARES FOR INVESTMENT PURPOSES FOR ITS OWN ACCOUNT. ONLY U.S. SHAREHOLDERS ON THE RECORD DATE WHO HAVE COMPLETED AND RETURNED THE CERTIFICATION ARE AUTHORIZED TO PARTICIPATE IN THE SUBSEQUENT OFFERING. THE OFFER SHARES WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 5.11 "SELLING AND TRANSFER RESTRICTIONS". BY ACCEPTING THIS PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

THE DISTRIBUTION OF THIS PROSPECTUS IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

SEE "RISK FACTORS" IN SECTION 2 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE OFFER SHARES.

Managers

Arctic Securities AS, Carnegie AS, Danske Bank A/S, Norwegian branch and Pareto Securities AS

11 June 2018

Important information

This prospectus (the "**Prospectus**") has been prepared in order to provide information about Norwegian Air Shuttle ASA ("**NAS**" or the "**Company**") and its business in connection with (i) the listing on Oslo Børs of 5,436,134 new Shares in the Company, each with a par value of NOK 0.10 (the "**Tranche 2 Shares**"), for gross proceeds in the amount of NOK 842,600,770 ("**Tranche 2**"), issued as part of a private placement directed towards existing shareholders and other Norwegian and international investors (the "**Private Placement**"), of which only the Tranche 2 requires a listing prospectus, and (ii) a subsequent offering (the "**Subsequent Offering**") and listing of up to 1,290,323 new Shares in the Company (the "**Offer Shares**"), with subscription rights (the "**Subscription Rights**") issuable to shareholders as of end of trading 20 March 2018 as registered with VPS on 22 March 2018 (the "**Record Date**"), except for shareholders who (a) were allocated Shares in the Private Placement, or (b) are restricted from participating due to laws and regulations in their home country jurisdiction (collectively, the "**Eligible Shareholders**") as described herein. The Private Placement and the Subsequent Offering are hereinafter jointly referred to as the "**Offering**" and the listing of the Tranche 2 Shares and the Offer Shares is hereinafter referred to as the "**Listing**".

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

The Company has furnished the information in this Prospectus. Arctic Securities AS ("**Arctic**"), Carnegie AS ("**Carnegie**"), Danske Bank A/S, Norwegian branch ("**Danske Bank**") and Pareto Securities AS ("**Pareto Securities**") (together the "**Managers**") make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Managers. 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: 11 June 2018) 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.

All inquiries relating to this Prospectus should be directed to the Company or the Managers. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with Tranche 2 and the Subsequent Offering, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Managers.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Subsequent Offering or Offer Shares arising after the publication of this Prospectus and before the end of the Subscription Period will be published as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Subsequent Offering at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If in any doubt about the contents of this Prospectus, readers should consult their stockbroker, bank manager, lawyer, accountant or other professional adviser.

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.

Unless otherwise indicated or the context otherwise requires, all references in this Prospectus to the "**Group**" are to the Company together with its consolidated subsidiaries.

Investing in the Shares of the Company involves risks. See Section 2 "Risk factors" of this Prospectus.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, any securities in any jurisdictions in any circumstances in which such offer or solicitation is not lawful or authorized. The Company and the Managers require that persons in possession of this Prospectus inform themselves about and to observe such restrictions.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those person to whom, offers and sales of the Offer Shares (pursuant to the exercise of Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and 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 and 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 in compliance with any applicable securities law of any state or other jurisdiction of the 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 16.2 "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	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. 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. 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.
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	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.
B.3	Current operations, principal activities	The Company's business is defined in § 3 of its articles of association (the "**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 Company was founded in 1993, but only began operating as a low-cost carrier with bigger Boeing 737 aircraft in 2002. The Company is constantly introducing brand new aircraft to its fleets and is launching new routes and establishing new bases in Europe, Asia, South America and the United States (the "**U.S.**"). As of the end of 2017, the Group's fleet comprised 153 aircraft, excluding 4 aircraft being leased out by the Group to third party operators, and the Group had an additional 210 aircraft on order, including Boeing MAXs, Boeing 787 Dreamliners, Airbus A321 Long Ranges and Airbus A320s. The Group has four main business areas: 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. 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, and Norwegian Air Argentina ("**NAA**"), based in Buenos Aires, Argentina. The Group's commercial airline activities are operated through 28 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
B.4	Significant recent events and trends	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. The news triggered a significant increase in the trading price of the Shares on the Oslo Børs. The Board has, in line with its established principles for such situations, engaged financial and legal advisors and is prepared to handle various scenarios that may occur following the announcement. Since 12 April 2018, the Company has received enquiries from several parties who have expressed indicative and preliminary interest in Share acquisitions, mergers, structured transactions, financing of the Group and various forms of operational and financial cooperation. These indications of interest have been preliminary and subject to a number of conditions. The Company is seeking further information and clarifications in a number of areas so that it can evaluate such proposals to determine whether they provide sufficient basis for entering into specific discussions. As at the date hereof, the Company has not entered into any agreements or specific negotiations in relation to the received indications. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the Shares, which have been rejected by the Company on the basis that they undervalue the Company and its prospects. The Company has not received any legally binding commitment from IAG to make an offer for the Shares in the Company. There can be no assurance that any transaction will materialize on attractive terms or at all.

		Key recent trends in the airline industry revolve around political factors, as well as new market models being introduced by market participants. 2017 was a challenging year 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, Berlin and Alitalia administration). 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. Competitors have reacted to the Group's long-haul growth. In 2017, IAG launched a new low-cost long-haul airline, "Level". Operations started with two A330s, serving the US and South America from Barcelona. Level will grow further in 2018 with bases in Paris and expected growth in Barcelona. In addition, British Airways have reacted to the Group's London growth by adding seats to their Boeing 777s flying out of Gatwick. Further on, Aer Lingus has changed their 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. In 2018, 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.
B.5	Description of the Group	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. The Group's commercial airline activities are organized in the ultimate parent company, Norwegian Air Shuttle ASA. As stated in Section B.3 above, the wholly-owned subsidiaries NAI, NUK, NAN, and NAA each holds an AOC in its relevant jurisdiction. Norwegian Brand Limited ("**NAB**"), a wholly-owned subsidiary of the Company, is responsible for developing and maintaining the Norwegian brand across all business areas.

		Norwegian Cargo AS, based at Fornebu, Norway, carries out the Group's commercial cargo activities. Norwegian Holidays AS, also based at Fornebu, Norway, provides holiday packages to customers in the end-market through the Group's web booking. The Company plans to spin out its loyalty program, Norwegian Reward, into a separate legal entity, Norwegian Reward AS (formerly known as Call Norwegian AS). Norwegian Reward has been, and will following such spin-out be, a separate business unit with its own management. 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).
B.6	Interests in Norwegian Air Shuttle and voting rights	The 20 largest Shareholders in the Company per 8 June 2018 are shown in the table below:

#	Shareholder	Shareholding	Share
1	Arctic Securities AS	5,436,134	12.31%
2	HBK Holding AS	4,587,175	10.39%
3	Folketrygdfondet	2,746,556	6.22%
4	J.P. Morgan Securities PLC	1,833,077	4.15%
5	Verdipapirfondet DNB Norge (IV)	1,786,677	4.04%
6	Ferd AS	1,629,032	3.69%
7	Danske Invest Norske Instit. II.	1,075,332	2.43%
8	Clearstream Banking S.A	684,041	1.54%
9	Verdipapirfondet Pareto Investment	682,752	1.54%
10	Sneisungen AS	645,161	1.46%
11	Danske Bank AS	577,925	1.30%
12	Danske Invest Norske Aksjer Inst.	570,797	1.29%
13	Verdipapirfondet DNB Norge Selekti	549,113	1.24%
14	Stenshagen Invest AS	500,395	1.13%
15	KLP AksjeNorge	414,889	0.93%
16	Norda ASA	354,222	0.80%
17	DNB Markets	353,074	0.79%
18	SEB AB, Markets Equity Stockholm	351,060	0.79%
19	JP Morgan Chase Bank, N.A., London	349,621	0.79%

20	Danske Bank A/S	314,466	0.71%
	Total	**25,441,499**	**57.54%**

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% or more 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.

B.7 Selected historical key financial information

Key financial data for the Group

In NOK millions	**Q1 2018**	**Q1 2017**	**Year 2017**	**Year 2016**	**Year 2015**
Total operating revenue		5 406	30 948	25 951	22 491
EBITDAR		-607	3 948	5 958	3 694
EBITDA		-1 338	59	3 116	1 481
EBIT		-1 702	-2 002	1 821	348
EBT		-1 848	-2 562	1 508	75
Net profit/ loss (-)		-1 492	-1 794	1 135	246
Book equity per share (NOK)		70,9	114,4	113,2	113,2
Equity ratio (%)		6 %	5 %	11 %	9 %
Net interest bearing debt		20 178	22 265	21 151	17 131

Ratios in NOK	**Q1 2018**	**Q1 2017**	**Year 2017**	**Year 2016**	**Year 2015**
Yield		0,33	0,39	0,42	0,44
Unit Revenue		0,28	0,34	0,36	0,38
Unit Cost		0,44	0,43	0,41	0,42

Unit Cost ex fuel	0,34	0,33	0,32	0,31
Ancillary Revenue/PAX	138	145	134	129
Internet bookings	76 %	75 %	75 %	77 %
ASK (million)	14 649	72 341	57 910	49 028
RPK (million)	12 368	63 320	50 798	42 284
Passengers (million)	6,7	33,1	29,3	25,8
Load Factor	84,4 %	87,5 %	87,7 %	86,0 %
Average sector length (km)	1 531	1 607	1 473	1 407
Fuel consumption (metric tonnes)	299 201	1 465 100	1 190 017	1 015 337
CO2 per RPK	76	73	74	76

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

	Unaudited		Audited		
In NOK million	**Q1 2018**	**Q1 2017**	**2017**	**2016**	**2015**
Revenue	6 993	5 256	30 948	25 951	22 491
Total operating revenue	**6 993**	**5 256**	**30 948**	**25 951**	**22 491**
Operational expenses	5 837	4 137	20 132	15 183	13 626
Payroll and other personnel expenses	1 550	1 166	5 316	3 971	3 434
Other operating expenses	486	560	1 552	839	1 737
Total operating expenses ex lease	**7 873**	**5 863**	**27 000**	**19 992**	**18 797**
EBITDAR	**-880**	**-607**	**3 949**	**5 958**	**3 694**
Leasing	1 010	731	3 890	2 842	2 213
EBITDA	**-1 890**	**-1 338**	**59**	**3 116**	**1 481**
Depreciation and amortization	336	364	1 405	1 296	1 133
Impairment assets held for sale			656		
Operating profit / loss (EBIT)	**-2 226**	**-1 702**	**-2 002**	**1 820**	**348**
Interest income	16	11	71	44	74
Interest expense	243	185	959	686	463
Other financial income (expenses)	1 872	-33	35	118	13
Net financial items	**1 646**	**-207**	**-852**	**-525**	**-376**
Share of profit from associated companies	65	61	292	213	103
Profit (loss) before tax	**-515**	**-1 848**	**-2 562**	**1 508**	**75**
Income tax expense (income)	-469	-357	-768	373	-171
PROFIT (LOSS) FOR THE YEAR	**-46**	**-1 491**	**-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 March 2018 and 2017 (unaudited), prepared in accordance with IFRS.

	Unaudited		Audited		
	Q1	Q4			
In NOK million	2018	2017	2017	2016	2015
ASSETS					
Non-current assets					
Intangible assets	1 689	1 220	1 220	440	800
Tangible fixed assets	32 833	31 451	31 451	30 100	24 812
Fixed asset investments	922	1 656	1 656	1 430	913
Total non-current assets	**35 444**	**34 328**	**34 328**	**31 969**	**26 525**
Current assets					
Inventory	114	102	102	103	104
Investments	3 228	696	696	353	
Receivables	7 677	4 358	4 358	3 014	2 551
Cash and cash equivalents	3 204	4 040	4 040	2 324	2 454
Total current assets	**14 223**	**9 195**	**9 195**	**5 793**	**5 109**
TOTAL ASSETS	**49 667**	**43 523**	**43 523**	**37 763**	**31 634**
EQUITY AND LIABILITIES					
Shareholder's equity					
Shareholder's equity	2 058	2 086	2 086	4 038	2 965
Non-controlling interests	11	12	12	11	0
Total equity	**2 069**	**2 098**	**2 098**	**4 049**	**2 965**
Non-current liabilities					
Other non-current liabilities	2 946	2 966	2 966	1 597	1 392
Long term borrowings	23 195	22 060	22 060	18 706	16 543
Total non-current liabilities	**26 141**	**25 026**	**25 026**	**20 303**	**17 936**
Short term liabilities					
Current liabilities	5 737	5 660	5 660	3 976	3 677
Short term borrowings	4 734	4 244	4 244	4 769	3 041
Air traffic settlement liabilities	10 985	6 494	6 494	4 666	4 014
Total short term liabilities	**21 456**	**16 398**	**16 398**	**13 411**	**10 733**
Total liabilities	**47 587**	**41 424**	**41 424**	**33 714**	**28 669**
TOTAL EQUITY AND LIABILITIES	**49 667**	**43 523**	**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 as at 31 March 2018 and 2017 (unaudited), prepared in accordance with IFRS.

	Unaudited			Audited	
In NOK million	**Q1 2018**	**Q1 2017**	**2017**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit (loss) before tax	-515	-1 848	-2 562	1 508	75
Taxes paid	-53	40	35	-29	-44
Depreciation, amortization and impairment	336	364	2 061	1 296	1 133
Fair value adjustment of financial assets (PL)	-1 940				
Change in air traffic settlement liabilities	4 492	3 888	1 827	652	1 049
Change in accounts receivable	-3 240	-570	-1 016	-549	-175
Other adjustments	785	-475	2 556	169	319
Net cash flow from operating activities	**-135**	**1 399**	**2 901**	**3 047**	**2 357**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases, proceeds and prepayment of tangible assets	-3 628	-95	-3 557	-6 447	-5 189
Other investing activities	9	-99	129	-65	
Net cash flow from investing activities	**-3 619**	**-194**	**-3 428**	**-6 513**	**-5 189**
CASH FLOWS FROM FINANCIAL ACTIVITIES:					
Loan proceeds	3 607	1 961	8 210	5 806	5 771
Principal repayments	-748	-444	-4 491	-1 573	-1 828
Financing costs paid	-400	-291	-1 428	-942	-800
Proceeds from issuing new shares	451				138
Other financing activities				12	
Net cash flow from financial activities	**2 910**	**1 226**	**2 291**	**3 303**	**3 282**
Foreign exchange effect on cash	8	3	-48	33	-7
Net change in cash and cash equivalents	-836	2 434	1 716	-131	443
Cash and cash equivalents at January 1	4 040	2 324	2 324	2 454	2 011
Cash and cash equivalents at December 31	**3 204**	**4 757**	**4 040**	**2 324**	**2 454**

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	The Company's auditor is Deloitte AS ("**Deloitte**"). Deloitte is a member of the Norwegian Institute of Public Accountants ("Den Norske Revisorforeningen"). Deloitte has been the Company's auditor since 15 May 2013. 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.
B.11	Sufficient working capital	The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements.

Section C – Securities

C.1	Type and class of securities admitted to trading and identification number	The Company has one class of Shares in issue. 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. The Tranche 2 Shares were delivered under a separate ISIN (NO 0010821309) and were registered on the Company’s ordinary ISIN NO 001 0196140 with the VPS in book-entry form upon approval of this Prospectus.
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 4,414,673.60 divided into 44,146,736 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 three years.

Section D – Key Risks

D.1	Key risks specific to the Company or its industry	*Risk related to the airline industry:* • The demand for air travel, the Group's profitability and its ability to finance its operations have been and will continue to be affected by macroeconomic conditions. • The airline industry is cyclical by nature and vulnerable to general economic conditions, and it is exposed to geopolitical conditions (such as the relationship between Russia and Ukraine, potential U.S. travel restrictions, and international sanctions imposed by the EU and the U.S. on, among others, Russia). • The Group operates in a highly competitive market with a large number of participants, including low-cost carriers, traditional airlines and charter airlines, competing throughout the Group's network. The sustained loss of a significant number of passengers to competing airlines or to alternative forms of transport, or a reduction in the Group's revenue as a result of increased competition in the airline industry, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • Although the Group operates with a low-cost business model, the airline industry is generally characterized by high fixed operating costs and low profit margins. • The airline industry is subject to extensive taxes, aviation and license fees, charges and surcharges, which can affect demand.

	• The Group's operating costs are significantly affected by changes in the availability and cost of aviation fuel. Aviation fuel has been, and is expected to continue to be, subject to significant price volatility and fluctuations in supply and demand. Substantial fuel price increases (whether covered by hedges or not) or a lack of adequate supplies could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • 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. • Like other airlines, the Group is subject to disruptions caused by factors beyond its control including adverse weather conditions, the outbreak of a contagious disease with the potential to become a pandemic and other natural events. Such events may reduce aircraft utilization as a result of flight cancellations and increase costs, all of which affect profitability. • Hijacking or other terrorist incidents anywhere in the world, or the threat of such incidents, can significantly harm public confidence in the airline industry, reduce passenger traffic or affect general political, economic or business conditions in ways that could result in a reduced demand for airline transport services, increased costs or reduced passenger revenue. • The Group, like all other airlines, is exposed to potential catastrophic financial losses and reputational damage in the event of one or more of the Group's aircraft being subject to an accident, terrorist incident or other catastrophe. • The airline industry is highly regulated and regulatory changes affecting the airline industry could have an adverse impact on the Group's costs, flexibility, marketing strategy, business model and ability to expand. • Environmental laws and regulations including, but not limited to, restrictions regarding noise pollution and greenhouse gas emissions, could adversely affect the Group. *Risks related to the Group:* • Extraordinary inspections on Boeing 787 Dreamliner aircraft due to issues with the Rolls Royce Trent 1000 engines are likely to affect the Company's operations going forward. • Delays in deliveries of Airbus 320/321 aircraft have taken place due mainly to limited capacity in Airbus due do the fact that Airbus has had challenges with the timely delivery of engines.

	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. • 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. • The Group's low-cost structure is one of its principal competitive advantages. However, the Group has limited control over many of its costs and as the Group matures and increases capacity, some of its costs may increase or it may not be able to continue reducing costs (including labor costs and aircraft financing costs) to the same extent as it is currently able to. If the Group's cost structure increases and it is no longer able to maintain a competitive advantage, this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • The Group is subject to various risks relating to the implementation of its strategy, including higher operating costs in the short-term, the need to manage or implement planned growth effectively by correctly assessing demand, capacity and fares, the need to enter into airport services agreements in any new markets entered and potential strain on the Group's existing management resources and operational, financial and management operating systems. • The Group depends on outside services and facility providers for the provision of many of the non-core functions. The Group does not have direct control over the day-to-day activities of such third parties and is reliant on such third parties performing these services in accordance with the terms of their contracts. • The Group's business requires a significant number of personnel with specific skill sets and technical qualifications. There can be no assurance that in the future the Group is able to retain, train and attract qualified airline personnel. • The Group is dependent on its information technology systems and any disruption to operating and communication systems, or a failure of the backup systems used by the Group or third parties, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. • 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.

		• The Company has, and will continue to have, a significant amount of indebtedness, including substantial fixed obligations under aircraft leases and financings. 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 continuous growth of the Group may lead to periods with great 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. • The relevant Group Companies (including the Company) are authorized to operate by virtue of AOCs. Temporary suspension or loss of any of the Group's AOCs due to non-compliance with applicable statutes, rules and regulations pertaining to the airline industry would result in a suspension or the relevant part of the Group's operations. • Even though the Group has operating licenses in other EU states such as Ireland, Brexit might impair on the Group's ability to grow as anticipated from its UK base, and might have a material adverse effect on the Group's business, financial condition, results of operations and future prospects. • The Company's largest Shareholder has the ability to exert significant influence over the Company's actions, and the desires of anyone investing in the Shares may not always be similar to those of the largest Shareholder.
D.2	Key risks specific to the securities	• *Significant drop in the trading price of the Shares should interest from IAG or other parties not materialize* – Should interest from IAG or other parties, as further described in Section 8.6 "Trend information and significant changes to the company's financial positions since 31 March 2018" not materialize, for any reason, or materialize on less favourable terms, this may lead to a decrease in the trading price of the Shares on the Oslo Børs. There can be no assurance that any transaction will materialize on attractive terms or at all. • *Volatility in the Share price and equity markets generally* – The trading price of the Shares could fluctuate significantly in response also to various circumstances other than the interest expressed by IAG and other parties, both related to developments within the Group, within the industry or otherwise. The trading price of the Shares has historically and recently 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. • *Potential dilution of shareholders* – Shareholders of the Company may suffer from dilution in connection with future issuances of Shares. • *Restrictions on ownership and resale of the Shares* – The Shares are not qualified for sale in certain jurisdictions, including the United States, and they may as such not be offered, sold or resold in these jurisdictions, directly or indirectly, unless an exemption is available. In addition, there can be no assurances that Shareholders of the Company residing or domiciled in these jurisdictions will be able to participate in future capital increases. • *Shares registered in nominee accounts* – 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 exercise the voting rights of 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.

Section E – The Private Placements and the Repair Offering

E.1	Net proceeds and estimated expenses	The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 39 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 1,461,000,100, assuming the Subsequent Offering will be fully subscribed.
E.2	Reasons for the Private Placements and Repair Offering and use of proceeds	The background for the proposal is to strengthen the Company's balance sheet and ensure a significant buffer to the equity requirement of NOK 1.5 billion in the covenant in the Company's bond loans, as well as to secure funds for the Company's operations, including maintaining the current growth strategy that has lasted for several years and which is expected to reach its peak during the second quarter of 2018. The proceeds from the Private Placement and the Subsequent Offering will, in addition, boost competitiveness and protect existing and future investments in a market characterized by higher oil prices and fluctuating currencies.
E.3	Terms and conditions of the offer	• *Eligible Shareholders* – The Subsequent Offering is directed towards Shareholders as of 20 March 2018, as registered in the VPS on 22 March 2018 (the "**Record Date**"), who were not allocated Shares in the Private Placement but only to the extent such person 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 (the "**Eligible Shareholders**"). • *Number of new Shares* – The Company has issued 8,387,097 new shares in the Private Placement (2,950,963 new Shares in Tranche 1 and 5,436,134 new Shares in Tranche 2, respectively), and it plans to issue up to 1,290,323 new Shares in the Subsequent Offering (the Offer Shares). • *Subscription price* – The subscription price is NOK 155 per Offer Share in the Subsequent Offering, which equals the subscription price per Share in the Private Placement. • *Subscription period* – The Subscription Period of the Subsequent Offering commences on 12 June 2018 at 9:00 (CET) and expires at 16:30 (CET) on 25 June 2018. • *Subscription Rights* – Each Eligible Shareholder will be allocated non-transferrable subscription rights (each, a "**Subscription Right**") in proportion to such Eligible Shareholder's shareholding in the Company as at the Record Date. • *Payment for the allocated Offer Shares* – Payment for the allocated Offer Shares falls due on 28 June 2018, and each Subscriber must provide a one-time authorization to Arctic to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber. • *Delivery of the Offer Shares* – Assuming that payments from all Subscribers are made when due, delivery of the Offer Shares is expected to take place on or about 2 July 2018.
E.4	Material and conflicting interests	Arctic, Carnegie, Danske Bank and Pareto Securities serve as Managers in connection with the Private Placement and Subsequent Offering, and receive fees and commission in this regard. 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. The chair 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. Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons involved in the Private Placement or the Subsequent Offering that may have conflicting interest.

E.5	Selling shareholders and lock-up agreements	Not applicable. There are no selling Shareholder in the Private Placement or the Subsequent Offering 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 Private Placement and Subsequent Offering	The dilution resulting from the Private Placement is approximately 19.00% for the existing Shareholders who did not participate in the Private Placement. Further, the dilution resulting from the Private Placement and the Subsequent Offering, in aggregate, is approximately 21.30% for the existing Shareholders who neither participated in the Private Placement nor the Subsequent Offering, assuming that the Subsequent Offering is fully subscribed.
E.7	Estimated expenses charged to investor	Not applicable. The Company will not charge any costs, expenses or taxes directly to any Shareholder or to the investor in connection with the Subsequent Offering.

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 16.2 "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

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

After a number of years with uncertain global economic and financial market conditions which have had an adverse effect on general business conditions, the global economy has shown relative clear signs of recovery over the last couple of years. However, the recent increase in geopolitical tensions, in particular the indications of possible trade wars between the U.S. on the one hand and, on the other, China, the European Union ("EU"), Canada, Mexico and other significant economies, are currently giving new uncertainty to the global markets. This comes in addition to uncertainty due to the international sanctions signaled from the U.S. against Iran and corporations outside of the U.S. doing business with Iran, by the U.S. and the EU against Russia due to the events in Crimea 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 and may limit or disrupt the Group's supplies of fuel or other inputs.

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 an adverse effect on the Group's business, financial condition, results of operations and future prospects and thereby.

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 tend to experience significant adverse financial results during general economic downturns. Changing corporate travel policies can change corporate travel patters. Leisure travelers often choose to reduce, delay or eliminate the volume of their air travel during difficult economic times, and business 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 hangs, 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 aforementioned 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 an adverse effect on the Group's business, financial condition and results of operations.

The Group's business and the airline industry are exposed to geopolitical conditions

As well as macroeconomic conditions, the airline industry is sensitive to geopolitical conditions. Examples of such current and/or recent tensions include the indications of a possible trade war between the U.S. and China, potential U.S. travel restrictions, the relationship between Russia and Ukraine and international sanctions imposed by the EU and the U.S. on, among others, Russia. Such geopolitical tensions 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.

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 an 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 an 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 an 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 an 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 of 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 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 an 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 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 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 an 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 17.4 per cent of the Group's operating costs (before depreciation) in 2017. 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 hedged its exposure to jet fuel price increases in the future, it will be unable to participate fully in the economic benefits should jet fuel prices subsequently 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 their 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 ("**MBM**") to tackle aviation emissions. The global MBM 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 arise 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. In normal market conditions, the purpose of the hedging strategy is typically achieved by the Group. However, in certain circumstances, such as those that prevailed for instance in 2008 and 2009 after the default of Lehman Brothers, the market price of the derivatives may change substantially and the Group may suffer substantial hedging losses. 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 deceases, 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.

Terrorist attacks and armed conflicts, as well as their aftermath, may have an 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 an 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 other nations and 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

Other macroeconomic factors, policy changes or decisions to which the airline industry is exposed 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 CO_2 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 had 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 to 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

Challenges with engines in the Dreamliners may affect the Company's operations

Rolls Royce has announced that extraordinary inspections on Boeing 787 Dreamliner aircraft due to issues with the Rolls Royce Trent 1000 engines will be necessary. The Group will, therefore, be forced temporarily to take a number of Boeing 787 Dreamliner aircraft out of operation in order to conduct extraordinary inspections on the engines. This will affect the Group's operations going forward, but it is too early to predict the scale of the issue.

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.

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 future growth of the Group's core business, 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 a significant 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 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.

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. Although the Group has significant aircraft orders in place, 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 Shareholders may have the ability to exert significant influence over the Company's actions

Large 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 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 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 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 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 an 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 an 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. 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 a material adverse effect on the Group. 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 or stoppages.

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 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 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 Group's Norwegian pilots and crew members have filed suit against the Company is claiming in respect of the pilots that the Company is their employer, and in respect of the crew members that the Company and NAN are their employers, even if the pilots and the crew members are formally hired in Group Companies other than NAS and NAN. In January 2018, Borgarting Appellate Court ("Borgarting lagsmannsrett") found in favor of the Company in this suit. The pilots and crew members have lodged an appeal to the Supreme Court, and on 25 April 2018 it was announced that the case has been admitted to a hearing in the Supreme Court. Should they win the suit, it might affect the organizational flexibility of the Group, which again may have a material adverse effect on the Group's business, financial condition, results of operations and future prospects. No guarantee can be made that no other similar law suits will arise in the future.

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 of the end of the first quarter in 2018 (31 March 2018), the Company's book equity ratio was four 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 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 or to refinance its indebtedness.

The Company's current bond financing arrangements contain restrictive financial covenants, and requires 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.

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 continuous growth of the Group may lead to periods with great 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 might not get access to aircraft financing which could have a material adverse effect on the Group

As of the date of this Prospectus, the Group's firm aircraft orders totalled 210 aircraft. 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.

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 ("**EETCs**"), as its primary funding source in relation to aircraft acquisitions, in addition to enhanced equipment trust certificates and sale and leaseback arrangements. In principle, the Group's free cash reserves may also be used to cover its purchasing obligations. The Group is dependent on access to one of these financing forms to finance the delivery of aircraft. In the event a specific financing cannot be obtained, 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. The Group is therefore exposed to fluctuations in the second-hand aircraft market. If the Group decides to own the aircraft, fluctuations in the value of the aircraft will have an adverse effect on the Group's financial condition and results of operations should the value of the aircraft be impaired. 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. Although the Company's current leasing and debt arrangements provide for relevant covenants to be assessed based on the current accounting standard, a change in said standards may affect the Company's position when renewing or acquiring further financing. The occurrence of any such events could have an adverse effect on the Company's business, financial condition and results of operations.

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 distance flights out of Dublin, Ireland, based on NAI's AOC, and in 2017, the U.S. Department of Transportation reached its decision to tentatively grant flying rights to NAI.

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

The future development of member states in 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. There is no precedent for such a process and as such the implications of the UK's withdrawal 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 an adverse effect on the Group's business, financial condition and results of operations.

On 13 November 2015, the Company's newly incorporated UK subsidiary, 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, 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**") will take effect from May 2018. Compliance with the GDPR will be an 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). It is anticipated that 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 an adverse effect on the Group's business, financial conditions and results of operations.

2.6 RISKS RELATED TO THE SHARES

Significant drop in the trading price of the Shares should interest from IAG or other parties not materialize

On 12 April 2018, IAG announced that it has acquired 4.61 per cent of the Shares in NAS and that it was considering to make an offer for all the Shares in the Company. Since 12 April 2018, the Company has received enquiries from several parties who have expressed indicative and preliminary interest in Share acquisitions, mergers, structural transactions, financing of the Group and various forms of operational and financial cooperation. These indications of interest have been preliminary and subject to a number of conditions. The Company is seeking further information and clarifications in a number of areas so that it can evaluate such proposals to determine whether they provide sufficient basis for entering into specific discussions. As at the date hereof, the Company has not entered into any agreements or specific negotiations in relation to the received indications. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the Shares, which have been rejected by the Company on the basis that they undervalued the Company and its prospects. The Company has not received any legally binding commitment from IAG to make any offer for the Shares in the Company. There can be no assurance that any transaction will materialize on attractive terms or at all. Should interest from IAG or other parties not materialize, for any reason, or materialize on less favorable terms, this may lead to a decrease in the trading price of the Shares on Oslo Børs.

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 recently 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 Private Placement and Subsequent Offering. 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.

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 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 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 applicable capital adequacy requirements, and subject to the Board of Directors finding such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations, applicable capital adequacy requirements and the need to strengthen its liquidity and financial position. 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, a 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.

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. Such rights were set aside in connection with the Private Placement. The pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on Oslo Børs. The Subscription Rights connected to the Subsequent Offering are, however, not transferrable and, hence, not quoted on Oslo Børs.

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 Shareholders and such 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 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.

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.

3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Subsequent Offering and the Listing 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.

11 June 2018

The Board of Directors of Norwegian Air Shuttle ASA

(Sign.)
Bjørn H. Kise

Chair

(Sign.)
Liv Berstad

Deputy chair

(Sign.)
Linda Alskog Olsen

Board member

(Sign.)
Ada Merethe Stokstad Kjeseth

Board member

(Sign.)
Christian Fredrik Stray

Board member

(Sign.)
Geir Olav Øien

Board member

(Sign.)
Marcus Daniel Hall

Board member

(Sign.)
Sondre Gravir

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 three months ended, 31 March 2018 and 2017 (the "**Interim Financial Statements**") have been prepared in accordance with the 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 Interim 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 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 PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

5.1 THE PURPOSE OF THE PRIVATE PLACEMENT AND THE REPAIR OFFERING AND THE USE OF THE PROCEEDS

The purpose of the Private Placement and the Subsequent Offering is to strengthen the Company's balance sheet, to ensure a substantial buffer to the Company's bond covenant of NOK 1,500 million in equity and as well as to secure funds for the Company's operations, including maintaining the growth strategy implemented by the Company.

The gross proceeds from the Private Placement are NOK 1,300,000,035. Assuming the Subsequent Offering is fully subscribed, the Company estimates that the gross proceeds from the Subsequent Offering will be NOK 200,000,065. The Company estimates that the total expenses in connection with the Offering will amount to approximately NOK 39 million. Hence, the net cash proceeds from the Offering are estimated to amount to approximately NOK 1,461 million (assuming the Subsequent Offering is fully subscribed).

5.2 THE PRIVATE PLACEMENT

5.2.1 Overview of the Private Placement

On 20 March 2018, the Company announced a contemplated Private Placement through issuance of new Shares for a total consideration of NOK 1,300,000,035. The Private Placement consists of two separate tranches; one tranche with up to 2,950,963 new shares (the "**Tranche 1 Shares**") in the Company ("**Tranche 1**") and a second tranche of 5,436,134 new shares (the "**Tranche 2 Shares**", jointly with the Tranche 1 Shares, the "**Private Placement Shares**") in the Company ("**Tranche 2**"). The reason for splitting the Private Placement in two tranches is that the Board had an authorization from the Company's annual general meeting on 9 May 2017 up to the maximum number of new shares comprised by Tranche 1 but since the number of Private Placement Shares exceeds the Tranche 1 Shares, any new shares exceeding the Tranche 1 Shares must be resolved by a general meeting in the Company. The Board resolved the issuance of the Trance 1 Shares and convened an extraordinary general meeting which was held on 13 April 2018 (the "**EGM**") which resolved the issuance of the Tranche 2 Shares.

The Private Placement was directed towards existing shareholders and other Norwegian and international investors in each case subject to an exemption from offer prospectus requirements and any other filing or registration requirements in the applicable jurisdictions and subject to other selling restrictions.

The subscription price in the Private Placement was determined on basis of a book-building which started at 16:30 (CET) on 20 March 2018. Through the book-building, the Private Placement was fully subscribed at a price per share of NOK 155 through the issue of 8,387,097 new Shares.

After completion of the book-building on 20 March 2018 at 20:00 (CET), the Board of Directors determined the allocation of the Private Placement Shares in consultation with the Managers. In the allocation, the Board focused on criteria such as (but not limited to), timeliness of the application, price leadership, relative order size, sector knowledge, perceived investor quality, investment horizon and existing shareholding in the Company.

The result of the Private Placement including the allocation of the Private Placement Shares was announced via Oslo Børs on 21 March 2018 at 01:25 (CET).

In order to facilitate timely settlement of immediately tradable shares to subscribers in the Private Placement, delivery of shares allocated in the Private Placement was in both Tranche 1 and Tranche 2 made by delivery of existing and unencumbered shares in the Company, pursuant to a share lending agreement entered into between the Company, Danske Bank A/S, Norwegian branch and HBK Holding AS.

Settlement in Tranche 1 took place on 23 March 2018, whereby the shares delivered to the relevant investors were fully tradable on Oslo Børs. Settlement in Tranche 2 took place to the relevant investors on 16 April 2018, whereby the shares delivered to the investors other than HBK Holding AS were fully tradable on Oslo Børs. The share loan was settled in two steps with a number of new Shares in the Company issued in connection with Tranche 1 and Tranche 2, equal to the number of borrowed Shares. The new Shares in Tranche 1 did not require a prospectus and were listed upon notification to Oslo Børs of the share capital increase in Tranche 1. The new Shares in Tranche 2 required a listing prospectus and were in a first step delivered to HBK Holding AS under a separate ISIN (NO 0010821309). In the next step and upon approval of this Prospectus, these Shares will be registered on the Company's ordinary ISIN NO 001 0196140 with the VPS in book-entry form and listed on Oslo Børs.

The Shareholders' preferential right to subscribe for new Shares was set aside in the Board's resolution on Tranche 1 and in its proposal to the EGM on Tranche 2. The beneficiaries of such decision were the shareholders and other investors who were allocated shares in the Private Placement. It was the Board's opinion that setting aside the Shareholders' preferential right in the Private Placement was in compliance with the equal treatment requirements under the Norwegian Securities Trading Act section 5-14 and Circular no 2/2014 from Oslo Børs in particular due to the fact that

(a) it gave the Company access to the new capital at low risk and in time for the rendering of the accounts for the 1st quarter of 2018 such that confidence relating to the Company's fulfilment of the equity requirement under its bond loan agreements is shored up;

(b) the costs of raising the new capital were low due to the small discount and that the Company avoided underwriting fees;

(c) the Private Placement involved only a moderate degree of discrimination against the shareholders who were not allocated new shares in the Private Placement. The size of the Private Placement was relatively limited compared to the Company's market value, and the book-building showed that the discount compared to the market value was moderate. The subscription price was based on a broad book-building and the Company has, in order to fulfil the stock exchange law requirement concerning equal treatment approached a high number of shareholders who in total represented almost 70% of the Company's registered share capital; and

(d) the choice of a private placement also gave the Company the opportunity to seek to attract new investors with qualities that could contribute to strengthen the Company on a long-term basis.

In addition, the Company has resolved to compensate shareholders who were not allocated Shares in the Private Placement with an offer to subscribe for Offer Shares at the Subscription Price in the Subsequent Offering.

5.2.2 Tranche 1

The issuance of the Tranche 1 Shares was approved by the Board passing the following resolution to increase the Company's share capital, based on the authorization provided by the Annual General Meeting on 9 May 2016 to the Board to increase the share capital with up to NOK 295,096.30 by way of share issues for acquisitions and for strengthening the Company's equity:

"The share capital of the Company is increased pursuant to section 10-1 of the Public Limited Liability Companies Act on the following terms:

1. *The share capital is increased with NOK 295,096.30 by issuing of 2,950,963 new shares.*
2. *The nominal value of each share is NOK 0.10.*
3. *The subscription price is NOK 155 per share. Of the total proceeds of NOK 457,399,265,*

NOK 457,104,168.70 shall be allocated as share premium in the balance sheet.

4. *The share capital increase shall be directed towards investors with whom the company has entered into a subscription agreement in accordance after completion of the book-building. The existing shareholders' preferential right to subscribe for shares according to the Public Limited Liability Companies Act section 10-4, ref section 10-5, is set aside.*

5. *The shares shall be subscribed for by the investors based on the allocation list enclosed with these minutes in Appendix 1. Based on authorization from the investors, Arctic Securities AS shall subscribe for the shares on behalf of such investors in accordance with the allocation list on a separate subscription form by the end of 21 March 2018.*

6. *The subscription amount shall be paid in cash by the investors in accordance with the allocation list by means of payment to a dedicated settlement account in the name of Arctic Securities AS with account number 5083.06.08270 in DNB Bank ASA no later than 23 March 2018.*

7. *The new shares will entitle to dividends which are resolved subsequent to the increase in the share capital being registered in the Register of Business Enterprises. The new shares will in all other respects, hereunder with regard to voting rights, be equal to the issued shares of the Company from the registration of the capital increase in the Register of Business Enterprises.*

8. *Article 4 of the articles of association is amended to read as follows:*

   "The company's share capital is NOK 3,871,060.20 distributed on 38,710,602 shares, each at a nominal value of NOK 0.10.""

5.2.3 Tranche 2

The issuance of the Tranche 2 Shares was approved by the EGM, whereby the following resolution to increase the Company's share capital was passed:

"The share capital of the company is increased pursuant to section 10-1 of the Public Limited Liability Companies Act on the following terms:

1. *The share capital is increased with NOK 543,613.40 by issuing of 5,436,134 new shares.*

2. *The nominal value of each share is NOK 0.10.*

3. *The subscription price is NOK 155 per share. Of the total proceeds of NOK 842,600,770, NOK 842,057,156.60 shall be allocated as share premium in the balance sheet.*

4. *The share capital increase shall be directed at named investors with whom the company has entered into a subscription agreement after completed book building. The existing shareholders' preferential right to subscribe for shares according to the Public Limited Liability Companies Act section 10-4, ref section 10-5, is set aside.*

5. *The shares shall be subscribed for by the investors based on the allocation list enclosed with these minutes in Appendix 1. Based on authorization from the investors, Arctic Securities AS or the person appointed by Arctic Securities AS shall subscribe for the shares on behalf of such investors in accordance with the allocation list on a separate subscription form by 16 April*

2018.

6. *The subscription amount shall be paid in cash by the investors in accordance with the allocation list by means of payment to a dedicated settlement account in the name of Arctic Securities AS with account number 5083.06.08645 in DNB Bank ASA no later than 16 April 2018.*
7. *The new shares will be entitled to dividends which are resolved subsequent to the registration of the share capital increase in the Norwegian Register of Business Enterprises. The new shares will in all other respects, hereunder with regard to voting rights, be equal to the issued shares of the company from the time of the registration of the capital increase in the Norwegian Register of Business Enterprises.*
8. *The estimated expenses related to the capital increase amount to approximately NOK 21 million.*
9. *Article 4 of the articles of association is amended to read as follows:*

   "The company's share capital is NOK 4,414,673.60 distributed on 44,146,736 shares, each at a nominal value of NOK 0.10.""

The percentage of immediate dilution resulting from the Private Placement for the Shareholders (not taking into account the Subsequent Offering) is approximately 19.00%.

5.2.4 Issuance and Listing of the Private Placement Shares

The Tranche 1 Shares were issued and registered with the Norwegian Register of Business Enterprises on 23 March 2018. Since the listing of the Tranche 1 Shares did not require a prospectus, they were on the same date registered with the VPS on the Company's ordinary ISIN NO 001 0196140 and listed on Oslo Børs. The Tranche 2 Shares were on 18 April 2018 issued and registered with the Norwegian Register of Business Enterprises. Since the listing of the Tranche 2 Shares requires a prospectus, these Shares were registered with the VPS under a separate ISIN (NO 001 0821309) and will be registered on the Company’s ordinary ISIN NO 001 0196140 with the VPS in book-entry form and listed on Oslo Børs upon approval of this Prospectus.

The Private Placement Shares will not be sought admitted to trading on any other regulated market than Oslo Børs.

The Private Placement Shares carry full shareholder rights equal to the existing ordinary Shares of the Company. For a description of rights attaching to Shares in the Company, see 12 "Share capital and Shareholder matters" of this Prospectus.

5.2.5 Share capital following the Private Placement

The Company's share capital following the Private Placement is NOK 4,414,673.60 distributed on 44,146,736 Shares, each at a nominal value of NOK 0.10.

5.3 THE SUBSEQUENT OFFERING

5.3.1 Overview of the Subsequent Offering

The Subsequent Offering comprises up to 1,290,323 Offer Shares, each with a nominal value of NOK 0.10 and at a Subscription Price of NOK 155, which equals the subscription price for the Private Placement Shares.

The Subsequent Offering is directed towards Shareholders as of 20 March 2018, as registered in the VPS on 22 March 2018 (the "**Record Date**"), who were not allocated Private Placement Shares, but only to the extent such persons 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 (the "**Eligible Shareholders**").

The Eligible Shareholders will be granted non-transferable and non-listed preferential rights to subscribe for, and, upon subscription, be allocated new Shares (the "**Subscription Rights**"). One (1) Subscription Right entitles the holder to subscribe for one (1) Offer Share in the Subsequent Offering. Oversubscription for the Eligible Shareholders will be allowed.

The Subsequent Offering was resolved by the EGM on 13 April 2018 and was only conditioned upon the approval of the Prospectus by the Financial Supervisory Authority of Norway. The Prospectus is now approved.

There are no selling Shareholder in the Subsequent Offering and no lock-up on any Shareholders or members of the Management or Board who are holders of Shares.

5.3.2 Timetable for the Subsequent Offering

Event	***Date(s)***
Record Date for determination of Eligible Shareholders	22 March 2018
Subsequent Offering resolved by the General Meeting	13 April 2018
Board meeting for approval of this Prospectus	11 June 2018
Prospectus approval by Norwegian FSA	11 June 2018
Prospectus publication	12 June 2018
Launch of Subsequent Offering press release	12 June 2018
Subscription period	12 June 2018 at 9:00 (CET) – 25 June 2018 at 16:30 (CET)
Allocation of the Subsequent Offering	On or about 27 June 2018

Settlement / debiting of specified bank account	On or about 28 June 2018
Delivery of Offer Shares under the Subsequent Offering	On or about 2 July 2018
First day of trading on Oslo Børs	On or about 3 July 2018

5.3.3 Increase of share capital in connection with the Subsequent Offering

The following resolution to increase the Company's share capital in connection to the Subsequent Offering was passed by the EGM:

"The share capital of the company is increased pursuant to section 10-1 of the Public Limited Liability Companies Act on the following terms:

1. *The share capital is increased with minimum NOK 0.10 and maximum NOK 129,032.30 by issuing up to 1,290,323 new shares.*

2. *The nominal value of each share is NOK 0.10.*

3. *The subscription price is NOK 155 per share. Of the total proceeds of up to NOK 200 000 065, up to NOK 199 871 032.70 be allocated as share premium in the balance sheet.*

4. *The shares may be subscribed for by shareholders of the Company as of 20 March 2018, as registered in the Norwegian Central Securities Depository (VPS) on 22 March 2018, who were not allocated shares in the private placement announced by the company on 20 March 2018 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. The subscription rights are non-tradable and will, thus, not be listed on the Oslo Stock Exchange. Oversubscription is allowed. Allocation in case of oversubscription is carried out in accordance with the principle in the Public Limited Liability Companies Act section 10-4 third paragraph.*

5. *The existing shareholders' preferential right to subscribe for shares according to the Public Limited Liability Companies Act section 10-4, ref section 10-5, is set aside.*

6. *The company shall prepare a prospectus that shall be approved by the Financial Supervisory Authority of Norway ("Finanstilsynet"). The shares shall be subscribed for on a separate subscription form. The subscription period shall commence on 28 May 2018 and end on 11 June 2018. If the prospectus has not been approved by 25 May 2018, the subscription period shall commence on such later date being one trading day subsequent to Finanstilsynet's approval of the prospectus and shall expire 14 calendar days later. The specific terms and conditions of the subscription shall be determined by the board of directors and shall be described in the prospectus.*

7. *The subscription amount shall be paid by the investors in cash to a dedicated settlement account in the name of Arctic Securities AS with account number 5083.06.08645 in DNB Bank ASA no later than 13 June 2018; the board may, however, postpone the deadline accordingly to the extent the subscription period is moved due to a delay in the approval of the prospectus. The board of directors determines the specific terms and conditions for settlement that will be described in the prospectus.*

8. *The new shares shall be entitled to dividends which are resolved subsequent to the increase in the share capital being registered in the Norwegian Register of Business Enterprises. The new shares will in all other respects, hereunder with regard to voting rights, be equal to the issued shares of the company from the registration of the capital increase in the Norwegian Register of Business Enterprises.*

9. *Estimated expenses related to the capital increase amount to NOK 6 million.*

10. *Article 4 of the articles of association shall be amended to reflect the actual size of the increase in the share capital."*

Due to a postponement in the approval of the Prospectus from 25 May 2018 to 11 June 2018, the dates set forth in the above EGM resolution on the Subsequent Offering item 6 and 7 have, as stated in Section 5.3.2 "Timetable for the Subsequent Offering" above, been postponed accordingly, the correct dates being the following:

- The subscription commences on 12 June 2018 and ends on 25 June 2018.
- The payment of the subscription amount to the bank account in the name of Arctic Securities AS shall be made no later than 28 July 2018.

5.3.4 The Subscription Period

The Subscription Period for the Subsequent Offering commences on 12 June 2018 at 9:00 (CET) and expires at 16:30 (CET) on 25 June 2018.

5.3.5 Subscription Price

The Subscription Price in the Subsequent Offering has been set to NOK 155 per Offer Share, which is identical to the subscription price per Share in the Private Placement.

No expenses or taxes are charged to the subscribers (the "**Subscribers**") in the Subsequent Offering by the Company or the Managers.

5.3.6 Subscription Rights

In accordance with the resolution passed by the General Meeting, Eligible Shareholders will be allocated non-tradable Subscription Rights in proportion to their shareholding in the Company as at the Record Date. The Company will issue 0.07237 Subscription Rights per Share held by the Eligible Shareholders in the Company as at 20 March 2018 and registered with the VPS on 22 March 2018. The number of Subscription Rights issued to each Eligible Subscriber will be rounded down to the nearest whole number of Subscription Rights.

Each Subscription Right grants the owner the right to subscribe for and be allocated one (1) Offer Share.

The Subscription Rights will be issued and registered in the VPS under ISIN NO 001 0824147. The Subscription Rights will be delivered free of charge. The Subscription Rights are non-transferable and will, thus, not be listed on Oslo Børs. Shareholders registered with the VPS as at the Record Date who are residents in an Ineligible Jurisdiction ("**Ineligible Shareholders**") will not be entitled to subscribe for Offer Shares.

Oversubscription is allowed. Subscribers subscribing on the basis of Subscription Rights who over-subscribe (*i.e.* subscribes for more Offer Shares than the number of Subscription Rights held by them) will have priority to the Offer Shares not subscribed for by holders of Subscription Rights (see Section 5.3.8 "Allocation of Offer Shares" for more details).

Subscription Rights not used to subscribe for Offer Shares before the expiry of the Subscription Period will lapse without compensation to the holder, and consequently be of no value.

5.3.7 The subscription procedure

Subscriptions for Offer Shares must be made on a Subscription Form attached as Appendix 2 hereto.

Subscribers who are Norwegian citizens may also subscribe for Offer Shares by following the link on www.arctic.com, www.carnegie.no, www.danskebank.no/norwegian and www.paretosec.com which will redirect the subscriber to the VPS online subscription system. In order to use the online subscription system, the subscriber must have, or obtain, a VPS account number. All online subscribers must verify that they are Norwegian citizens by entering their national identity number ("personnummer").

Online subscriptions must be submitted, and accurately completed Subscription Forms must be received by the Managers by 16:30 (CET) on 25 June 2018. Neither the Company nor the Managers may be held responsible for postal delays, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by 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. In the event that the Managers need to verify the identification of a Subscriber under the Norwegian Money Laundering Act 2009, the Subscriber is responsible for providing the respective Manager with the necessary documentation. Non-compliance with these requirements may lead to the Subscriber not being allocated Offer Shares in the Subsequent Offering

Properly completed and signed Subscription Forms may be, mailed or delivered to one of the Managers at the addresses set out below:

Arctic Securities AS

Haakon VII´s gt 5,
P.O. Box 1833 Vika
NO-0123, Oslo, Norway

Tel: +47 21 01 31 00
E-mail: subscription@arctic.com

Carnegie AS

Fjordalléen 16, Aker Brygge
P.O. Box 684 Sentrum
N-0106, Oslo, Norway

Tel: + 47 22 00 93 60
E-mail: subscriptions@carnegie.no

Danske Bank, Norwegian branch

Bryggetorget 4
P.O. Box 1170 Sentrum
NO-0107, Oslo, Norway

Tel: +47 85 40 55 00
E-mail: emisjoner@danskebank.no

Pareto Securities AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
NO-0115, Oslo, Norway

Tel: +47 22 87 87 00
E-mail: subscription@paretosec.com

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Managers. The subscriber is responsible for the correctness of the information filled into the Subscription Form. By signing and submitting a Subscription Form, 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 Subsequent Offering must be made. Over-subscription (i.e., subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) is allowed. Subscription without subscription rights is not permitted. All subscriptions in the Subsequent Offering will be treated in the same manner regardless of whether the subscription is made by delivery of a Subscription Form to a subscription office or through the VPS online subscription system.

Multiple subscriptions are allowed. In the event the Subscriber submits two or more Subscription Forms, the Board and the Managers reserves the right to approve all or only some 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.

5.3.8 Allocation of Offer Shares

The allocation of Offer Shares will be made applying the following criteria:

i) Offer Shares shall be allocated on the basis of exercised Subscription Rights;

ii) In the event that not all Subscription Rights are exercised, holders of Subscription Rights who have subscribed for more Offer Shares than the held Subscription Rights, shall have preferential rights to allocation of unsubscribed Offer Shares in accordance with the principles set forth in the Public Limited Liability Companies Act section 10-4 (3).

The allocation of Offer Shares will take place after the expiry of the Subscription Period on or about 27 June 2018 and notifications of allocation will be dispatched by post from the Managers on or about 27 June 2018. The Board reserves the right to round off, regulate or in another way reject or reduce any subscription not covered by Subscription Rights (ref. item i) above). Any excess payments made to the Company will be returned to the Subscriber's bank account within two weeks following allocation, without any compensation for lost interest.

The Company will disclose information with regard to the number of Shares subscribed for in the Subsequent Offering on or about 27 June 2018 through the information system of Oslo Børs at www.newsweb.no under the ticker "NAS".

5.3.9 Payment for the allotted Offer Shares

The payment for the Offer Shares falls due on or about 28 June 2018 (the "**Payment Date**").

Each Subscriber must provide a one-time authorization to Arctic to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber by signing the Subscription Form when subscribing for Offer Shares. The amount will be debited on or about 28 June 2018. Subscribers not having a Norwegian bank account or Subscribers subscribing for Offer Shares for more than NOK 5,000,000 must ensure that payment for their Offer Shares with cleared funds is made on or before 16:30 (CET) on 28 June 2018 and should contact Arctic in this respect.

If there are insufficient funds on a Subscriber's bank account or if it is impossible to debit a bank account for the amount the Subscriber is obligated to pay, or payment is not received by Arctic according to other instructions, the allotted Offer Shares will be withheld. Interest will in such event accrue at a rate equal to the interest on late payment, currently 8.50 per cent per annum. Arctic reserves the right to make up to three attempts to debit the Subscribers' accounts in the period up to and including 9 July 2018. If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the Subscriber, and the Board reserves the right, at the risk and cost of the Subscriber, to cancel the subscription in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and Arctic may enforce payment of any such amount outstanding.

5.3.10 Delivery and listing of the Offer Shares

All Subscribers subscribing for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares.

Assuming that payments from all Subscribers are made when due, registration of the share capital increase in the Norwegian Register of Business Enterprises ("Foretaksregisteret") (the "**Company Register**") and delivery of the Offer Shares to the Subscribers is expected to take place on or about 2 July 2018.

Assuming timely payment by all Subscribers, the Company expects that the Shares will be listed and tradable on Oslo Børs on or about 3 July 2018. The Shares will not be sought or admitted to trading on any other regulated market than Oslo Børs, and the Shares are not currently admitted to trading on any regulated market.

The Company has not entered into any underwriting agreements, stabilization agreement, market making agreements or similar agreements for trading of its Shares on Oslo Børs in relation to the Subsequent Offering.

5.3.11 The rights conferred by the Offer Shares

The Offer Shares will in all respects carry full shareholder rights equal to the existing Shares of the Company from the date the share capital increase is registered in the Company Register. For a description of rights attaching to Shares in the Company, see Sections 12.1.2 "Share capital" and 12.4.1 "Voting rights and other shareholder rights" of this Prospectus.

5.3.12 Publication of information in respect to the Subsequent Offering

In addition to press releases on the Company’s website www.norwegian.com, the Company will use Oslo Børs' information system at www.newsweb.no under the Company’s ticker code "NAS" to publish information in respect to the Subsequent Offering. The Company will publish information with regard to the number of Offer Shares subscribed in the Subsequent Offering on or about 27 July 2018.

5.3.13 Eligible Shareholders

The Subsequent Offering is directed toward the Shareholders as of the Record Date, 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 (the "**Eligible Shareholders**").

5.3.14 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 Entity 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.arctic.com/lei-registrering/no. The application can be submitted through an online form and signed electronically with BankID. It normally takes 1-2 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.

5.3.15 Record Date

Eligible Shareholders registered with VPS as at 22 March 2018 will receive Subscription Rights.

5.3.16 Share capital following the Subsequent Offering

The maximum number of Offer Shares to be issued is 1,290,323 with a nominal value of NOK 0.10 per Share. If fully subscribed, the Subsequent Offering would give a further increase in the Company's total number of issued Shares post the Private Placement from 44,146,736 to 45,437,059, each Share with a nominal value of NOK 0.10, and the new share capital will be NOK 4,543,705.90. The Offer Shares will be issued in accordance with the resolution passed by the General Meeting. See Section 12.1 "Share capital and shares" for a further description of the Company's share capital.

5.4 VPS REGISTRATION

The Shares are registered with the VPS. The Shares' ISIN is NO 001 0196140, under which the Offer Shares will be registered on or about 2 July 2018. The Company's VPS registrar ("kontofører") is DNB Bank ASA.

The Tranche 1 Shares were issued and registered with the Norwegian Register of Business Enterprises and the VPS on the Company's ISIN NO 001 0196140, and also listed on Oslo Børs, on 23 March 2018. The Tranche 2 Shares were delivered after approval by the EGM under a separate ISIN (NO 001 0821309) and were registered on the Company's ordinary ISIN NO 001 0196140 with the VPS in book-entry form upon approval of this Prospectus. The Offer Shares issued in the Subsequent Offering will be listed and tradable at Oslo Børs on or about 3 July 2018, on the Company's ISIN NO 001 0196140.

5.5 SHARE CAPITAL FOLLOWING THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

As of the date of this Prospectus, the Company's share capital is NOK 4,414,673.60 divided into 44,146,736 Shares, each with a nominal value of NOK 0.10. These numbers include the Tranche 1 Shares and the Tranche 2 Shares. The Company's share capital is fully paid up and issued in accordance with Norwegian law.

The final number of Offer Shares to be issued in connection with the Subsequent Offering will depend on the number of Offer Shares subscribed. The minimum number of Offer Shares is 1 and the maximum number of Offer Shares to be issued is 1,290,323 each with a nominal value of NOK 0.10 which will give a further increase in the Company's share capital in the minimum of NOK 0.10 up to a maximum of NOK 129,032.30. Correspondingly, the Company's share capital will be NOK 4,414,673.70 in the low end of the range and NOK 4,543,705.90 as a maximum. The Offer Shares will be issued in accordance with the resolution passed by the General Meeting. Please see Section 12.1 "Share capital and shares" for a further description of the Company's share capital.

5.6 PROCEEDS AND COSTS

The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 39 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 1,461 million, assuming the Subsequent Offering will be fully subscribed.

No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Managers.

5.7 DILUTION

The Company had 35,759,639 Shares outstanding prior to the Private Placement. Assuming full subscription in the Subsequent Offering, a total of 9,677,420 new Shares will be issued in the Private Placement and the Subsequent Offering, resulting in a combined dilution of approximately 21.30%[1] for Shareholders who did not participate in the Private Placement or the Subsequent Offering.

Taking into account the Private Placement Shares, the percentage of immediate dilution resulting from the Subsequent Offering for Shareholders who did not participate in the Subsequent Offering is expected to amount to approximately 2.84%[2] if all Offer Shares are subscribed to and issued.

The table below illustrates the sequence of dilution for Shareholders not participating in the Private Placement or the Subsequent Offering:

	Prior to the Private Placement and Subsequent Offering	**Prior to the Subsequent Offering**	**Subsequent to the Private Placement and Subsequent Offering**
No. of Shares each with a nominal value of NOK 0.10	35,759,639	44,146,736	45,437,059
% dilution	0%	19.00	21.30

5.8 MANAGER AND ADVISORS

The Private Placement and the Subsequent Offering are being managed by Arctic, Carnegie, Danske Bank and Pareto Securities as managers. Advokatfirmaet Simonsen Vogt Wiig AS is acting as the Company's legal counsel in connection with the Private Placement and the Subsequent Offering. Advokatfirmaet BAHR

[1] Defined as total of new Shares issued in the Private Placement and assuming full subscription in the Subsequent Offering divided by the total number of Shares following the Private Placement and the Subsequent Offering.

[2] Defined as number of new Shares issued in connection with the Subsequent Offering assuming full subscription divided by the total number of Shares following issuance of the Offer Shares.

AS is acting as legal adviser to the Managers in connection with the Private Placement and the Subsequent Offering.

5.9 JURISDICTION AND GOVERNING LAW

This Prospectus, the Subscription Form and the terms and conditions of the Subsequent Offering 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, this Prospectus or the Subsequent Offering shall be subject to the exclusive jurisdiction of Oslo District Court.

5.10 INTEREST OF NATURAL AND LEGAL PERSONS IN THE OFFERING

Arctic, Carnegie, Danske Bank and Pareto Securities serve as Managers in connection with the Private Placement and the Subsequent Offering, and receive a success based fee and commission as a percent of the gross proceeds of the Private Placement and Subsequent Offering in this regard. The total fee to the Managers is approximately NOK 36 million.

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 may currently own Shares in the Company.

The chair of the Board, 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.

Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons, nor conflicts of interest involved in the Private Placement or the Subsequent Offering.

5.11 SELLING AND TRANSFER RESTRICTIONS

5.11.1 General

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

The Company does not intend to take any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. 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 a Shareholder receives a copy of this Prospectus in any territory other than Norway, the Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Shareholder in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements, and such Shareholder consequently qualifies as an "Eligible Shareholder" pursuant to the Subsequent Offering. Accordingly, if a Shareholder receives a copy of this Prospectus, the Shareholder should not distribute or send the same, or, if such Shareholder qualifies as an Eligible Shareholder; transfer the Offer Shares to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Shareholder should direct the recipient's attention to the contents of this Section 5.11 "Selling and transfer restrictions".

The Subscription Rights are non-transferable and will not be listed on Oslo Børs or any other kind of securities market.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, may not be offered, sold, resold, transferred or delivered (hereunder taking into account that the Subscription Rights are non-transferable), directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, the United States, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to a VPS account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction (such other persons referred to as "**Ineligible Persons**") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If a Shareholder purports to be an Eligible Shareholder and exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights (hereunder taking into account that the Subscription Rights are non-transferable) and/or the Offer Shares, such Eligible Shareholder will be deemed to have made or, in some cases, be required to make, some or all of the following representations and warranties to the Company and any person acting on the Company's or its behalf (the "**Eligible Shareholders Representations and Warranties**"):

(i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;

(ii) the Eligible Shareholder is not an Ineligible Person;

(iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Shareholder or an Ineligible Person;

(iv) unless the Eligible Shareholder (a) is a "qualified institutional buyer" (a "**QIB**") as defined in Rule 144A under the U.S. Securities Act or (b) is an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, the Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the Eligible Shareholder and any such person will be located outside the United States;

(v) the Eligible Shareholder understands that the Subscription Rights and/or 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 and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred (hereunder taking into account that the Subscription Rights are non-transferable) except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act and otherwise in compliance with any applicable securities law of any state or other jurisdiction of the United States; and

(vi) the Eligible Shareholder 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 and any persons acting on behalf of the Company, including the Managers, will rely upon the Eligible Shareholder's Representations and Warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder 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 Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the Eligible Shareholder 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 5.11 "Selling and transfer restrictions" is intended as a general overview only. If any Shareholder is in any doubt as to whether it is eligible to receive the Subscription Rights and/or subscribe for the Offer Shares, that Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all Shareholders who hold Shares registered through a financial intermediary and as registered with VPS on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any Ineligible Shareholder or any Ineligible Persons, and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person (a) who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, (b) who is unable to represent or warrant that such person is an Eligible Shareholder and (c) who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible 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 based on the Eligible Shareholders Representations and Warranties as set out above, or if the Company, at 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. Not all jurisdictions in which Shareholders with Shares are registered with the VPS on the Record Date were residents are covered by the descriptions above. In any such case, the Company does not accept any liability for any actions that a Shareholder takes or for any consequences that it may suffer as a result of the Company accepting or refusing the Shareholder's exercise of Subscription Rights.

No action has been or will be taken by the Managers to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Managers, nor any of their respective representatives, is making any representation to any recipient, offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such recipient, offeree, subscriber or purchaser under the laws applicable to such recipient, offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for Offer Shares or purchasing Offer Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of and/or Offer Shares.

5.11.2 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.

5.11.3 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.

5.11.4 United Kingdom

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities and other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as Relevant Persons). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Manager has represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

5.11.5 United States

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 of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered (hereunder also taking into account that the Subscription Rights are non-transferable), directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise 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 the Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and the Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and/or the Offer Shares by the Company to be made in the United States or to U.S. persons will be made only to a limited number of (A) "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act, and (B) "accredited investors" as defined in Rule 501(a) under the U.S. Securities Act, in each case acquiring the Offer Shares and the Subscription Rights for investment purposes for its own account, pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and otherwise in compliance with the securities laws of any state or other jurisdiction of the United States, who have executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of the Subscription Rights and the Offer Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any Shareholder with a registered address in the United States or to U.S. persons. In addition, the Company and the Managers reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States or to U.S. persons in respect of the Subscription Rights and/or the Offer Shares.

Any recipient of this document in the United States or U.S. persons is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering an investment in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for Offer Shares or otherwise acquire Subscription Rights and/or Offer Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the Offer Shares have not been approved or disapproved by the United States 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 Subsequent Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares, as the case may be, that:

(i) it is (A) a "qualified institutional buyer" (a "**QIB**") as defined in Rule 144A under the U.S. Securities Act, or (B) an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, in each case acquiring the Offer Shares for investment purposes for its own account, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and

(ii) the Subscription Rights and Offer Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of Offer Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for or purchasing Offer Shares, as the case may be, that:

(i) it is acquiring the Offer Shares from the Company or the Managers in an "offshore transaction" as defined in Regulation S under the U.S. Securities Act; and

(ii) the Subscription Rights and/or the Offer Shares have not been offered to it by the Company or the Managers by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act.

5.11.6 EEA Selling Restrictions

In relation to each member state of the EEA other than Norway, which has implemented the Prospectus Directive (each a "**Relevant Member State**") delivery of Subscription Rights and/or an offer of Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State except that delivery of Subscription Rights and/or an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (A) an average of at least 250 employees during the last financial year; (B) a total balance sheet of more than Euro ("**EUR**") 43,000,000 and (C) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(iii) to fewer than 150 natural or legal persons (other than persons and investors as further defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable investors to decide to purchase or subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

5.11.7 Notice to Swiss Eligible Shareholders

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, including any parties on whose behalf or for whose account a recipient of this Prospectus holds Shares. Neither this Prospectus nor any other offering materials in relation to the Subscription Rights or the Offer Shares constitute a prospectus within the meaning of article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. The Subscription Rights and/or the 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.

5.12 MANDATORY ANTI MONEY LAUNDERING PROCEDURES

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations (collectively the "**Anti-Money Laundering Legislation**").

All Subscribers not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers that have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by 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 Subsequent Offering, 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 ("Finansdepartementet"). Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 SUBSCRIPTIONS IN THE PRIVATE PLACEMENTS BY MAJOR SHAREHOLDERS AND MEMBERS OF THE MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES AND PERSON/ENTITIES SUBSCRIBING FOR MORE THAN 5% OF THE OFFERING

5.13.1 The Private Placements

The table below provides an overview of major shareholders and members of Management, supervisory and administrative bodies that participated in the Private Placement and other persons/entities that subscribed for and was allocated more than five per cent (5%) of the Private Placement:

Investor	Shares subscribed for and allocated	Share of the Private Placement
HBK Holding AS	1,605,936	19.15%
Folketrygdfondet	709,677	8.46%
Lansdowne Partners	700,000	8.35%
Sneisungen AS	645,161	7.69%
Svenska Handelsbanken	600,000	7.15%
DNB Kapitalforvaltning	518,323	6.18%
Danske Capital Norway	418,516	4.99%
Tore Østby, CFO of the Company	4,839	0.06%
Asgeir Nyseth, Chief Operating Officer of the Company	3,226	0.04%
Ole Christian Melhus, CEO of Norwegian Air Argentina	3,226	0.04%
Brede Huser, managing director of Norwegian Reward	3,226	0.04%

5.13.2 The Subsequent Offering

Three members of the Company's executive Management are Eligible Shareholders in the Subsequent Offering. The Company cannot rule out they intend to subscribe for Offer Shares, but has at the time of approval of this Prospectus no knowledge of any such intention.

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.[3] 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 in Argentina and has now expanded the network to Argentina. 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 has increased by more than 20% during 2017 and reached a total of 64 intercontinental routes at year-end 2017.

6.1.1 Historical air traffic growth and market forecast

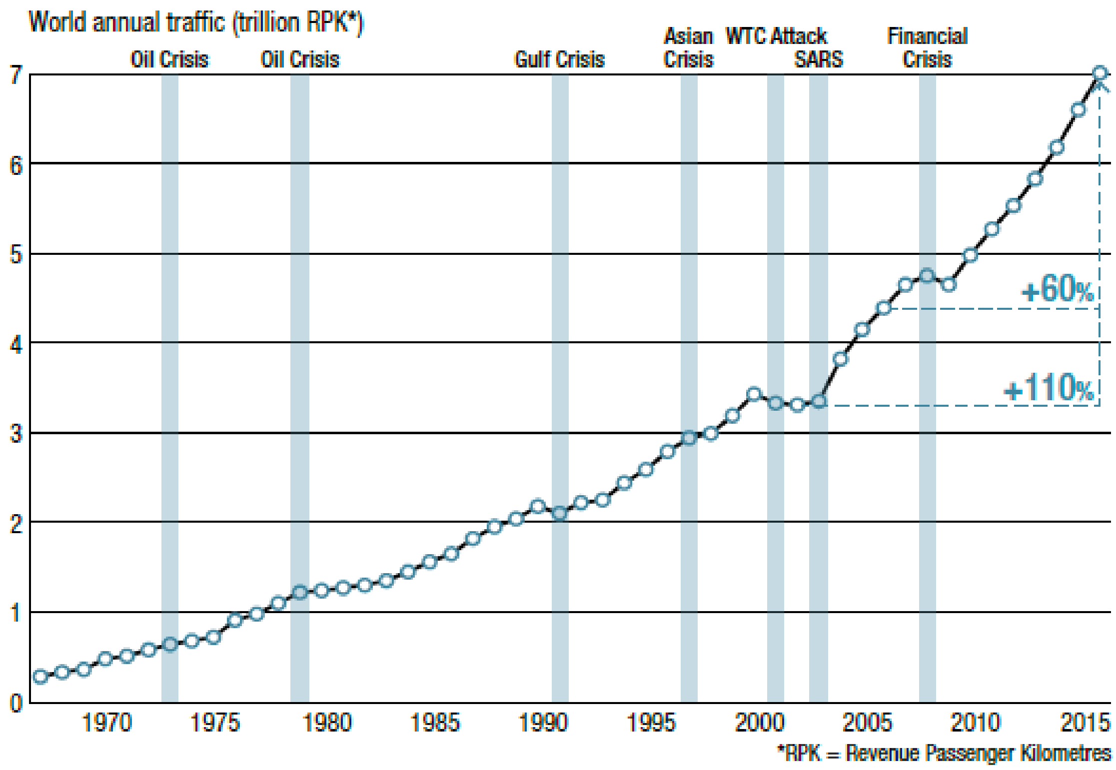
Air traffic has grown steadily at a high pace. Revenue Passenger Kilometers ("**RPKs**") experienced a global growth of 6.3% in 2016, as compared to 2015, according to ICAO figures.[4] This represents an impressive 3.7 billion passengers carried by air in 2016. Over half of the world's tourists who travel across international borders each year are transported by air. Air passengers benefited from oil prices which remained relatively low, with airlines able to choose between stimulating the market through lower yields and therefore ticket prices, and their margins.

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.

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

[4] Source: ICAO – 2016: Air Transport Yearly Monitor (preliminary)
https://www.icao.int/sustainability/Documents/Yearly%20Monitor/YearlyMonitor_2016.pdf

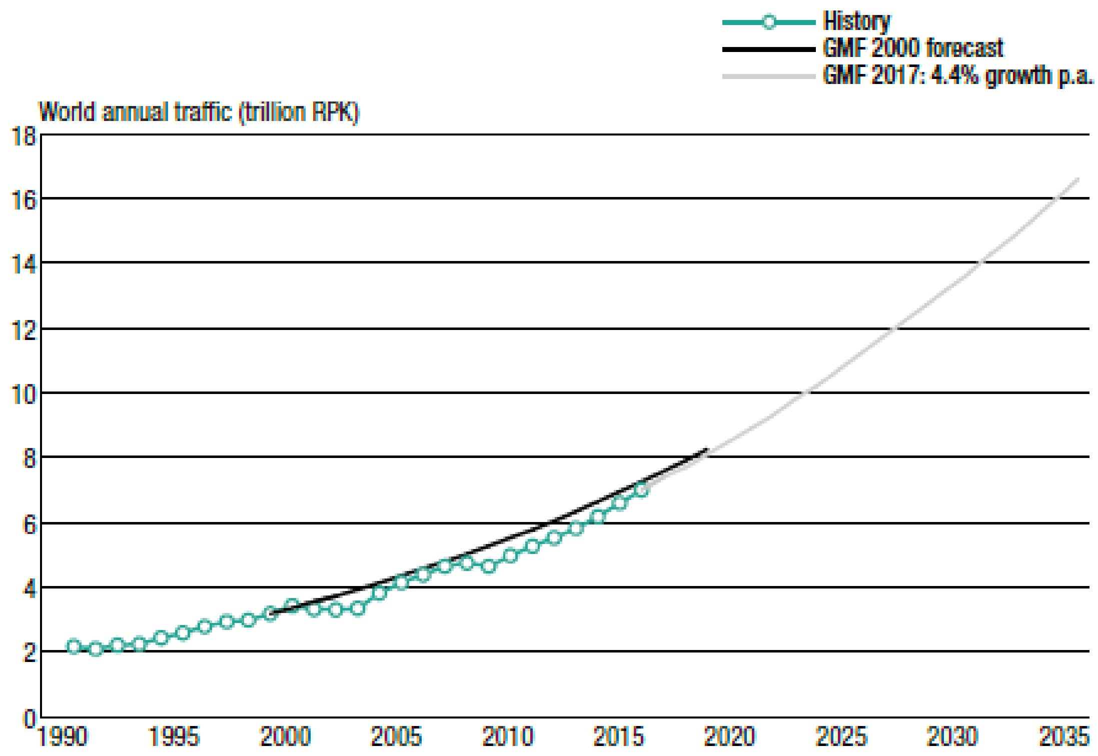
Figure: Air travel has proven resilient to external shocks



Source: Airbus Global Market Forecast 2017 (http://www.airbus.com/aircraft/market/global-market-forecast.html)

For the next 20 years, the 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. In our forecast, the first decade will enjoy a 4.9% increase per year, with 4.1% average annual growth for the second decade, a lower figure but growth in those years based on absolute traffic numbers higher than today.

Figure: Long term demand prediction (Airbus)



Source: Airbus Global Market Forecast 2017 (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

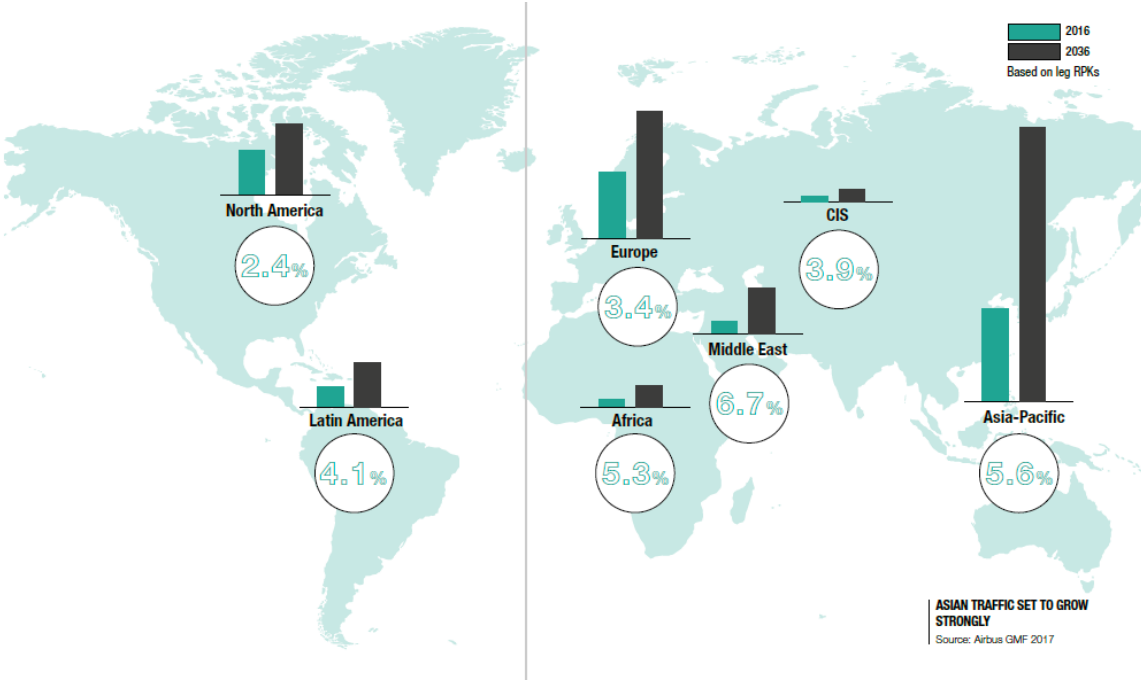
Figure: Airline passenger traffic (RPKs in billions) in 2016

	Africa	Latin America	Middle East	Europe	North America	Asia Pacific
Asia Pacific	22.2	4.0	337.2	381.4	366.1	**1738.1**
North America	13.4	263.7	98.8	499.7	**1120.1**	
Europe	153.8	212.2	260.1	**859.4**		
Middle East	62.5	-	**116.1**			
Latin America	3.1	**241.0**				
Africa	**62.9**					

Source: Boeing Current market outlook 2017 (https://www.boeing.com/commercial/market/current-market-outlook-2017/)

According to Airbus, in terms of long term growth, Asia-Pacific will have the highest amount of the total world traffic by 2036. Traffic between emerging countries is forecast to grow at 6.2% per annum and increase its share of total traffic from 29% in 2016 to 40% by 2036. Domestic China will become the largest traffic flow before the end of the forecast period. Domestic Chinese traffic is forecast to almost quadruple, with Domestic USA increasing by 50% from an already high base. The three major flows connecting Western Europe are all expected to grow considerably; routes between USA, intra Western-European routes and routes to the Middle-East are expected to grow 1.8, 1.6 and 2.5 times respectively.

Figure: Overview of growth composition until 2036



Source: Airbus Global Market Forecast 2017 (http://www.airbus.com/aircraft/market/global-market-forecast.html)

6.1.2 Principal markets

6.1.2.1 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, etc.

The European airline market is very fragmented with more than 200 airlines operating in Europe as of 2016. This is considerably higher than e.g. North America. 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, during a time of global economic growth and overall industry expansion, the majority of European legacy carriers experienced substantially lower growth.

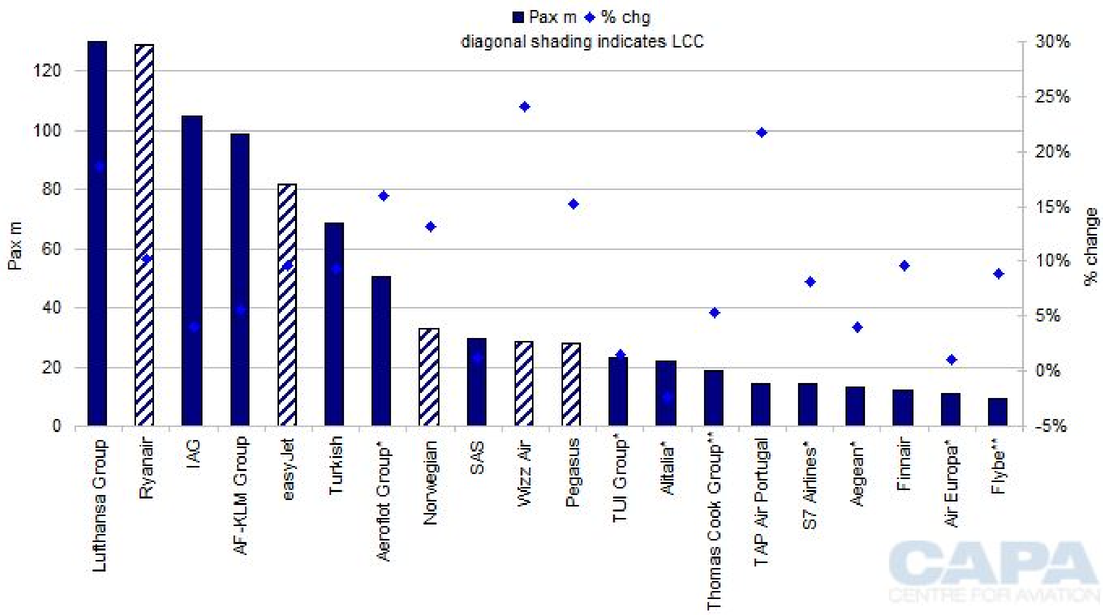
Figure: Market concentration across different world regions

		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_analyses_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



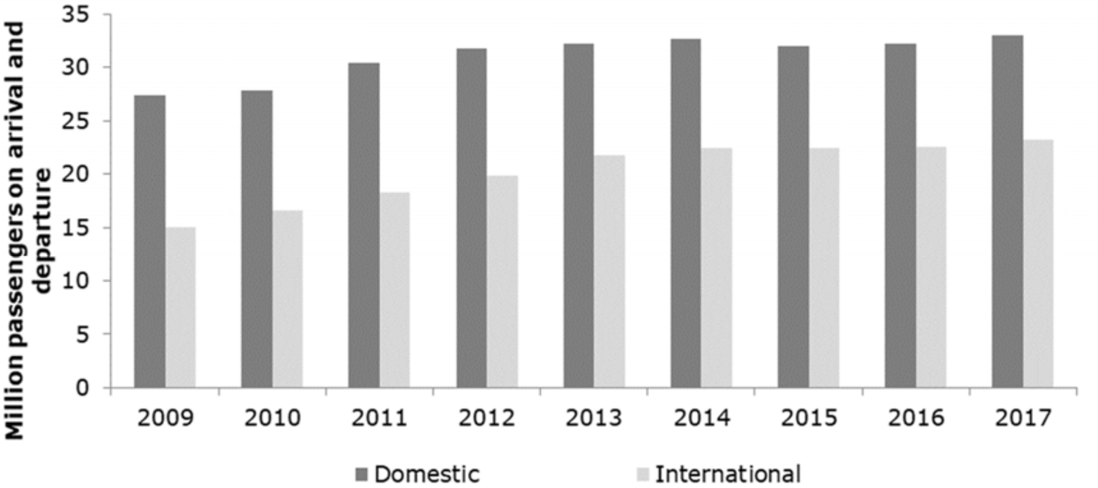
Source: CAPA – Centre for Aviation, airline company traffic reports

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.

6.1.2.2 Norway

A total of 56.2 million passengers arrived, and departed at Norwegian airports on all commercial flights in Norway in 2017. 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
Passengers:									
Domestic	27.4	27.8	30.4	31.7	32.3	32.6	32.0	32.2	33.0
International	15.0	16.6	18.3	19.9	21.8	22.4	22.5	22.6	23.2
Total	42.4	44.4	48.8	51.6	54.0	55.1	54.5	54.7	56.2
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 which opened during 2017.

Figure: Passengers carried in 2017 at top 10 Norwegian airports

	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 %**

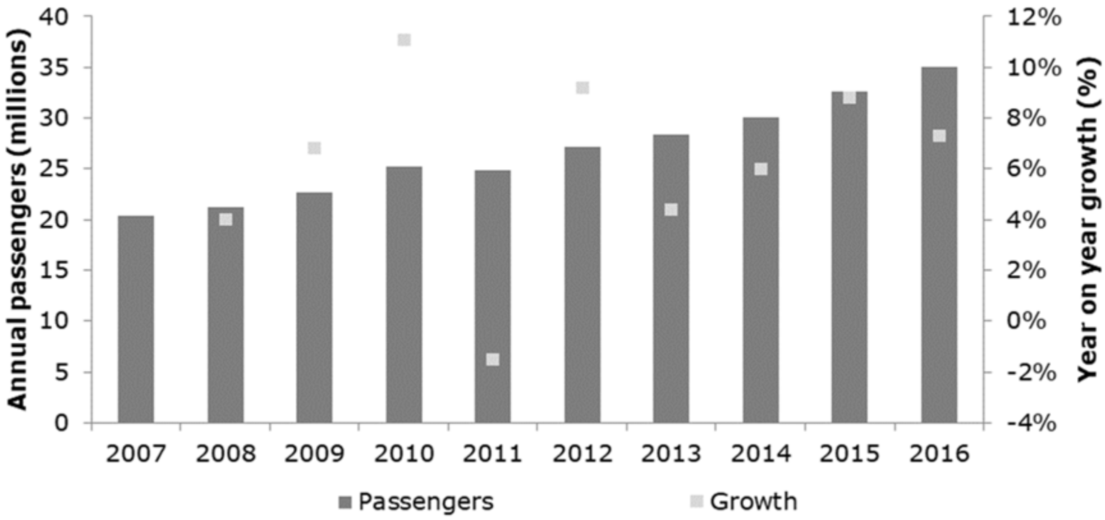
Source: Statistics Norway table 08508

6.1.2.3 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 2016, 35.03 million passengers passed through 54 airports in Argentina, according to statistics from the Regulatory Organ of the National Airport System ("**ORSNA**"). This marked a 7.3% improvement on the 32.65 million travelers handled by the same facilities in 2015. Despite the economic downturn between 2007 and 2010, Argentina's airports appear to have performed well during the past decade, with only 2011 seeing a downturn in traffic, with passenger numbers falling 1.5%. The best year for growth between 2007 and 2016 was 2010, when there was an 11% increase in passengers, the only year to see double-digit growth during the period analyzed. In H1 2017, Argentina's commercial airports handled 18.33 million passengers.

Figure: Argentina airport traffic 2007-2016



Source: ORSNA

Argentina's top 10 airports were responsible for just under 86% of the nation's traffic in 2016. Buenos Aires is the main hub of the country, handling in excess of 60% of the country's total passengers.

Figure: Passengers carried in 2016 at top 10 Argentina airports

	Passengers	% share
Buenos Aires Aeroparque	11.7	33.29 %
Buenos Aires Ezeiza	9.8	28.06 %
Cordoba	2.2	6.32 %
Bariloche	1.2	3.39 %
Mendoza	1.1	3.10 %
Salta	1.0	2.78 %
Iguazu	0.9	2.55 %
Neuquen	0.8	2.33 %
Ushuaia	0.8	2.14 %
El Calafate	0.7	2.00 %
Top 10	**30.1**	**85.97 %**

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 is expected to change 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

	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

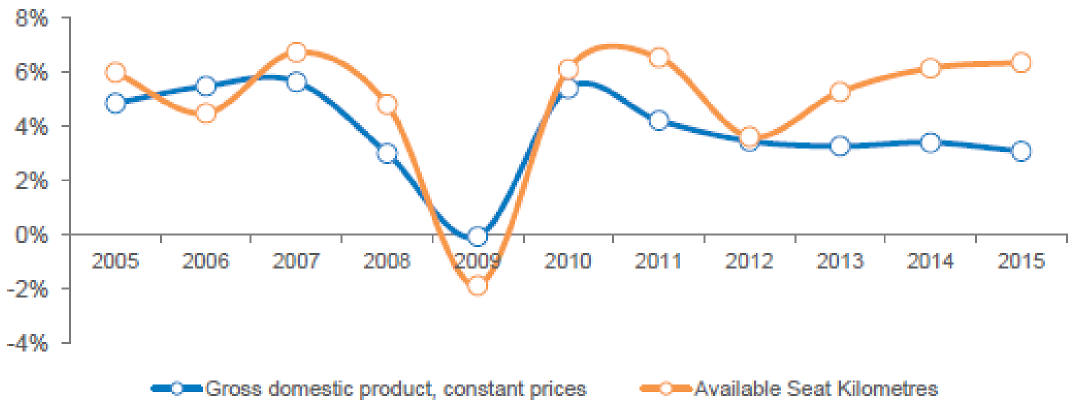
Note: LATAM airlines: Combined carrier data

6.1.3 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 Available

Seat Kilometers ("**ASKs**") flown. In recent years, air travel has grown significantly more rapidly than growth in GDP.

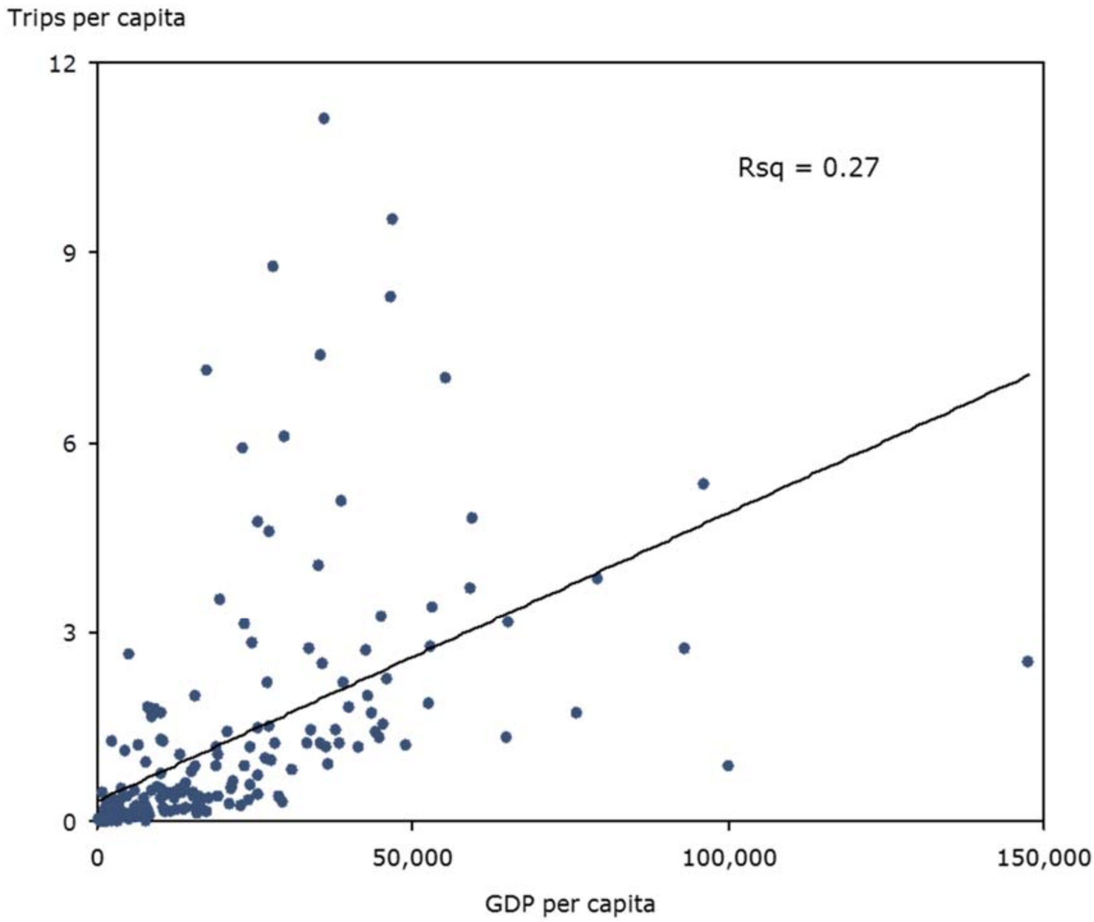
Figure: Relationship GDP growth and available seat kilometers



Source: IMF and SRS Analyser / EU Report 2016 – Air transports industry analysis as of March 2017

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

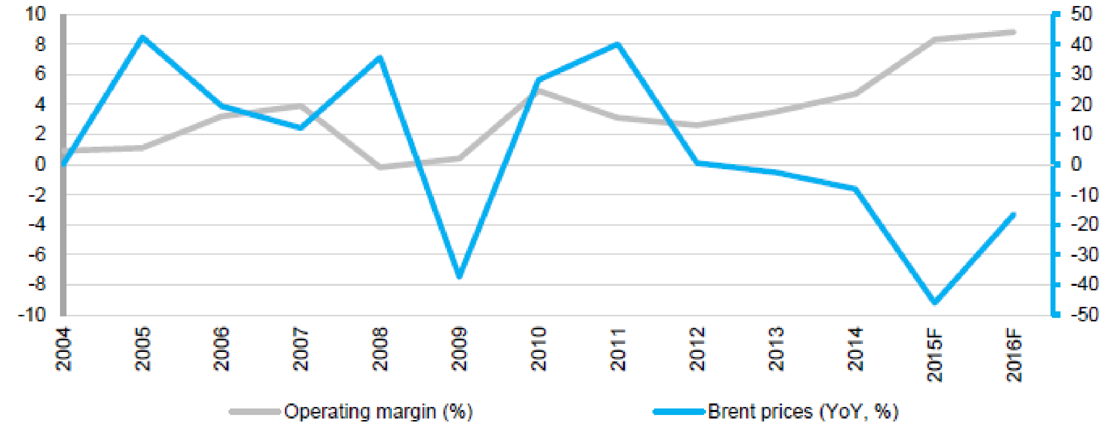
However, there is a risk of overstating economic activity as a driving force to air traffic growth, especially during a downturn, as the figure illustrates below. Although the air transport industry is subject to occasional market shocks, the industry's demand is resilient; services are often seen as 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.

6.1.4 Airline profitability

For air travel, lower fuel costs lead to increased airline profitability and reduced air fares. The recent drop in oil prices has, therefore, helped to stimulate growth in air travel and is likely to create a net positive impact for the global economy. 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 five months of 2018, reversing some of the said positive effect.

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

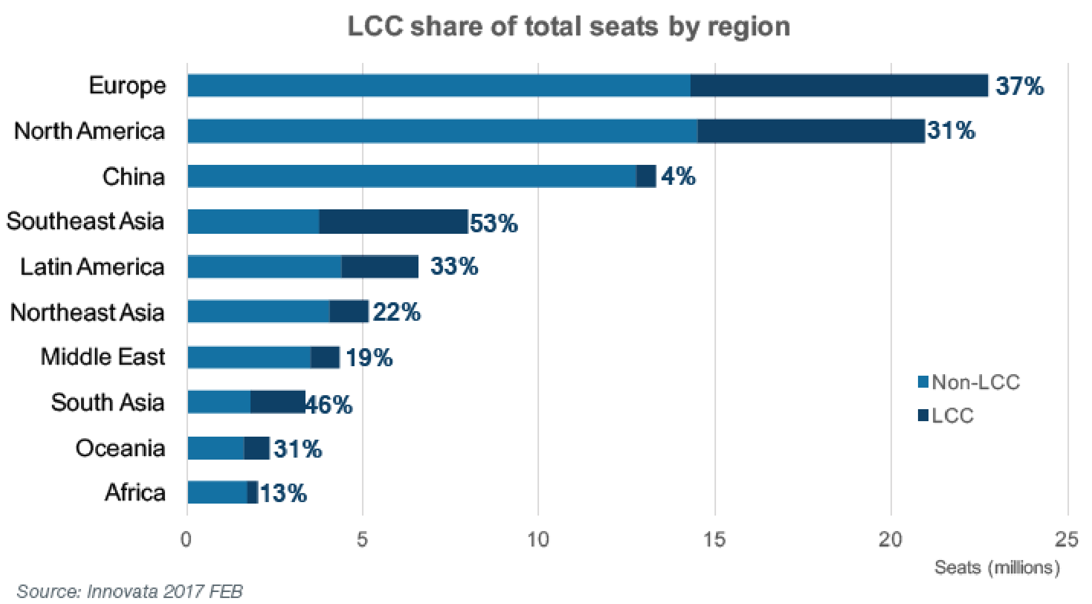


Source: IATA Industry Forecast / EU Report 2016 – Air transports industry analysis as of March 2017

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. Please see the figure below for an overview of LCCs market share across different regions.

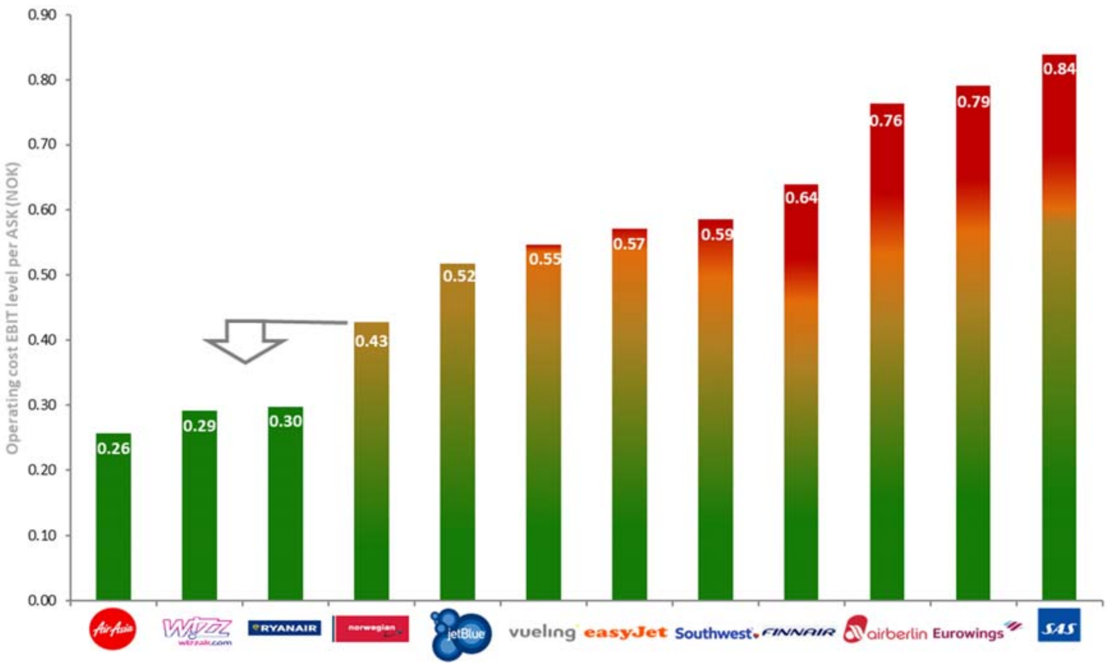
Figure: LCC share of total seats by region



Source: Boeing Current Market Outlook 2017

In terms of costs, 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: Operating cost EBIT level per average seat kilometer (NOK)



Source: based on official full-year 2016 annual reports

Notes:

The arrow indicates Norwegian's aspiration to cut costs.

Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and 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).

Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/ (gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.

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 GermWings 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 was a challenging year 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, International Airlines Group (IAG) launched a new low-cost long-haul airline, "Level". Operations started with two A330s, serving the US and South America from Barcelona. Level will grow further in 2018 with bases in Paris and expected growth in Barcelona. In addition, British Airways have reacted to the Group's London growth by adding seats to 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. In 2018, 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 does not, however, expect any material impact on the business or total passenger numbers as a result of the increase in ticket prices since other airlines are expected to do the same.

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 (which holds an AOC) and the Company's subsidiaries, as further detailed in this Section 7 "Presentation of the Group". The Group includes 56 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 4,414,673.60 divided into 44,146,736 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:

Snarøyveien 36
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 2017, the Company and its subsidiaries employed 9,593 staff at 28 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's operations has 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 ("**NAA**") based in Buenos Aires, Argentina, 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 28 bases globally in the following geographical locations: Norway, Sweden, Denmark, Finland, United Kingdom, Spain, Thailand, United States, Italy, Netherlands, Ireland, France and French Caribbean.

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;
- Torskefjorden Limited;
- Torefjorden Limited;
- Larviksfjorden II Limited;
- Lysakerfjorden Leasing Limited;
- Arctic leasing No.1 Limited;
- Arctic leasing No.2 Limited;
- Arctic leasing No.3 Limited;
- Arctic leasing No.4 Limited;

- Hardangerfjorden Limited;
- Sognefjorden Limited;
- Ofotfjorden Limited; and
- Tysfjorden Limited.

During 2013, the Group initiated the transfer of aircraft leases and ownership to several of the entities, a process that continued and was completed during 2014.

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:

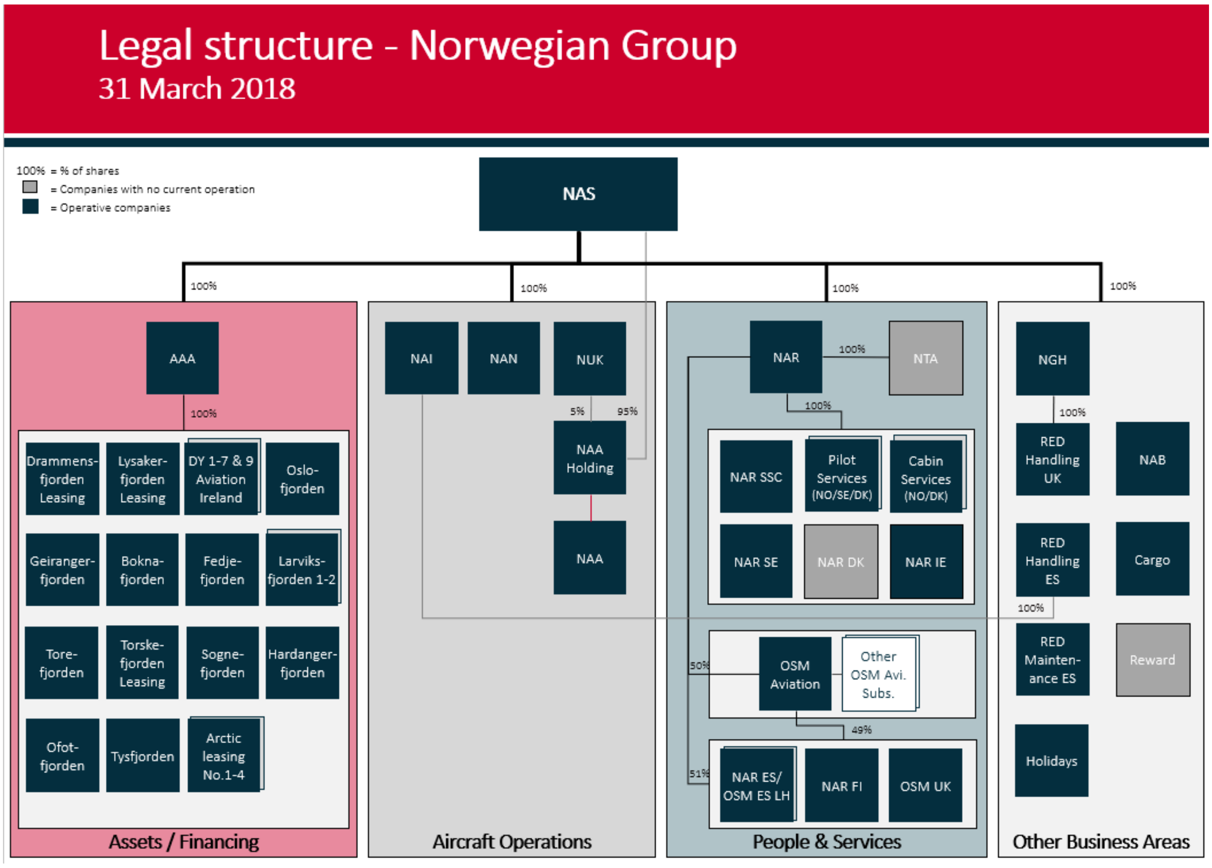
- Norwegian Air Resources Limited (Dublin, Ireland) (100%);
- Norwegian Air Resources Shared Service Center AS (Fornebu, Norway) (100%);
- Norwegian Pilot Services Norway AS (Fornebu, Norway) (100%);
- Pilot Services Sweden AB (under name change to Norwegian Pilot Services Sweden AB) (Stockholm, Sweden) (100%);
- Pilot Services Denmark ApS (under name change to Norwegian Pilot Services Denmark ApS (Copenhagen, Denmark) (100%);
- Norwegian Cabin Services Norway AS (Fornebu, Norway) (100%);
- Cabin Services Denmark ApS (under name change to 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 Ireland Ltd (Dublin, Ireland) (100%);
- Norwegian Training Academy AS (Fornebu, Norway) (100%);
- Norwegian Air Resources Spain S.L. (Madrid, Spain) (51%);
- Norwegian OSM Aviation LH Spain S.L (Madrid, Spain) (51%);
- Norwegian Air Resources Finland Ltd (Helsinki, Finland) (51%); and
- Norwegian OSM Management 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 7.4 million members in 2017 – 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. The Company has initiated a review of strategic opportunities for Norwegian Reward AS.
- 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 %) carries out ground handling services and is 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 16.40% 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



PARENT COMPANY - NORWEGIAN GROUP

Norwegian Air Shuttle ASA	NAS

AIRCRAFT OPERATIONS

Norwegian Air Norway AS	NAN
Norwegian Air UK Limited	NUK
Norwegian Air International Limited	NAI
Norwegian Air Argentina Holding S.A	NAA H
Norwegian Air Argentina	NAA

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. 4 Limited	OwnerCo
Lysakerfjorden Leasing Limited	OwnerCo
Hardangerfjorden Limited	OwnerCo
Sognefjorden Limited	OwnerCo
Ofotfjorden Limited	OwnerCo
Tysfjorden Limited	

RESOURCES

Norwegian Air Resources Limited	NAR
Norwegian Air Resources Shared Service Center AS	NAR SSC
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 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
Norwegian OSM Aviation LH Spain S.L	OSM ES LH

BRAND

Norwegian Brand Limited	NAB

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

7.5 BRIEF HISTORY AND DEVELOPMENT INCLUDING Q1 2018

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

Date	Historic events and development
	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.
2006	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	• 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	• 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	• 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	• The Company took delivery of the first Company-owned B737-800, and the aircraft commenced commercial operation in September 2009.

Date	Historic events and development
	• 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	• 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 up until 2014. • 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	• 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	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	• The Group officially launched its long-haul offering in 2013, through the launch of routes between Oslo – New York and Oslo – Bangkok, in

Date	Historic events and development
	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 Skytrax[5], and "Best Inflight Connectivity and Communications" by APEX (Airline Passenger Experience Association)[6] for its free WiFi on board.
2014	• 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 establishment of four new bases, Barcelona and Madrid in Spain and Fort Lauderdale and New York in North America. • 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 Skytrax[7].
2015	• 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 SkyTrax[8].

[5] http://www.worldairlineawards.com/

[6] https://connect.apex.aero/page/prevpassengerchoice

[7] http://www.worldairlineawards.com/

[8] http://www.worldairlineawards.com/

Date	Historic events and development
2016	• 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 Skytrax[9].
2017	• 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. • SkyTrax recognized Norwegian as the prestigious "Best Low-Cost Long-Haul Airline" for the third time and the "Best Low-Cost Airline in Europe" for the fifth consecutive year, both by Skytrax[10].
June 2017	In June 2017, Norwegian 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.
Summer 2017	Some services were affected in summer 2017 as long-term planning and crewing issues created challenges, but these have been thoroughly addressed to ensure the Group is in a stronger position for the summer of 2018.
September 2017	In September 2017, the U.S. Department of Transportation approved NUK's application for a foreign carrier permit. In November 2017, 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. In May 2017, the Board of Directors approved the launch of Norwegian Air Argentina ("**NAA**"). SkyTrax recognized Norwegian as the prestigious "Best Low-Cost Long-Haul Airline" for the third time and the "Best Low-Cost Airline in Europe" for the fifth consecutive year.
November 2017	In November 2017, Norwegian Pilot Services and the Norwegian Pilot Union agreed locally on the framework for a new three-year collective labor

[9] http://www.worldairlineawards.com/

[10] http://www.worldairlineawards.com/Awards/worlds_best_lowcost_airlines.html

Date	Historic events and development
	agreement. The agreement will provide the Group with predictability and stability during the period.
24 January 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.
26 January 2018	The Company and Widerøe signed an interline agreement on 26 January 2018. The agreement includes all Widerøe's Public Service Obligation routes in Norway and the Company's domestic routes in Norway. Initially, the flights are available for purchase through Widerøe's channels, and was launched during the first half of March.
27 January 2018	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 has granted NAA concessions to operate more than 150 domestic and international routes, opening the door to considerable future growth in South America.
March 2018	The Company completed Tranche 1 of the Private Placement, whilst Tranche 2 of the Private Placement and the Subsequent Offering were resolved at the EGM on 13 April 2018. Tranche 2 of the Private Placement has been completed (including the Company's receipt of the net proceeds), save for the listing on Oslo Børs of the Tranche 2 Shares, which will take place upon approval of this Prospectus. For further information on the issuance and listing of the Tranche 2 Shares, see Section 5.2.4 "Issuance and Listing of the Private Placement Shares".
March 2018	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 Reward AS (formerly known as Call Norwegian AS, which during the past years has been a dormant company). Brede Huser has been appointed as Norwegian Reward AS' new chief executive officer, and Geir Karlsen has been replaced Lars Ola Kjos as Chair of Norwegian Reward AS' board of directors.
Q1 2018	• Arctic Aviation Assets DAC ("**AAA**") signed an LOI during Q1 2018 for PDP financing of six 787-9 Dreamliners with backstop sale and leaseback agreements, improving liquidity with USD 250 million. The

Date	Historic events and development
	deliveries are scheduled to take place in 2018 and 2019. Further, AAA is in discussions of selling up to five of its Airbus A320neos with an estimated gain of USD 15-20 million. Currently, the Group has 65 additional A320neos on order. • The Company also took delivery of its last Boeing 737-800.

7.6 STRATEGY

Introduction

The Group's overall strategy is to become a global airline. As part of its international expansion strategy, it has a total of 153 short and long-haul aircraft with an additional 210 aircraft on order as of the date of this Prospectus. The business model is based on high volume and competitive fares. When adding new capacity, especially in markets with low brand awareness, the Group actively uses low fares to attract new customers. It operates a young and eco-friendly fleet of which approximately 80 per cent is used in European, Middle Eastern and North African routes. The 787 Dreamliner is used on the longer routes to Asia and the U.S.

The Group's vision is "Affordable fares for all". To realize this vision, the Group offers high quality flights at a low fare based on operational excellence and helpful, friendly service. 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.

The Group's strategy going forward is to maintain the short-haul position within Europe, grow medium to long-haul routes between Europe and the rest of the world and open up new and underserved markets.

The Group is operating in one of the world's most competitive industries

The global aviation industry is highly competitive and has over the past 30-40 years consistently delivered one of the lowest returns on invested capital among all industries. The deregulation of the European market in the early 1990s provided a basis for the expansion of ultra-low and low-cost carriers (LCCs) and forced traditional ‘flag’ carriers to lower their own costs. This led to a price competition in the European short haul market that has seen nearly all profits transferred to customers in the form of lower fares. At the same time, the supply has increased significantly due to growth in demand and from airlines trying to reduce unit costs by scaling up with more fuel-efficient aircraft. Not everyone is capable of surviving in this environment, as evident by the bankruptcy of Alitalia, Air Berlin and Monarch in 2017. European carriers are also facing several uncertainties such as Brexit (and spillover effects), further consolidation and increased competition from US and Gulf airlines in their home market.

The Group has a solid position in the European short haul market based on its low-cost strategy and attractive offerings that it will continue to strengthen in the coming years as a core business. However, the Group is still small compared to its main competitors in this market and vulnerable towards aggressive competition into key national markets. Therefore, the Group is also looking outside Europe for attractive opportunities to utilize its short haul fleet and has recently embarked on an exciting project in Argentina.

Within the long haul market, the EU-US Open Skies agreement in 2007 also opened up for increased competition on transatlantic routes, where the Group has been one of the first LCCs to enter causing a lot of attention. Large order books for long-distance aircraft, especially for LCCs and Gulf carriers, and the increased range of narrow-body aircraft, such as the Boeing 737-MAX, is likely to transform the long haul market in the same way as short haul in the coming years. The main barriers are political, such as EU-Russia relations and shift towards protectionism in the U.S., but airlines across the world are positioning themselves through orders, acquisitions and partnerships (alliances). The Group will continue to build a low-cost bridge between Europe and the rest of the world through its growing fleet, and use its own and partners' short haul network to feed into this operation.

To succeed in this competitive environment, the Group relies on two critical capabilities: 1) ability to have low unit costs and 2) ability to allocate aircraft on commercially attractive route network.

To succeed, the Group must reduce unit cost through growth

The first capability of having low unit costs relies heavily on growth. Due to high level of fixed and semi-fixed costs in an airline, the more aircraft and the longer the distance, the lower the cost will be for each available seat kilometer. This is achieved through scale benefits in the operation and a constant renewal of the fleet with cost efficient aircraft (lower fuel consumption). Already in 2007, the Company placed a purchase order on 42 short haul aircraft from Boeing, which entailed more than a doubling of the fleet. In 2012, the Company entered into the largest European aircraft purchase agreement ever, with an order of 222 new short-haul aircraft from both Boeing and Airbus. In parallel with this, in 2009, the Company announced that it will aim for long-haul flights and take delivery of eight 787-Dreamliners from Boeing. Further orders in the following years, ensures the Group will be a significant player within the long haul market.

To succeed, the Group must build a commercially attractive route network by acquiring traffic rights

The second capability of 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.

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 Group 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 Norwegian 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.

Establishing multiple airlines within the Group provides market access & flexibility

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 five different airlines each holding a national AOC that form an internal alliance within and together ensures a much broader market access than with only a single AOC. For example, the establishment of Norwegian Air International Limited in Ireland opened up the opportunity to fly from the EU to destinations in South America, Africa and Asia, that were not accessible previously.

People & services are centralized to standardize and stay cost-efficient

To ensure a cost-efficient, flexible and competitive platform for the multiple airline model, the People & Services Group has been established to centralize all shared functions and resources between the airlines. The People & Services Group, where Norwegian Air Resources Limited ("**NAR**") is the parent company, consists of three different areas:

The Crew Service is a full-scale enterprise providing fully planned and competent crew to all the Group's airlines. Through its resourcing structure, it offers local employment at competitive conditions to crew all over the world at a base where one or more of the Group airlines operate. This contributes to the Group's global presence. By planning, recruiting and managing the crew resources centrally from one provider, the Group is able to optimize utilization, keep flexibility and offer attractive career opportunities and job security for crew. Achieving interoperability, meaning crew can operate freely between the airlines, is a key ambition in the near future.

Airline Operations is an area within People & Services that provides a range of operative services related to the operation of a commercial airline. It ensures that processes are streamlined across Norwegian's airlines and contributes to the efficient, safe and timely operation of all flights. Functions vary from ground handling and maintenance to in-flight services and ticket office.

The Administrative area centralizes administrative functions ranging from HR to Marketing and supports not only to Aircraft Operations, but to all business areas within the Group.

The Group's most valuable assets are professionally managed separately

The significant expansion of the aircraft fleet required the establishment of a new legal and operational sub-group for the ownership, financing and professional management of the fleet, as well as the need to reduce/mitigate various risks associated with the significant increase in the aircraft fleet and the resulting aircraft financing needs.

The purpose of this business area is to provide aircraft to the airlines within the Group, and as more aircraft are delivered, to lease aircraft to third parties. The business area actively manages the aircraft fleet and ensures beneficial aircraft financing solutions, achieving benefits of scale, volume and efficiency in order to maximize its profits.

Bridging the business strategy and operating model

In summary, the Group's business model is built on four separate areas that operate independently, but have a high degree of cooperation. Aircraft Operations contains all the local airlines and the commercial results from transporting passengers all over the world. People & Services provide the airlines with support services and functions, while Assets and Financing provides aircraft and management thereof to own and third-party airlines. Lastly, Other Business Areas clusters all related and new businesses within the Group, including the business of licensing the Norwegian Brand.

Together, this business model allows the Group to offer attractive services and expand globally in a highly competitive and regulated industry while maintaining the cost-efficiency and agility needed to follow the long-term strategy and help realize the vision of "Affordable fares for all".

Other key elements in the Group's strategy include being able to:

- Attract customers by offering competitive fares and a quality travel experience whilst maintaining low operating costs, operational excellence and helpful friendly service across all markets.
- Offer customers the freedom of choice to select additional products and services. Norwegian provides a core, low-cost product to the price sensitive customer and a more comprehensive package for those who may want a little extra, thereby ensuring a broad market reach.
- Bypass the traditional hub and spoke model with focus on point-to-point leisure travelers. Offer new routes and destinations to selected markets utilizing Norwegian’s core strengths and create new direct routes to a broader market, focusing on underserved routes.
- Utilize the strong brand awareness and efficient distribution channels to further increase the Group's revenue and profitability.
- Secure an optimal operating model to handle fleet growth, international expansion, market access and efficiency in all parts of the operations.
- Maintain an innovative, "out-of-the-box" approach to the way business is done and explore new opportunities across the global market place.
- Have a positive, effective and entrepreneurial organization in which everyone has the possibility to make a difference.

7.7 BUSINESS OVERVIEW

7.7.1 Introduction

The Company was founded in 1993, but only began operating as a low-cost carrier with bigger 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.[11] 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 has increased by more than 20% during 2017 and reached a total of 64 intercontinental routes at year-end 2017.

The Group's fleet of 153 aircraft is very modern and environmentally friendly. As per the date of this Prospectus, the Group also has 210 aircraft on firm order plus 10 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 2017, Norwegian Reward had approximately 7.4 million members whereas approximately 55 per cent of all CashPoints where earned from external partners.

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.

In November 2017, Norwegian celebrated taking delivery of its 150th aircraft from Boeing since 2008. The new aircraft, a 787-9 Dreamliner adorned with the Jonathan Swift tailfin hero, a celebrated Irish author, arrived at Oslo airport in November 2017.

During 2017, the Group introduced 32 new aircraft to its fleet, including six Boeing 737 MAXs, 17 Boeing 737-800s and nine Boeing 787-9 Dreamliners.

The Group has introduced eleven new aircraft to its fleet in 2018 as of the date of the Prospectus, including two Boeing 737-800s, eight Boeing 787-9 Dreamliners and one 737 MAX 8. During 2018 and up to the date of this Prospectus, the Group has returned two aircraft – two Boeing 787-800s.

7.7.2 Fleet

The Group has one of the youngest and most modern aircraft fleets globally, with an average aircraft age of 3.6 years.[12]

The airline operates an all-Boeing fleet with three aircraft types – the 787 Dreamliner for all long-haul, the 737-800 for all European flights and the 737 MAX 8, which operates flights between Ireland, Northern Ireland, Scotland and the United States.

At the date of this Prospectus, the Group's fleet comprised of 153 aircraft (of which 69 are owned and 84 are leased), excluding four aircraft on external lease. Several aircraft have already been phased out to

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

[12] Source: Planespotters.net, January 2018

accommodate newer, more fuel efficient and environmentally friendly aircraft. The Company is continuing to renew its fleet going forward in 2018.

The Group has 210 aircraft on order as per the date of this Prospectus. These include Boeing 737-800s, Boeing 737 MAXs, Boeing 787 Dreamliners, Airbus A321 Long Range and Airbus A320s.

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 will new aircraft to replace old ones. Furthermore and as already announced, the Company is considering to sell up to 140 aircraft and will also consider to lease aircrafts not needed for its own business.

In 2015, 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:

- 29 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 has 344 seats (35 in the Premium cabin and 309 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:

- 117 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

With 110 Boeing 737 MAX on firm order, 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:

- Seven 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 currently holds five 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.

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 routs 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. Finally, the Group's Argentinian subsidiary based in Buenos Aires, NAA, holds an Argentinian AOC.

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 have 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 and NUK. 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 787-9 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 7.5 million passengers travelled with the Group in the first quarter of 2018, compared to 6.7 million in the first quarter of 2017, an increase of 12%. Production (ASK) increased by 36% and passenger traffic (RPK) increased by 37%. The load factor was 84.5% first quarter in 2018, an increase of 0.1 p.p compared to first quarter of 2017.

At the end of the quarter, the total fleet including aircraft on maintenance and excluding wetlease comprised 151 aircraft, excluding four aircraft on external lease. The Group utilized every operational aircraft on average 11.5 block hours per day, compared to 10.9 in the fourth quarter last year.

The total number of passengers flown in March 2018 was 2,816,164 compared to 2,453,551 last year, an increase of 362,613 passengers (15%). The period is influenced by the "Easter effect" as Easter was in March this year, consequently increasing traffic.

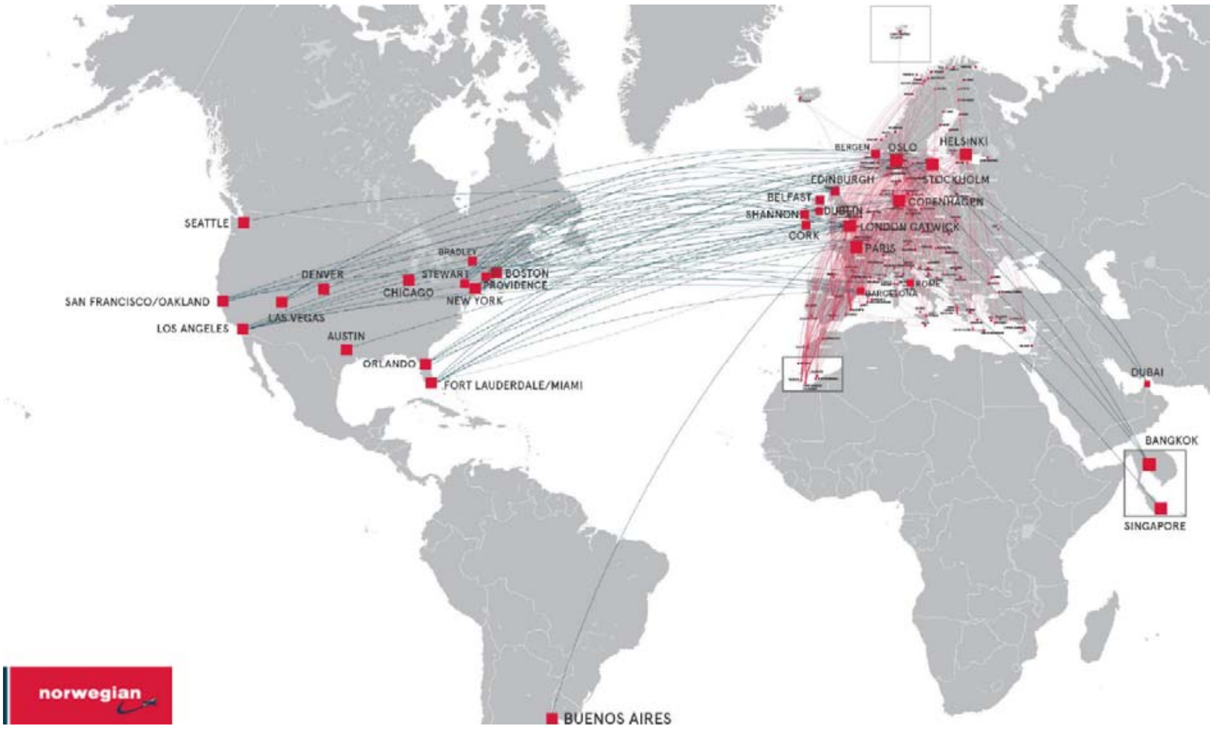
Compared to the same period last year:

- Total passenger traffic (RPK) increased by 48%
- Total capacity (ASK) increased by 44%
- The load factor was 86.7%, down 2.6 p.p.

March	Mar-18	Mar-17	chg	
Internet bookings	74 %	76 %	-2	p.p
ASK (mill)	7,408	5,154	44	%
RPK (mill)	6,424	4,336	48	%
Load factor	86.7 %	84.1 %	2.6	p.p
Passengers	2,816,164	2,453,551	15	%
Traffic 12 mth rolling	**Mar-18**	**Mar-17**	**chg**	
Internet bookings	74 %	75 %	-1	p.p
ASK (mill)	77,687	60,756	28	%
RPK (mill)	67,839	53,116	28	%
Load factor	87.3 %	87.4 %	-0.1	p.p
Passengers	33,975,187	30,132,778	13	%

During the first quarter 2018, the Group started operating routes to Denver, San Francisco and Boston from Paris, as well as to Chicago and Austin from London. Other highligts included the launch of interline agreement with Wideroe, and the Companys Argentinian subisidary, NAA, receiving an AOC in Argentina.

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. Unit cost for handling increased, *e.g.*, by 1% from the first quarter of 2017 to the first quarter of 2018.

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 17.4% per cent of the Group's operating costs (before depreciation) in 2017. In 2017, the Group used more than 1,465,000 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 2017, the average fleet age for the 144 aircraft was 3.6 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 of 21 Dreamliners and 104 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 6.1.2 "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 based

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 74% of the Group's tickets are sold through the internet, 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 26% 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 five 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. 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.

Agreements with airports and landing permissions

In addition, the Group have 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. Three 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

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, that could in turn lead to reduced utilization of aircraft. Please refer to Section 13.6.2 "Enironmental regulations".

The Group's fleet of 153 aircraft is one of the youngest in the industry, with an average aircraft age of 3.6 years[13], 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.

[13] Source: Planespotters.net, January 2018

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 three months ended, 31 March 2018 and 2017, 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 interim financial statements as at, and for the three months ended, 31 March 2018 and 2017 are incorporated by reference to this Prospectus (see Section 16.2 "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 NAS is dependent on in its ordinary course of business" and 15.3 "Non-core agreements between the Group and Bank Norwegian outside NAS' 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 interim statements as of, and for the three months ended, 31 March 2018 and 2017, 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 is expected to be effective for accounting periods starting on or after January 1, 2019. There will be a material impact on the Group's income statement and statement of financial position from the adoption of IFRS 16. More than 80 % of the total impact is expected to arise from changed presentation of operational aircraft leases. IFRS 16 allows for various adoption approaches, whereas the Group has not yet decided which approach to apply. The choice of adoption approach will have implications for the size of transitional effects recognized both in the income statement, the statement of financial position and equity. The Group estimates that total assets and total equity and liabilities at January 1, 2019 will increase with an amount in the range between NOK 25 billion and NOK 28 billion. The Group also estimates that compared to the current presentation in the income statement, in 2019 an amount of at least NOK 4 billion will be re-classified from lease expenses into depreciation and interest expense. The net impact on the income statement and the equity, if any, cannot yet be reliably estimated. There are several factors of uncertainty surrounding the above estimates. The portfolio of leased assets at January 1, 2019 is not yet confirmed as new contracts will be entered into in the remainder of 2018 and there could also be made changes to the existing contract portfolio. The estimates build on a certain interpretation of how to reflect periodic maintenance of aircraft in the accounting model under IFRS 16. There is still uncertainty about what will be the final interpretation and under some alternative solutions the above estimates will increase substantially. The various financial effects will also be impacted by the choice made among the allowed adoption approaches. Finally, there are several parameters to be used for calculations under IFRS 16 that are pending final observations and decisions, such as foreign exchange rates and discount rates.

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 three months periods ended 31 March 2018 and 2017 (unaudited), prepared in accordance with IFRS.

In NOK thousands	**2017**	**2016**	**2015**
Revenue *)	30 948 264	25 950 554	22 483 544
Total operating revenue	**30 948 264**	**25 950 554**	**22 483 544**
Operational expenses	24 021 594	18 024 344	15 839 048
Payroll and other personnel expenses	5 316 253	3 971 412	3 433 703
Depreciation and amortization	1 405 075	1 295 825	1 133 287

Impairment	655 904		
Other operating expenses	1 983 742	1 516 243	1 263 185
Other losses/(gains) – net *)	-432 192	-677 656	466 546
Total operating expenses	**32 950 375**	**24 130 168**	**22 135 769**
Operating profit	**-2 002 111**	**1 820 386**	**347 775**
Interest income	71 296	43 623	74 181
Interest expense	958 615	685 990	463 348
Other financial income (expenses)	35 285	117 513	12 988
Net financial items	**-852 033**	**-524 854**	**-376 178**
Share of profit from associated companies	291 944	212 801	103 441
Profit (loss) before tax	**-2 562 200**	**1 508 333**	**75 038**
Income tax expense (income)	-768 496	373 353	-171 114
PROFIT (LOSS) FOR THE YEAR	**-1 793 705**	**1 134 981**	**246 152**
Basic earnings per share	-50,18	31,75	6,99
Diluted earnings per share	-50,18	31,47	6,92
Profit attributable to;			
Owners of the company	-1 794 551	1 135 263	246 152
Non-controlling interests	847	-283	

QUARTERLY FIGURES

In NOK millions	Unaudited Q1 2018	 Q1 2017
Total operating revenue *)	6 993	5 256
Total operating revenue	**6 993**	**5 256**
Operational expenses	5 837	4 137
Payroll and other personnel expenses	1 550	1 166
Other operating expenses	486	560
Total operating expenses ex lease, depr,amort	**7 873**	**5 863**
EBITDAR	**-880**	**-607**
Leasing	1 010	731
EBITDA	**-1 890**	**-1 338**
Depreciation and amortization	336	364
Operating profit/loss (EBIT)	**-2 226**	**-1 702**
Interest income	16	11
Interest expense	243	185
Other financial income (expenses)	1 872	-33
Net financial items	**1 646**	**-207**
Share of profit from associated companies	65	61
Profit (loss) before tax	**-515**	**-1 848**
Income tax expense (income)	-469	-357
PROFIT (LOSS) FOR THE QUARTER	**-46**	**-1 491**

*) 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

In NOK millions	Year 2017	Year 2016	Year 2015
Net profit for the period	**-1 794**	**1 135**	**246**
Actuarial Gains and Losses	-43	25	45
Other	-3	0	0
Share of OCI associated companies	-2	1	0
Exchange rate difference non-controlling interests	1	1	0
Exchange rate differences Group	-127	-104	421
Total comprehensive income for the period	**-1 968**	**1 058**	**712**
Total comprehensive income attributable to:			
Owners of the company	-1 969	1 057	
Non-controlling interests	2	1	

QUARTERLY FIGURES

Unaudited

In NOK millions	Q1 2018	Q1 2017
Net profit for the period	**-46**	**-1 492**
Actuarial gains and losses	0	0
Exchange rate differences Group	-309	-27
Fair value adjustments through OCI	-129	0
Other OCI items	-1	0
Total comprehensive income for the period	**-484**	**-1 518**
Total comprehensive income attributable to:		
Owners of the company	-483	-1 510
Non-controlling interests	-1	-8

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 March 2018 and 2017 (unaudited), prepared in accordance with IFRS.

In NOK thousands	**2017**	**2016**	**2015**
ASSETS			
Non-current assets			
Intangible assets	201 383	198 260	206 675
Deferred tax asset	1 018 927	241 499	593 626
Aircraft, parts and installations on leased aircraft	25 861 883	22 571 775	18 507 706
Equipment and fixtures	90 458	88 361	79 508
Buildings	279 462	283 236	285 674
Derivative financial instruments	31 016	114 476	
Financial assets available for sale	2 689	82 689	82 689
Investment in associate	832 561	609 110	328 127
Prepayment to aircraft manufacturers	5 219 372	7 156 303	5 939 281
Other receivables	789 974	623 606	501 811
Total non-current assets	**34 327 725**	**31 969 314**	**26 525 096**
Current assets			
Inventory	101 890	102 465	104 141
Trade and other receivables	4 357 571	3 013 978	2 550 716
Derivative financial instruments	615 707	353 246	
Financial assets available for sale	80 000		
Cash and cash equivalents	4 039 776	2 323 647	2 454 160
Total current assets	**9 194 943**	**5 793 337**	**5 109 017**
TOTAL ASSETS	**43 522 668**	**37 762 651**	**31 634 113**

In NOK thousands	**2017**	**2016**	**2015**
EQUITY AND LIABILITIES			
Equity			
Share capital	3 576	3 576	3 576
Share premium	1 231 631	1 231 631	1 231 631

Other paid-in equity	127 769	110 621	94 362
Other reserves	641 437	773 112	876 192
Retained earnings	81 666	1 919 266	759 550
Shareholders' equity	**2 086 077**	**4 038 205**	**2 965 312**
Non-controlling interest	12 328	10 770	
Total equity	**2 098 405**	**4 048 975**	**2 965 312**
Non-current liabilities			
Pension obligation	149 661	107 379	134 516
Provision for periodic maintenance	2 679 400	1 376 465	1 177 513
Other long term liabilities	137 121	85 166	80 338
Borrowings	22 060 271	18 706 062	16 543 405
Derivative financial instruments		27 939	
Total non-current liabilities	**25 026 454**	**20 303 010**	**17 935 772**
Short term liabilities			
Short term part of borrowings	4 244 486	4 768 813	3 041 388
Trade and other payables	5 568 261	3 881 684	2 862 566
Air traffic settlement liabilities	6 493 615	4 666 212	4 014 428
Derivative financial instruments	41 819	86 306	782 523
Tax payable	49 629	7 650	32 123
Total short term liabilities	**16 397 810**	**13 410 666**	**10 733 029**
Total liabilities	**41 424 264**	**33 713 676**	**28 668 801**
TOTAL EQUITY AND LIABILITIES	**43 522 668**	**37 762 651**	**31 634 113**

QUARTERLY FIGURES

	Unaudited	
	Q1	**Q4**
In NOK millions	**2018**	**2017**
ASSETS		
Non-current assets		
Intangible assets	1 689	1 220
Tangible fixed assets	32 833	31 451
Fixed asset investments	922	1 656
Total non-current assets	**35 444**	**34 328**

Current assets		
Inventory	114	102
Investments	3 228	616
Receivables	7 677	4 438
Cash and cash equivalents	3 204	4 040
Total current assets	**14 223**	**9 195**
TOTAL ASSETS	**49 667**	**43 523**
EQUITY AND LIABILITIES		
Shareholders' equity		
Shareholder's equity	2 058	2 086
Non-controlling interests	11	12
Total equity	**2 069**	**2 098**
Non-current liabilities		
Other non-current liabilities	2 946	2 966
Long term borrowings	23 195	22 060
Total non-current liabilities	**26 141**	**25 027**
Short term liabilities		
Current liabilities	5 737	5 660
Short term borrowings	4 734	4 245
Air traffic settlement liabilities	10 985	6 494
Total short term liabilities	**21 456**	**16 398**
Total liabilities	**47 597**	**41 424**
TOTAL EQUITY AND LIABILITIES	**49 667**	**43 523**

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 as at 31 March 2018 and 2017 (unaudited) prepared in accordance with IFRS.

In NOK thousands	**2017**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before tax	-2 562 200	1 508 333	75 038
Taxes paid	35 012	-28 622	-44 056
Depreciation, amortization and impairment	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	-291 944	-212 801	-103 441
Compensation expense for employee options	17 148	16 259	7 141
Losses/(gains) on disposal of tangible assets	-297 845	-101 103	
Fair value losses/(gains) on financial assets	-134 347	-576 553	474 149
Realized effects from currency and derivative contracts	122 052	-566 109	-899 161
Financial items	852 033	524 854	376 178
Interest received	71 296	43 623	74 172
Change in inventories, accounts receivable and accounts payable	17 952	-183 056	-292 082
Change in air traffic settlement liabilities	1 827 403	651 784	1 049 001
Change in other current assets and current liabilities	1 183 801	701 175	501 000
Net cash flow from operating activities	**2 901 339**	**3 046 473**	**2 356 707**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Prepayments aircraft purchase	-2 388 262	-3 474 816	-3 138 767
Purchase of tangible assets	-5 993 452	-4 525 827	-2 022 951
Purchase of intangible assets	-39 768	-31 038	-45 685
Proceeds from sales of tangible assets	4 864 061	1 584 509	18 250
Proceeds from sales of shares in subsidiaries net of cash disposed		1 698	
Payment to associated companies	-88 958	-66 950	
Proceeds from total return swap	545 725		
Paid deposit total return swap	-327 435		
Net cash flow from investing activities	**-3 428 088**	**-6 512 425**	**-5 189 153**

CASH FLOWS FROM FINANCIAL ACTIVITIES:

Proceeds from long-term debt	8 209 914	5 805 813	5 553 592
Payment of long-term debt	-4 490 895	-1 572 788	-1 827 543
Interest on borrowings and financing costs	-1 427 929	-941 890	-581 903
Proceeds from issuing new shares			138 142
Other financing activities		11 698	
Net cash flow from financial activities	**2 291 090**	**3 302 834**	**3 282 288**
Foreign exchange effect on cash	-48 213	32 606	-6 820
Net change in cash and cash equivalents	1 716 128	-130 513	443 021
Cash and cash equivalents at January 1	2 323 647	2 454 160	2 011 139
Cash and cash equivalents at December 31	**4 039 776**	**2 323 647**	**2 454 160**

QUARTERLY FIGURES

In NOK millions	Unaudited Q1 2018	Unaudited Q1 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss) before tax	-515	-1 848
Taxes paid	-53	40
Depreciation, amortization and impairment	336	364
Fair value adjustment of financial assets (PL)	-1 940	
Change in air traffic settlement liabilities	4 492	3 888
Change in accounts receivable	-3 240	-570
Other adjustments	785	-475
Net cash flow from operating activities	**-135**	**1 399**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases, proceeds and prepayment of tangible assets	-3 628	-95
Other investing activities	9	-99
Net cash flow from investing activities	**-3 619**	**-194**
CASH FLOWS FROM FINANCIAL ACTIVITIES:		
Loan proceeds	3 607	1 961
Principal repayments	-748	-444
Financing costs paid	-400	-291
Proceeds from issuing new shares	451	
Net cash flow from financial activities	**2 910**	**1 226**
Foreign exchange effect on cash	8	3
Net change in cash and cash equivalents	-836	2 434
Cash and cash equivalents at 31 March	4 040	2 324
Cash and cash equivalents at 31 March	**3 204**	**4 757**

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 three months periods ended 31 March 2018 and 2017 (unaudited), prepared in accordance with IFRS.

(NOK 1,000)	Share capital	Share premium	Other paid-in equity	Total paid-in equity	Other Reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
Equity at January 1, 2015	**3 516**	**1 093 549**	**87 221**	**1 184 287**	**455 099**	**468 865**	**2 108 251**		**2 108 251**
Profit for the year						246 152	246 152		246 152
Actuarial gains and losses						44 533	44 533		44 533
Exchange rate differences on translation of foreign operations					421 093		421 093		421 093
Total comprehensive income 2015				-	421 093	290 685	711 778		711 778
Share issue	60	138 082		138 142			138 142		138 142
Equity change on employee options			7 141	7 141			7 141		7 141
Transactions with owners	60	138 082	7 141	145 283			145 283		145 283
Equity at January 1, 2016	**3 576**	**1 231 631**	**94 362**	**1 329 569**	**876 192**	**759 550**	**2 965 312**		**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						-14	-14	27	14
Equity change on employee options			17 148	17 148			17 148		17 148
Transactions with owners			17 148	17 148		(13)	17 134	27	17 162
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**

QUARTERLY FIGURES

Unaudited

In NOK millions	Q1 2018	Q4 2017
Equity - Beginning of period	**2 098**	**4 049**
Total comprehensive income for the period	-485	-1 518
Share issue	450	0
Equity change on employee options	5	6
Other changes	1	-1
Equity - End of period	**2 069**	**2 536**

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

On 12 April 2018, it was announced 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. The news triggered a significant increase in the trading price of the Shares on Oslo Børs. The Board has in line with its established principles for such situations, engaged financial and legal advisors and is prepared to handle various scenarios that may occur following the announcement.

Since 12 April 2018, the Company has received enquiries from several parties who have expressed indicative and preliminary interest in Share acquisitions, mergers, structural transactions, financing of the Group and various forms of operational and financial cooperation. These indications of interest have been preliminary and subject to a number of conditions. The Company is seeking further information and clarifications in a number of areas so that it can evaluate such proposals to determine whether they provide sufficient basis for entering into specific discussions. As at the date hereof, the Company has not entered into any agreements or specific negotiations in relation to the received indications. The Company has previously announced that it received two preliminary and non-binding conditional proposals from IAG to acquire all the Shares that have been rejected by the Company on the basis that they undervalue the Company and its prospects. The Company has not received any legally binding commitment from IAG to make any offer for the Shares in the Company. There can be no assurance that any transaction will materialize on attractive terms or at all.

On 13 April 2018, the Company held an extraordinary general meeting, where Tranche 2 of the Private Placement and the Subsequent Offering were approved. Tranche 2 was subsequently completed, raising an additional NOK 824 million in equity from new shares.

On 13 April 2018, Rolls Royce announced that additional engine inspections are necessary for certain Trent 1000 engines. The Group will, therefore, be forced temporarily to take a number of Boeing 787 Dreamliner aircraft out of operation in order to conduct extraordinary inspections on the engines. This will affect the Group's operations going forward, but it is too early to predict the scale of the issue.

On 23 April 2018, the Norwegian FSA published their conclusion on their review of certain matters in the financial reporting of Norwegian. The primary focus of the review has been the accounting treatment of the investment in Norwegian Finans Holding ASA ("**NOFI**"). As Norwegian recorded the investment using the equity method in the financial statements for the year ended 31 December 2017 in line with the Norwegian FSA's view, this matter is now closed. The Company will also make necessary corrections of comparative figures for previous accounting periods in the interim financial statements for 2018. The review also identified some areas of improvement in note disclosures regarding contractual commitments, revenues from different geographic areas and missing information related to the alternative performance measures used. The Norwegian FSA acknowledges that matters raised have been improved in the Company's annual report for 2017.

On 26 April 2018, the Company announced that it is in process with divesting up to 140 aircraft through replacement of older aircraft and sale or spin-off of excess aircraft into a leasing structure.

Jet fuel prices have increased during the past year, and this will affect the profitability of the airline industry. The Group has a fuel-efficient aircraft fleet, which reduces the impact on the Group of the increasing jet fuel prices. A further measure to offset the increase in jet fuel prices, which has been implemented in the past by the Group, is to increase ticket prices to reflect the higher jet fuel prices. The Group implemented this measure in week 23 (4 June to 10 June) of 2018. The Group does not, however, expect any material impact on the business or total passenger numbers as a result of the increase in ticket prices since other airlines are expected to do the same.

Note 27 to the Financial Statements for 2017 disclosed information about a claim from the unions organizing pilots and cabin crew. The Court of Appeal ruled in Norwegian's favor in 2017. On 25 April 2018, it was announced that the case will go to the Supreme Court. Financial exposure is considered to be limited.

For the upcoming six months, bookings constitute 44% of capacity, compared to 43% last year. Accordingly, higher pre-sales in a period with higher capacity corresponds to an improved cash position versus the same period last year.

There have been no other significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which interim financial information have been published (31 March 2018).

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 2017, 2016 and 2015.

In NOK thousands	**2017**	**2016**	**2015**
By activity:			
Passenger transport	24 719 086	21 095 595	18 505 762
Ancillary revenue	4 822 516	3 928 978	3 275 289
Other revenue	1 406 661	925 981	702 494
Total operating revenue	**30 948 264**	**25 950 554**	**22 483 545**
Per country:			
Norway	7 160 434	6 844 411	6 616 534
US	4 398 006	2 797 660	1 757 190
Spain	4 470 509	3 701 012	2 927 401
Sweden	3 345 013	3 040 460	2 749 374
UK	2 711 851	2 216 267	1 692 217
Denmark	2 316 947	2 180 100	2 120 456
Finland	1 133 239	966 134	861 246
France	955 128	606 896	424 521
Germany	454 792	374 319	436 056
Italy	587 692	412 234	381 556
Other	3 414 653	2 811 061	2 516 993
Total	**30 948 264**	**25 950 554**	**22 483 544**
Total outside of Norway	23 787 830	19 106 143	15 867 010

QUARTERLY FIGURES

In NOK thousands	Q1 2018	Q1 2017
By activity:		
Passenger transport	5 511 284	4 073 860
Ancillary revenue	1 210 562	919 042
Other revenue	270 813	262 607
Total operating revenue	**6 992 659**	**5 255 510**
Per country:		
Norway	1 559 997	1 365 796
US	1 093 082	692 652
Spain	983 706	701 764
Sweden	744 922	617 982
UK	688 985	425 760
Denmark	526 604	427 433
Finland	279 890	241 764
France	212 571	103 041
Germany	107 792	60 219
Italy	115 263	37 121
Other	679 846	581 977
Total	**6 992 659**	**5 255 510**
Total outside of Norway	5 432 662	3 889 714

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".

	Unaudited		**Audited**		
Ratios in NOK	**Q1 2018**	**Q1 2017**	**Year 2017**	**Year 2016**	**Year 2015**
Yield	0,33	0,33	0,39	0,42	0,44
Unit Revenue	0,28	0,28	0,34	0,36	0,38
Unit Cost	0,46	0,47	0,43	0,41	0,42
Unit Cost ex fuel	0,35	0,36	0,33	0,32	0,31
Ancillary Revenue/PAX	162	138	145	134	129

Internet bookings	74 %	76 %	75 %	75 %	77 %
ASK (million)	19 995	14 649	72 341	57 910	49 028
RPK (million)	16 887	12 368	63 320	50 798	42 284
Passengers (million)	7,48	6,65	33,1	29,3	25,8
Load Factor	85 %	84 %	88 %	88 %	86 %
Average sector length (km)	1 786	1 531	1 607	1 473	1 407
Fuel consumption (metric tonnes)	394 171	299 201	1 465 100	1 190 017	1 015 337
CO2 per RPK	74	76	73	74	76
Block hours	11.5	10.9	11.4	11.3	11.6

As shown in the table above (block hours), the Group utilized every operational aircraft 11.5 block hours per day during Q1 2018, compared to 10.9 in Q1 2017. The average block hours per year have been stable for the past three years, 2017, 2016 and 2015.

	Unaudited		**Audited**		
	Q1	**Q1**	**Year**	**Year**	**Year**
In NOK millions	**2018**	**2017**	**2017**	**2016**	**2015**
Total operating revenue	6 993	5 406	30 948	25 951	22 491
EBITDAR	-880	-607	3 948	5 958	3 694
EBITDA	-1 891	-1 338	59	3 116	1 481
EBIT	-2 226	-1 702	-2 002	1 821	348
EBT	-515	-1 848	-2 562	1 508	75
Net profit/ loss (-)	-46	-1 492	-1 794	1 135	246
Book equity per share (NOK)	53,5	70,9	114,4	113,2	113,2
Equity ratio (%)	4 %	6 %	5 %	11 %	9 %
Net interest bearing debt	24 725	20 178	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 og autorisert regnskapsførerselskap").

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 16.2 "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 three months ended 31 March 2018 and 2017 (unaudited).

Certain financial measures have been included in this Section 9 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 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% from 2015 to 2016 and 25% from 2016 to 2017, the Group's operating and financial results as well as changes during this period is 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 Q1 2018:

Unaudited

	Effect on income MNOK
1% decrease in jet fuel price	101
1% depreciation of NOK against USD	-156
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.

Significant incidents

From the first quarter of 2018, following the loss of significant influence in the investment in Norwegian Finans Holding ASA ("**NOFI**"), the Group's investment in NOFI is measured at fair market value with realized gain from the investment presented under financial items. The Group's investment in NOFI, corresponding to 16.4 % of the outstanding shares in NOFI, is in subsequent periods recognized as part of other comprehensive income. Changes in market value of total return swaps corresponding to the shares sold in 2017 are recognized in operating expenses as other losses / (gains).

In June and July 2017, the Group had e shortage of pilots, resulting in cancellations and increased wetlease. This increased costs during Q2 2017 both for wetlease and passenger compensation.

From 1 June 2016, the Norwegian Government introduced a specific air passenger tax for all airlines with destinations in Norway. This tax had minor effect on the sales the following year.

In February 2015, the Company was affected by a strike that lasted for eleven days and affected around 200,000 passengers. Cancelled flights due to the pilot-strike in the subsidiary NAN had a negative impact on the results for that period and resulted in extra costs, including costs due to lost forward bookings for March and April 2015.

9.1.2 Operating results for the three months ended 31 March 2018 compared to the three months ended 31 March 2017

The Group's total operating revenues for the three months ended 31 March 2018 grew by 33 per cent to NOK 6,993 million (Q1 2017: NOK 5,256 million), of which ticket revenues accounted for NOK 24,719 million (Q1 2017: NOK 21,096 million). Ancillary passenger revenues were NOK 1,211 million (Q1 2017: NOK 919 million), while NOK 271 million (Q1 2017: NOK 263 million) was related to freight, third-party products and other revenue. The revenue growth is largely attributable to an increased number of passengers, up 12 per cent to 7.5 million for the three months ended 31 March 2018. The load factor increased by 0.1 percentage points compared to same period in Q1 2017. The ticket revenue per available seat kilometer ("**RASK**") for the three months ended 31 March 2018 was NOK 0.28 (Q1 2017: NOK 0.28). Ancillary revenue per passenger rose by 17 per cent to NOK 162 (Q1 2017: 138).

Operating expenses (excluding leasing, depreciation and amortization) in the first quarter of 2018 amounted to NOK 7,873 million (Q1 2017: NOK 5,863 million), with a unit cost of NOK 0.46 (Q1 2017: NOK 0.47). The unit cost excluding fuel decreased by five per cent to NOK 0.35 (Q1 2017: NOK 0.36). Unit cost excluding fuel in constant currency was three per cent lower than previous year. Earnings before interest, tax, depreciation and amortizations ("**EBITDA**") were negative NOK 1,891 million, compared to negative NOK 1,338 million in Q1 2017.

Operating profit before interest and taxes ("**EBIT**") excluding other losses/(gains) for the first quarter of 2018 was NOK -2,226 million (Q1 2017: -1,702). Loss before tax amounted to NOK 515 million (loss in Q1 2017 of NOK 1,848 million) and net loss after tax was NOK 46 million (loss in Q1 2017 of NOK 1,492 million). Earnings per share was negative NOK 1.3 per share (Q1 2017: NOK 41.5).

Included in first quarter EBT is a financial gain related to the investment in NOFI of NOK 1,940 million. Other losses/(gains) amounted to a net loss of NOK 40 million, compared to a net loss of NOK 105 million in Q1 2017. Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, total return swaps, exchange rate losses or gains on working capital in foreign currency and net losses or gains on sale of fixed assets.

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 costs 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 March 2018 compared with as of 31 December 2017

Net assets at the end of first quarter of 2018 is affected by an appreciation of NOK against USD during the period of 5%.

Net interest-bearing debt at the end of first quarter of 2018 was NOK 24,752 million compared to NOK 22,265 million at the end of 2017. At the end of the first quarter of 2018, the equity ratio is 4%, compared to 5% at the end of 2017.

Total non-current assets amount to NOK 35,444 million at the end of first quarter of 2018, compared to NOK 34,328 million at the end of 2017. The main investments during the first quarter of 2018 are deliveries of two new owned 787-9 Dreamliners, payments on pre-delivery payments, and offset by net proceeds from the sale of fixed assets. Intangible assets amounted to NOK 1,689 million at the end of the first quarter of 2018, compared to NOK 1,220 million at the end of 2017, including deferred tax assets of NOK 1,477 million compared to NOK 1,019 at the end of 2017. The change in deferred tax assets corresponds to negative profits in the period due to a seasonally weak first quarter.

Total current assets amount to NOK 14,223 million at the end of the first quarter of 2018, compared to NOK 9,195 million at the end of 2017. Investments include economic interests in Norwegian Finans Holding ASA ("**NOFI**") as well as unrealized gains on currency and jet fuel hedges and amount to NOK 3,228 million. Receivables have increased by NOK 3,240 million during the first quarter of 2018 due to increased production. Cash and cash equivalents have decreased by NOK 836 million during the first quarter of 2018, ending at NOK 3,204 million.

The Company owns 16.4% of the outstanding shares in 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 boards of directors of NOFI and Bank Norwegian, respectively. Following the loss of significant influence, 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.

The Company also holds total return swaps corresponding to 3.6% of the outstanding shares in NOFI. The net unrealized value of total return swaps are presented as short term financial investments with fair market revaluations recorded in the income statement.

Total non-current liabilities were NOK 26,141 million at the end of first quarter of 2018, compared to NOK 25,027 million at the end of 2017. Long-term borrowings have increased by NOK 1,134 million during the first quarter of 2018 due to financing of two new 787-9 Dreamliners and the tap issue of EUR 65 million made on 21 January 2018, offset by down-payments on aircraft financing and an appreciation of NOK to USD of 5% year-to-date. Other non-current liabilities decreased by NOK 20 million.

Total short-term liabilities amounted to NOK 21,456 million at the end of the first quarter of 2018, compared to NOK 16,398 million at the end of 2017. Current liabilities increased by NOK 77 million from end of 2017. Short-term borrowings increased by NOK 490 million during the first quarter of 2018 due to new PDP financing. Air traffic settlement liabilities increased by NOK 4,492 million from end of 2017 due to increased production and increased ticket sales. Sales during the first quarter of 2018, in particular sales in January 2018, has been the key element affecting the air traffic settlement liabilities figures as all presales will be booked towards these liabilities until the travels have been completed.

Equity at the end of the first quarter of 2018 was NOK 2,069 million compared to NOK 2,098 million at the end of 2017. Equity decreased slightly due to net loss in the period of NOK 46 million, exchange rate losses from subsidiaries of NOK 309 million, fair value adjustments of NOK -129 million, mainly attributable to changes in fair market value of NOFI shares, and partly offset by the share capital increase of approximately NOK 457 million in Tranche 1 of the Private Placement.

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%.

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%, compared to 11% 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% 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% 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%, increased from 9% 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 737-800Ws 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 three months ended 31 March 2018 compared with the three months ended 31 March 2017

Cash and cash equivalents were NOK 3,204 million at the end of the first quarter of 2018 compared to NOK 4,757 million at the same time in 2017.

Cash flow from operating activities in the first quarter of 2018 amounted to NOK -135 million compared to NOK 1,399 million in the first quarter of 2017. Air traffic settlement liability increased by NOK 4,492 million during the first quarter of 2018 compared to NOK 3,888 million during the first quarter of 2017, while receivables increased by NOK 3,240 million during Q1 2018 compared to NOK 570 million during Q1 2017. Fair value adjustment of the investment in NOFI recognized in the income statement amounted to NOK 1,940 and did not have a cash effect in Q1 2018. Cash from other adjustments amounted to NOK 785 million in the first quarter of 2018 compared to NOK -475 million in the first quarter of 2017. Cash from other adjustments mainly consists of finance items, changes in other current assets and other current liabilities in addition to non-cash effects included in profit before tax, such as unrealized currency gains or losses.

Cash flow from investment activities in the first quarter of 2018 was NOK -3,619 million, compared to NOK -194 million in the first quarter of 2017. Investments in new aircraft in addition to prepayments to aircraft manufacturers are the main investments. Two new owned Boeing 787-9 Dreamliners were delivered in the first quarter of 2018. One new owned aircraft was delivered in the first quarter of 2017.

Cash flow from financing activities in the first quarter of 2018 was NOK 2,910 million compared to NOK 1,226 million in the first quarter of 2017. Proceeds from new aircraft financing outweigh down payments on aircraft financing and pre-delivery payment financing in the first quarter 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.

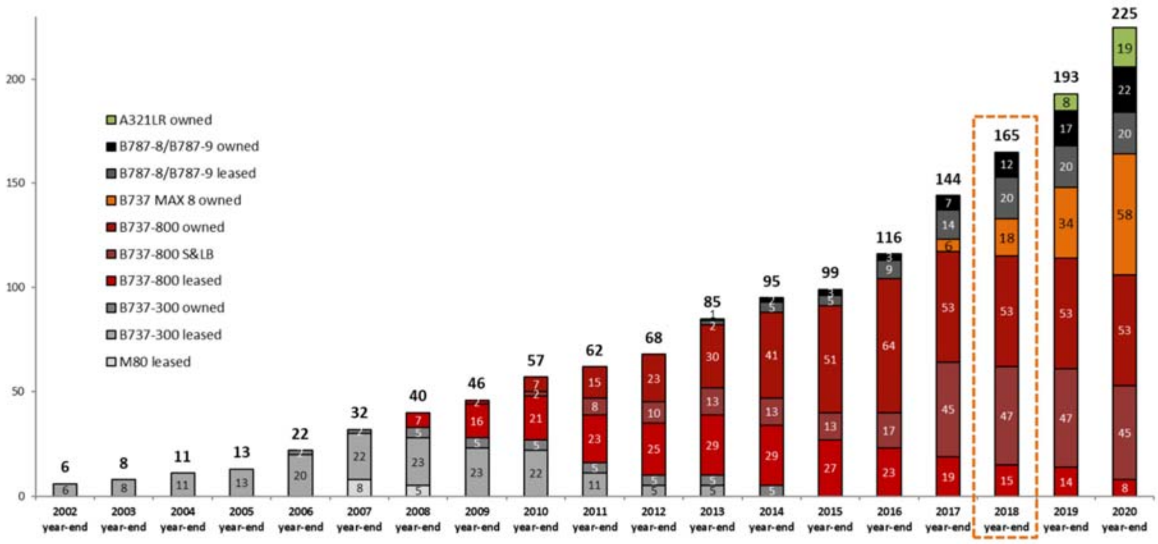
Cash flow from investing activities in 2016 was NOK -6,512 million, compared to NOK -5,189 million in 2015. Prepayments to aircraft manufacturers and investments in new aircraft were the main investments. Proceeds from sale of tangible assets was NOK 1,585 million compared to NOK 18 million in 2015.

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 2017 as well as the expected number of aircraft operated by the Group by the end of 2018, 2019 and 2020:



9.4.2 Principal investments in progress

The Group currently has 210 aircraft in delivery, 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 date of prospectus (NOK 1,000)	**2018**	**2019**	**2020-**	**Total**
Boeing 737 800				
Boeing 737 MAX	11	16	76	103
Boeing 787-9	3	5	5	13
Airbus 320neo	3	6	55	64
Airbus 321LR		8	22	30
Total commitments	**17**	**35**	**158**	**210**

USD 1000	**2018****)**	**2019*****)**	**2020-*****)**	**Total**
Total contractual commitments *)	1 860 000	2 600 000	7 900 000	**12 360 000**

*) These are numbers as per 31 December 2017, which are the latest numbers available.

**) In respect of the total contractual commitments for 2018, note that this has figure has been reduced due to the fact that the Group, as at the date of this Prospectus, has taken delivery of 6 of the 23 aircraft that are to be delivered in 2018.

***) Since 31 December 2017, there have been no changes as regards the total contractual commitments for 2019 and 2020.

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. 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.

The prepayments are expected to increase through the remaining period of 2018 and level out during the first half of 2019 due to the large number of aircraft that will be delivered during 2018 and 2019. Based on the current firm orders and the anticipated delivery of aircraft, the Company expects that the prepayments will have peaked by mid-2019 and, thereafter, from the second half of 2019 and onwards, will decrease.

The Group has as per the date of this Prospectus secured pre-delivery payment financing ("**PDP financing**") for six Boeing 787s, none of which aircraft have been delivered to the Group at the date of this Prospectus. The remaining deliveries of 6 aircraft in 2018 will be financed through export guaranteed financing, non-payment insurance product, in the U.S. capital market or through other commercial sources of financing, including sale and leaseback transactions. The Group is currently in the process of securing PDP financing and term financing according to the Group's financing policy for deliveries in the finance planning for 2018-2020.

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 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 and the period from 1 January 2018 until the date of this Prospectus

Overview

Investing activities *In NOK millions*	**1 Jan 2018 – date of this Prospectus**	**2017**	**2016**	**2015**
Aircraft	-1,882	-5,719	-4,379	-1,986
Prepayments	-1,882	-2,388	-3,475	-3,139
Buildings	0	-19	-28	-37

Other fixed assets	-75	-256	-118	-34
Total investments	**-3,839**	**-8,382**	**-8,001**	**-5,161**
Sale of aircraft	229	4,864	1,481	0
Other	-9	90	8	6
Cash flow from investing activities	**-3,619**	**-3,428**	**-6,512**	**-5,189**

1 January 2018 – the date of this Prospectus

Investments during the period from 1 January 2018 until the date of this Prospectus amounted to NOK 3,839 million. Of these investments, NOK 1,882 million pertained to aircraft, NOK 1,882 million to prepayments, NOK 0 to buildings, and NOK 75 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 during the 1st quarter of 2017 amounted NOK 37 million).

The Group has introduced eleven new aircraft to its fleet in 2018 as of the date of the Prospectus, including two Boeing 737-800s, eight Boeing 787-9 Dreamliners and one 737 MAX 8. During 2018 and up to the date of this Prospectus, the Group has returned two aircraft – two Boeing 787-800s.

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 March 2018 and, for comparative purposes, as the date of this Prospectus, the latter also including the capital injected in Tranche 2 of the Private Placement.

In NOK thousands	**31 March 2018**	**Adjustments**	**Adjusted as per the date of this Prospectus**
Total current debt			
Guaranteed			
Secured*	3 656 071		3 656 071
Unguaranteed/Unsecured	17 800 440		17 800 440
Total	**21 456 511**	**-**	**21 456 511**
Total non-current debt			
Guaranteed			
Secured	19 933 691		19 933 691
Unguaranteed/Unsecured	6 207 064		6 207 064
Total	**26 140 755**	**-**	**26 140 755**
Shareholders' equity			
Share capital	3 860	544	4 404
Legal reserves	1 814 214	812 621	2 626 835
Other reserves	327 458		327 458
Retained earnings	- 87 040		- 87 040
Non-controlling interests	11 005		11 005
Total	**2 069 497**	**813 165**	**2 882 662**

* 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 Tranche 2 of the Private Placement in the total amount of approximately NOK 813 million less costs relating to Tranche 2 and certain costs relating to Tranche 1 that were incurred after 31 March 2018. Tranche 1 of the Private Placement in the amount of approximately NOK 457 million had already been paid and booked as at 31 March 2018.

10.1.2 Net financial indebtedness

The table below sets forth an overview of Norwegian's net indebtedness as per 31 March 2018 and, for comparative purposes, as the date of this Prospectus, the latter also reflecting the capital injected in Tranche 2 of the Private Placement.

In NOK thousands		**As at 31 March 2018**	**Adjustments**	**Adjusted as per the date of this prospectus**
A	Cash	2 765 953	813 165	3 579 118
B	Cash equivalents	437 746		437 746
C	Trading securities			-
D	**Liquidity (A + B + C)**	**3 203 699**	**813 165**	**4 016 864**
E	Current financial receivables			
F	Current bank debt	675 000		675 000
G	Current portion of non-current debt	4 059 210		4 059 210
H	Other current financial debt			-
I	**Current financial debt (F + G + H)**	**4 734 210**	**-**	**4 734 210**
J	**Net current financial indebtedness (I - E - D)**	**1 530 511**	**- 813 165**	**717 346**
K	Non-current bank loans			
L	Debt securities issued and subordinated loans	3 510 964		3 510 964
M	Other non-current loans	19 683 691		19 683 691
N	**Non-current financial indebtedness (K + L + M)**	**23 194 655**	**-**	**23 194 655**
O	**Net financial indebtedness (J + N)**	**24 725 166**	**- 813 165**	**23 912 001**

The adjustments in the table above are made up by the cash in the amount of approximately NOK 813 million injected in Tranche 2 of the Private Placement less costs relating to Tranche 2 and certain costs relating to Tranche 1 that were incurred after 31 March 2018. Tranche 1 of the Private Placement in the amount of approximately NOK 457 million had already been paid and booked as at 31 March 2018.

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 Næringseiendom 1 AS").

In NOK thousands	**2 017**	**2 016**
Within one year	3 117 675	2 220 664
Between 1 and 5 years	12 187 802	10 476 583
After 5 years	13 384 400	4 249 072
Total lease commitments	**28 689 878**	**16 946 319**

- 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 March 2017

Since 31 March 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 Tranche 2 of the Private Placement, which has been reflected as adjustments in the tables in Sections 10.1.1 and 10.1.2.

10.2 WORKING CAPITAL STATEMENT

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements.

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 2018 will be financed through export guaranteed financing, non-payment insurance product, in the U.S. capital market or through other commercial sources of financing. The Group is currently in the process of securing pre-delivery payment financing and term financing according to the Group's financing policy for deliveries in the finance planning for 2018-2020. The Group's financing policy includes sales and leaseback transactions on several aircraft to diversify its aircraft fleet. In 2017, 17 aircraft were delivered and financed as sales and leaseback transactions (four in 2016).

The Group's aircraft fleet consists of leased aircraft and owned aircraft, in addition, the Group currently has 210 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 are 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 2017, the Group held forward contracts totaling 481,500 tons of jet fuel (831,766), equaling approximately 25% of fuel consumption in 2018.

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 Company's borrowings as per 31 March 2018, including repayment schedule and anticipated interest payments for the remainder of 2018 and in each of the years 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 millions

Name of facility	**NAS06**	**NAS07**	**NAS08**	**NAS09**
Currency	NOK	EUR	SEK	NOK
Interest rate type	**Floating**	**Fixed**	**Floating**	**Floating**
Outstanding 31 March 2018:	**1 079**	**2 327**	**938**	**250**
Down payments 2018	1 079[1]	0	0	0
Interest payments 2018	10	159	40	11
Outstanding at year-end 2018:	0	**2 327**	**938**	**250**
Down payments 2019	0	2 327	0	0
Interest payments 2019	0	127	47	12

Outstanding at year-end 2019:	0	0	**938**	**250**
Down payments 2020	0	0	0	250
Interest payments 2020	0	0	23	9
Outstanding at year-end 2020:	0	0	**938**	0
Down payments after 2020	0	0	**938**	0

1) NAS06 was repaid in full on 22 May 2018.

Long term aircraft financing and pre-delivery payment financing ("PDP"):

In NOK millions

Name of facility	Aircraft financing	PDP
Currency	USD/EUR	USD
Outstanding 31 March 2018:	**22 472**	**2 082**
Down payments 2018	1 551	855
Interest payments 2018	511	16
Outstanding at year-end 2018:	**20 921**	**1 227**
Down payments 2019	2 062	975
Interest payments 2019	606	12
Outstanding at year-end 2019:	**18 859**	**252**
Down payments 2020	2 089	0
Interest payments 2020	547	12
Outstanding at year-end 2020:	**16 771**	**252**
Down payments after 2020	**16 771**	**252**

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 2, which are currently under renovation, are 11,802 sq. m., whilst the interim offices at Snarøyveien 36 are 13,283 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 and the period from 1 January 2018 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 2017 and changes in the subsequent period up to the date of this Prospectus

As at 31 December 2017, the Group maintained cash and cash equivalents of NOK 4,040 million in aggregate, of which i) bank deposits comprise NOK 3,605 and ii) NOK 435 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 are 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.

As at 31 May 2018, the Group maintained cash and cash equivalents of NOK 4,560 million, of which NOK 4,121 million comprise of bank deposits and NOK 439 million was invested in money market funds.

The net change in the Group's cash and cash equivalents was positive with approximately NOK 520 million from 31 December 2017 to the date of this Prospectus.

The above-mentioned reduction in cash and cash equivalents are due to the following key factors:

- *Cash holdback from credit card companies*. Credit card companies operate with limits against the Company with respect to their payment to the Company of airfares purchased by passengers. As a result of the Group's significant revenue growth during the past twelve months, these limits have been exceeded, and the credit card companies are holding back more cash than in previous years. Normally, the Company receives payment for the purchases of airfares within three business days of the purchase, but such payments have, to a larger extent than previously, been held back by the credit card companies due to the Company surpassing the relevant limits. The credit card companies are obliged to make the relevant payments to the Company, but at present, a larger part than usual is held back until the actual travel takes place. The Group is mitigating this issue by adding more credit card companies and renegotiating the limits with existing credit card companies.
- *Repayment of NAS06 in May 2018.* The Company repaid NAS06 on 22 May 2018 by payment of NOK 1,089 million (including accrued interest). This repayment has had a significant effect on the Group's liquidity, whilst at the same time reducing the debt by the same amount.

Other than these two key factors, the Group's business and operations have been in line with previous first quarters. During the period commencing on 1 January 2018 and ending on 31 March 2018, the Group's cash inflow from operations was NOK -135 million, whilst its cash flow from investing activities and financing activities was NOK -3,619 million and NOK 2,910 million, respectively.

At the end of 2017 and as at 31 May 2018, the Group also has in place a credit facility, and NOK 276 million is undrawn under this credit facility and in fact available cash.

In 2017, the Group's cash inflow from operating activities was NOK 19,930 million in 2017. Such cash inflow is mainly generated from passenger revenues and ancillary revenues, which in 2017 amounted to NOK 11,134 million (2016: NOK 10,815 million) and NOK 2,215 million (2016: NOK 919 million), respectively. The revenue growth was mainly a result of the 13 per cent passenger growth, surpassing 33 million during 2017, driven by new aircraft deliveries in 2017. At the end of 2017, the fleet operated by the Company comprised of 144 aircraft, including aircraft on maintenance, but excluding wetleased aircraft. In 2017, ancillary revenue per passenger rose by eight per cent to NOK 145 (2016: NOK 134).

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.

Other revenue from 2016 of NOK 14 million have been adjusted according to this.

In 2017, the net cash flow used for investment activities was NOK -3,428 million, related to the purchases of four new Boeing 787-9s, six new Boeing 737 MAXs, three Airbus 320neos and net of pre-delivery payments.

The net cash flow from financial activities in 2017 was NOK 2,291 million.

More than 90% 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 in the first quarter of 2018 is 36% in NOK, 21% in EUR, 14% in SEK, 13% in USD, 8% in DKK, 7% in GBP and 1% other currencies. Cost split by currency in the same period is 59% in USD, 20% in NOK, 15% in EUR and 6% in other currencies.

The Group's liquidity and capital resources as at 31 March 2018 compared to 31 March 2017

As at 31 March 2018, the Group held a cash balance of NOK 3,204 million whereas NOK 438 million was invested in money market funds. As at 31 March 2017, the equivalent figure was a cash balance of NOK 4,757 million whereas NOK 333 million was invested in investment grade rated money market funds.

The Group's cash inflow from operating activities is mainly generated from passenger revenues and ancillary revenues, which in the first quarter of 2018 amounted to NOK 5,511 million (first quarter 2017: NOK 4,074 million) and NOK 1,211 million (first quarter 2017: NOK 919 million). In the first quarter of 2018, ancillary revenue per passenger was NOK 162 (first quarter 2017: NOK 138).

The Group's net cash inflow from investing activities during the first quarter of 2018 was NOK -3,619, compared to NOK -194 million.

The main reasons for the decreased cash balance at 31 March 2017 to 31 March 2018 are those described above; cash holdback from credit card companies and external financing of pre-delivery payment to Boeing.

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 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 2017, the Group generated NOK 2,901 million from its operations, NOK 3,047 million in 2016 and NOK 2,357 million in 2015.

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 in 95% or more of the cases replaced with an aircraft financing (AC) loan upon delivery of the relevant aircraft.

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 bonds issued by the Group (NAS06, 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.

Name	Position	Has served since	Term expires	Shares held
Bjørn H. Kise	Chair	1993	2018	645,161*
Liv Berstad	Deputy chair	2005	2019	-
Ada Kjeseth	Director	2015	2019	-
Christian Fredrik Stray	Director	2015	2019	200
Sondre Gravir	Director	2018	2020	-
Geir Olav Øien	Director	2016	2018	-
Linda Olsen	Director	2009	2018	-
Marcus Hall	Director	2016	2018	-

* 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 8.94% owned by Brumm AS, which again is 60% owned by Bjørn H. Kise, owns 11,204,809 Shares, equal to 25.38% 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 2016-2018, and represents the Company's principal shareholder HBK Holding AS. The business address is c/o Snarøyveien 36, 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 Snarøyveien 36, 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 chief executive officer of Tekas Shipping AS since 2006. She has also 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 Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Director); Tekas Shipping AS (CEO); Tekas AS (Executive Chairperson)
Previous directorships and management positions last five years	OBOS Finans Holding AS (Chair); Norwegian Finans Holding ASA (board member); Artisane AS (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 Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Director); Hy5Pro AS (CEO and board member); Apriori Group AS (Chair and chief executive officer); Snappit AS (Chair); Joint Biomed AS (board member); Styret.com – in the box 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)

Sondre Gravir, Board member

Mr Sondre Gravir (born 1977) is CEO of Schibsted Marketplaces, a position he has held since 2017. Prior to this, he was 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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Director); Schibsted Marketplaces (CEO)
Previous directorships and management positions last five years	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 2016-2018. The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 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)

Linda Olsen, Board member (employee representative)

Ms. Linda Olsen (born 1985) joined the Group in February 2006, and is currently working as a manager in Customer Relations. Ms. Olsen is a Legal Office Assistant and has studied tourism management in Australia.

Ms. Olsen has been a Director since 2009. She has been elected for the period 2016-2018. The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Director)
Previous directorships and management positions last five years	N/A

Marcus Hall, Board member (employee representative)

Mr. Marcus Hall (born 1970) is Cabin Check Supervisor for the Group's cabin crew. He started in the airline industry in the late 1990s and has been with the Group since 2004. He has extensive experience in both continental and intercontinental productions in the aviation industry. Mr. Hall started his career in the hospitality business in the 1980s where he gained substantial national and international crossover experience from various high-end fields.

Mr. Hall was a board member of the Cabin Union from 2010-2014. He is educated within HRM, Coaching, Project Management, Change Management and Influencing from Buskerud and Vestfold University College. He is elected for the period 2016-2018. The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Director)
Previous directorships and management positions last five years	Norwegian Kabinforening – NK (board member)

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. Tore Østby	Executive Vice President Strategic Development	2014
Mr. Asgeir Nyseth	Chief Operating Officer	2016

Name	Position	Employed since
Ms. Anne-Sissel Skånvik	Chief Communications Officer	2009
Mr. Thomas Ramdahl	Chief Commercial Officer	2014
Ms. Helga Bollmann Leknes	Chief Human Resources 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	Chief Executive Officer Norwegian Air International	2013
Mr. Ole Christian Melhus	Chief Executive Officer Norwegian Air Argentina	2017
Mr. Bjørn Erik Barman-Jenssen	Managing Director Norwegian Air Resources	2016
Mr. Lennart Ceder	Chief Executive Officer Norwegian Air UK Ltd	2016
Mr. Brede Huser	Managing Director Norwegian Reward	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, 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, Snarøyveien 36, 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, Snarøyveien 36, 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 (*)

Tore Østby, Executive Vice President Strategic Development

Mr. Tore Østby (born 1965) joined the Group as Vice President Investor Relations in 2014 and was acting CFO between July 2017 and April 2018. From April 2018, he assumed the position as Executive Vice President Strategic Development. Mr. Østby has worked 15 years in the financial sector in various investment banks. He has also held positions in several units in the Orkla Group (1991-1997), i.e. corporate development/M&A and as Finance Manager. He holds an economic degree from BI Norwegian Business School and is authorized financial analyst (AFA) from the Norwegian School of Economics and Business Administration (NHH). The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Executive Vice President Strategic Development)
Previous directorships and management positions last five years	Norwegian Air Shuttle ASA (Vice President Investor Relations)

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, Snarøyveien 36, 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 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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Chief Communications Officer)

Description	Information
Previous directorships and management positions last five years	N/A

Thomas Ramdahl, Chief Commercial Officer

Mr. Thomas Ramdahl (born 1971) was the Company's Director of Network Development and part of the company's commercial management team since 2008, before becoming Chief Commercial Officer in 2014. He has long and varied experience in the aviation industry, and has previously worked for SAS and Braathens, where he held positions in Revenue Management, Route Management and Charter. Mr. Ramdahl has a bachelor's degree from the Norwegian School of Business (BI). The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Chief Commercial Officer)
Previous directorships and management positions last five years	N/A

Helga Bollmann Leknes, Chief Human Resources Officer

Ms. Helga Bollmann Leknes (born 1972) was appointed Chief Human Resources Officer (CHRO) of the Company in October 2017. 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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Shuttle ASA (Chief Human Resources Officer)
Previous directorships and management positions last five years	Kongsberg Automotive ASA (Executive Vice Presidenr 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, Snarøyveien 36, 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, Snarøyveien 36, 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, Snarøyveien 36, 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, Chief Executive Officer of Norwegian Air International

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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air International (Chief Executive Officer); Arctic Aviation Assets (Chief Executive Officer)
Previous directorships and management positions last five years	N/A

Ole Christian Melhus, Chief Executive Officer of Norwegian Air Argentina

Mr. Ole Christian Melhus (born 1971) joined the Group in 2003 as a captain on the Boeing 737 and has been part of the company's operational management team since 2004. He was appointed Deputy Director of Flight Operations in 2006 and has held the position for the last 10 years. Actively participating in the growth of the company, Melhus has extensive experience in international aviation from management positions within administration, project management, IT, safety, quality and training. He has held positions as Manager Quality, Manager Safety and Chief Flight Instructor. In January 2017, Mr. Melhus was appointed Chief Executive Officer of Norwegian Air Argentina ("**NAA**"), responsible for establishing operations in the South American region. The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Argentina (Chief Executive Officer)
Previous directorships and management positions last five years	N/A

Bjørn Erik Barman-Jenssen, Managing Director of Norwegian Air Resources

Mr. Bjørn Erik Barman-Jenssen (born 1963) was appointed Managing Director of Norwegian Air Resources Limited ("**NAR**") in September 2016. 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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air Resources (Chief Executive Officer); Norwegian Cargo (Managing Director)
Previous directorships and management positions last five years	N/A

Lennart Ceder, Chief Executive Officer of Norwegian Air UK Ltd

Mr. Lennart Ceder (born 1955) was appointed Chief Executive Officer of Norwegian Air UK in 2016. He has been part of the company since 2006 when he started as a Base Maintenance Manager. Since then, he has had extensive experience within the Group as Technical Director for Norwegian's long-haul operation, Norwegian Air UK and Norwegian Air International Ireland. He also has experience from different airlines in Sweden. Mr. Ceder has a broad background to manage and establish Air Operator Certificate (AOC) in Norway, England, Ireland and Sweden. Mr. Ceder conducted aircraft technical education at the Mälardalen University Sweden. The business address is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Air UK Ltd. (Chief Executive Officer);

Description	Information
Previous directorships and management positions last five years	N/A

Brede Huser, Managing Director of Norwegian Reward

Mr. Brede G. Huser (born 1971) was appointed Managing Director of Norwegian Reward, the Group's loyalty program, in January 2015. He is also a member of the Board of Directors of Norwegian Finans Holding ASA (Bank Norwegian). 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, Snarøyveien 36, 1336 Lysaker, Norway.

Description	Information
Current directorships and management positions	Norwegian Reward (Managing Director); Norwegian Finans Holding ASA (Director)
Previous directorships and management positions last five years	N/A

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	200
Sondre Gravir	Director	-
Linda Olsen	Director, elected by the employees	-
Geir Olav Øien	Director, elected by the employees	-
Marcus Daniel Hall	Director, elected by the employees	-
Bjørn Kjos	Chief Executive Officer	11,204,809**

Geir Karlsen	Chief Financial Officer	-
Tore Østby	Executive Vice President Strategic Development	18,070
Asgeir Nyseth	Chief Operating Officer	15,568
Anne-Sissel Skånvik	Chief Communications Officer	-
Thomas Ramdahl	Chief Commercial Officer	-
Helga Bollmann Leknes	Chief Human Resources officer	5
Frode Berg	Chief Legal Officer	-
Kurt Erik Simonsen	Chief Information Officer	-
Tore Jenssen	CEO Norwegian Air International Ltd	-
Edward Thorstad	Chief Customer Officer	2,558
Ole Christian Melhus	Chief Executive Officer–- Norwegian Air Argentina	3,638
Bjørn Erik Barman-Jenssen	Managing Director– Norwegian Air Resources	-
Lennart Ceder	Chief Executive Officer–- Norwegian Air UK Ltd	50
Brede Huser	Managing Director Norwegian Reward	3,952

* 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 8.94% owned by Brumm AS, which again is 60% owned by Bjørn H. Kise, owns 11,204,809 Shares, equal to 25.38% of the share capital, in the Company.

** The shares are owned via HBK Holding AS, where Bjørn Kjos owns 85.0% of the 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 is as follows:

- The number of options is 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 options may be offered in the 3rd quarter of 2018 and at September 30, 2018 at the latest.
- 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 2018 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 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 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 was 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 was 625,000 outstanding share options on 31 December 2016.

Name	Title	Outstanding
Bjørn Kjos	Chief Executive Officer	100 000
Geir Karlsen	Chief Financial Officer	75 000
Tore Østby	Executive Vice President Strategic Development	15 000
Asgeir Nyseth	Chief Operating Officer	100 000
Anne-Sissel Skånvik	Chief Communications Officer	50 000
Thomas Ramdahl	Chief Commercial Officer	25 000
Helga Bollmann Leknes	Chief Human Resources officer	35 000
Frode Berg	Chief Legal Officer	25 000
Kurt Erik Simonsen	Chief Information Officer	-
Tore Jenssen	CEO Norwegian Air International Ltd	25 000
Edward Thorstad	Chief Customer Officer	20 000
Ole Christian Melhus	Chief Executive Officer - Norwegian Air Argentina	15 000
Bjørn Erik Barman-Jenssen	Managing Director Norwegian Air Resources	15 000
Lennart Ceder	Chief Executive Officer - Norwegian Air UK Ltd	-
Brede Huser	Managing Director Norwegian Reward	15 000

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 2017 was NOK 1.5 million (2016: NOK 1.5 million). The Chair of the Board, Bjørn H. Kise, received NOK 0.5 million (2016: NOK 0.5 million). There were no bonuses or other forms of compensation paid to the Board members in 2017.

Total compensation year 2017:

NOK 1 000	Fee	Salary	Bonus	Other benefits	Total Compensation	Pension expense3
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	-

Thor Espen Bråthen, Director (not part of the Board since September 2016)	38	-	-	-	38	-
Kenneth Utsikt, Director (not part of the Board since September 2016)	38	-	-	-	38	-
Linda Olsen, Director (elected by the employees)	50	-	-	-	50	-
Geir Olav Øien, Director (elected by the employees)	9	-	-	-	9	-
Marcus Daniel Hall, Director (elected by the employees)	12	-	-	-	12	-
Katrine Gundersen	3	-	-	-	3	-
Total board of directors	**1 500**	**-**	**-**	**-**	**1 500**	**-**

Principles of remuneration of the CEO and the executive Management:

The principles of executive remuneration in Norwegian Air Shuttle ASA are to stimulate a strong and lasting performance-oriented culture, enabling the Group to deliver on its strategy. The total compensation level should be competitive, however, not market leading compared to similar organizations. The Board of Directors determines the remuneration of the CEO, and the guidelines for remuneration of the executive Management. The remuneration of the Board of Directors 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.

There were made no changes to the guidelines or principles of Management remuneration during 2017. The actual remuneration in 2017 was consistent with the guidelines and principles.

Compensation made to the Management going forward will have its basis in the Group's performance oriented culture, and should primarily consist of a fixed yearly salary with additional compensations e.g. a company car, free telephone, internet and newspapers, and a standard pension and insurance plan. The Management is also a part of the Group's stock option plan. The Board can also award key position holders with stock options.

The CEO does not receive compensation in form of performance-based salary or bonuses, except for options in the stock option plan. The Management can on an individual level be awarded a special compensation for profit-enhancing projects. The Management is a part of the Group's collective pension plan for salaries up to 12 G, which applies to all employees. The Management has not been given any specific rights in case of termination of employment.

Total compensation year 2017:

NOK 1 000	Fee	Salary	Bonus	Other Benefits**	Total Compensation	Pension expenses
Management						
Bjørn Kjos (Chief Executive Officer)	-	1997*	-	158	2 155	65
Frode Foss (Chief Financial Officer until 1 July 2017)	-	2 101	-	2 632	4 733	70

Asgeir Nyseth (Chief Operating Officer)	-	2 418	-	182	2 600	72
Anne-Sissel Skånvik (Chief Communications Officer)	-	1 859	-	152	2 011	78
Thomas Ramdahl (Chief Commercial Officer)	-	1 859	-	158	2 017	70
Jan Dahm-Simonsen (Chief Human Resources Officer until September 2017 when Helga Bollmann Leknes came in)	-	1 200	-	111	1 311	94
Helga Bollmann Leknes (Chief Human Resources Officer since October 2017)	-	500	-	38	538	-
Frode Berg (Chief Legal Officer)	-	1 912	-	154	2 066	71
Dag Skage (Chief Information Officer)	-	1 859	-	159	2 018	70
Tore Jenssen (CEO Norwegian Air International Ltd)	-	2 005	-	154	2 159	68
Edward Thorstad (Chief Customer Officer)	-	1 743	-	154	1 897	70
Bjørn Erik Barman-Jenssen (Managing Director–- Norwegian Air Resources)	-	1 792	-	177	1 969	72
Lennart Ceder (Chief Operating Officer–- Norwegian Air UK Ltd)	-	1 404	-	10	1 414	74
Brede Huser (Managing director Norwegian Reward, part of Management since July 2017)	-	1 708	-	159	1 867	70
Ole Christian Melhus (Director South America, part of Management since July 2017)	-	2 705	-	19	2 724	146
Tore Østby (Investor Relations Officer; acting Chief Financial Officer from July 2017)	-	919	-	17	936	38
Total Management	-	27 981	-	4 434	32 415	1 128

* The annual fixed salary to Bjørn Kjos was adjusted to NOK 2.6 million from 1 January 2018.
** Other benefits include company car, telephone, internet, etc.

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 are NOK 227.3 million in 2017 (2016: NOK 194.4 million).

Defined benefit plan

As per December 31, 2017, 99 employees were active members (2016: 99) and 14 (2016: 7) were on pension retirement. The related pension liability is recognized at NOK 149.7 million (2016: 107.4 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 2017.

Pension expense

	Funded	
NOK 1 000	**2017**	2016
Net present value of benefits earned	**25 593**	25 636
Interest cost on pension liability	**2 250**	3 599
Return on plan assets	**(93)**	(239)
Administrative expenses	**132**	-
Recognized settlement	**-**	-
Social security tax	**3 944**	4 122
Net pension expense defined benefit plans	**31 826**	33 119
Pension expense on defined contribution plans	**202 384**	179 088
Social security tax	**24 883**	15 280
Total pension expense	**259 093**	227 486

Defined benefit liability and fund

	Funded	
NOK 1 000	**2017**	2016
Change in present value of defined benefit liability:		
Gross pension liability January 1	**194 053**	193 582
Current service costs	**30 513**	28 791
Interest cost	**3 989**	5 032
Actuarial gains/losses	**43 988**	(26 210)
Effect of new disability plan	**-**	(2 575)
Settlement	**-**	(394)
Benefits paid	**(1 100)**	-
Social security on payments to plan	**(3 829)**	(4 173)
Gross pension liability 31.12	**267 614**	194 053
Change in fair value of plan assets:		
Fair value of pension assets January 1	**59 066**	65 613

Expected return	**1 467**	801
Actuarial gains/losses	**(1 758)**	(38 176)
Effect of new disability plan	**(1 300)**	**-**
Contributions paid	**33 765**	35 185
Benefits paid	**(394)**	(9)
Social security on payments to plan	**(4 173)**	(4 348)
Fair value of plan assets December 31	**86 675**	59 066
Net pension liability	**107 379**	134 516
Social security tax	**-**	-
Net recognized pension liability December 31	**107 379**	134 516

	2017	2016
Actual return on pension funds*	**4.80%**	3.60%
Expected contribution to be paid next year *(NOK 1 000)*	**34 848**	37 885

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.

	2017	2016
Discount rate	**2.40%**	2.10%
Expected return on pension funds	**2.40%**	2.10%
Wage adjustments	**2.25%**	2.00%
Increase of social security base amount (G)	**2.25%**	2.00%
Future pension increase	**0.50%**	0.00%
Average turnover	**2-8%**	2-8%

The Group's pension fund was invested in the following instruments:

	2017	2016
Equity	**10.9%**	5.1%
Alternative investments	**0.0%**	0.0%
Bonds	**13.2%**	12.1%
Money market funds	**14.0%**	25.3%
Hold-to maturity bonds	**27.2%**	30.7%
Real estate	**10.0%**	6.4%
Various	**24.7%**	20.4%

The table shows actual distribution of plan assets at 31 December 2017 and 2016.

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. Alexander Stensrud, 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. Stensrud's current terms expire.

The business address of the nomination committee is c/o Norwegian Air Shuttle ASA, Snarøyveien 36, 1336 Lysaker, Norway.

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, Snarøyveien 36, 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. Fornebunæringseiendom 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 2017, the Group facilitated employment for a total 9,593 people, compared to 6,564 at the end of 2016, apprentices and staff employed in partner companies included. This was a planned increase, which has taken place in line with the 2017 expansion of the route network.

The Company’s successful apprentice program in Travel & Tourism continued in 2017 with apprentices from both Norway and Sweden. The program is approved by the Norwegian Educational Authorities and comprised of approximately 100 apprentices at the end of 2017. 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 2018, 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 2017.

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 2017, 45 (46) per cent of staff were female and 55 (54) per cent male. Most pilots are male and women represent around a 4 (4) per cent share of pilots. The majority of cabin personnel are female, while males account for approximately 32 (31) 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 2017 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 5.8 per cent for 2017.

Number of man-labor years 2017-2015[1)]

	2017	2016	2015
Norway	1,910	1,835	1,730
Spain	1,837	1,209	819
UK	1,637	945	564
Sweden	583	520	430
Singapore/Bangkok	212	246	292
Denmark	401	324	283
The U.S.	621	391	228
Finland	269	204	175
Ireland	86	77	55

Italy	166	45	-
France	44	-	-
Netherlands	37	-	-
Caribbean	28	-	-
Argentina	14	-	-
Total	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 4,414,673.60, divided into 44,146,736 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 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.

<u>Authorization to the Board to adopt capital increases by way of share issue under the Company's incentive program</u>

At the AGM held on 8 May 2018, the Board of Directors was granted two separate authorizations to increase the share capital.

One allows for increases up to NOK 77,256.80, corresponding to 1.75% of the Company’s current share capital, 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 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 current share capital 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 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 includes 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

The Company does not hold any 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 current share capital. 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, 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	Subscription 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

12.3 MAJOR SHAREHOLDERS (AS PER 8 JUNE 2018)

The 20 largest shareholders in Norwegian Air Shuttle ASA per 8 June 2018:

#	Shareholder	Shareholding	Share
1	Arctic Securities AS	5,436,134	12.31%
2	HBK Holding AS	4,587,175	10.39%
3	Folketrygdfondet	2,746,556	6.22%
4	J.P. Morgan Securities PLC	1,833,077	4.15%
5	Verdipapirfondet DNB Norge (IV)	1,786,677	4.04%
6	Ferd AS	1,629,032	3.69%
7	Danske Invest Norske Instit. II.	1,075,332	2.43%
8	Clearstream Banking S.A	684,041	1.54%
9	Verdipapirfondet Pareto Investment	682,752	1.54%
10	Sneisungen AS	645,161	1.46%
11	Danske Bank AS	577,925	1.30%
12	Danske Invest Norske Aksjer Inst.	570,797	1.29%
13	Verdipapirfondet DNB Norge Selekti	549,113	1.24%
14	Stenshagen Invest AS	500,395	1.13%

15	KLP AksjeNorge	414,889	0.93%
16	Norda ASA	354,222	0.80%
17	DNB Markets	353,074	0.79%
18	SEB AB, Markets Equity Stockholm	351,060	0.79%
19	JP Morgan Chase Bank, N.A., London	349,621	0.79%
20	Danske Bank A/S	314,466	0.71%
	Total	**25,441,499**	**57.54%**

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% or more 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.

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 1 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, financing 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 4,414,673.60 divided into 44,146,736 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 Board of Directors may issue power of procuration.

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).

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 pre-emptive 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 Norwegian and foreign Shareholders of Norwegian.

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 "Risk Factors, Risks Related to the Shares – Pre-emptive rights may not be available to U.S. holders".

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 Norwegian 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.
- Divided 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 potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the Shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar (DNB Securities Services) based on information received from the VPS. Investors with an address outside Norway who have registered a valid bank account with the VPS will receive the dividend payment to the registered bank account while investors who have not registered a bank account with the VPS will receive the dividend payment as a check mailed to the address that the investor has registered in the VPS.

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 Stock Exchange Regulations, and the insider trading regulation of 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.

NAS has not received any takeover bids or bids to acquire controlling interest during the last twelve months before the date of the Prospectus. As described in Section 8.6 "Trend information and significant changes to the Company's financial position after 31 March 2018", it was made public on 12 April 2018 that IAG had acquired 4.6% of the Shares in the Company and that IAG was considering to make an offer for all the Shares in the Company. The Company has received from IAG two preliminary and non-binding indicative proposals to acquire all the Shares that have been rejected by the Company on the basis that they undervalue the Company and its prospects. NAS has not received any legally binding commitment from IAG to make any offer for the Shares in the Company.

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 three 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 16.2 "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 EU regulatory framework, the Scandinavian regulatory framework, environmental regulations and taxes and charges on air travel – 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 which 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**") 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 licence; clarifies the criteria for the granting and validity of operating licences in the EU; introduces uniform standards for the review and monitoring of operating licences 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 be negotiated at the 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 must be 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 must also be 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 which 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 fewer 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 171,000 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 1,171).

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 or 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 which 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). This directive is aimed at providing 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 which the airport managing body embarks and disembarks at the airport. The charge is independent of the number of passengers with reduced mobility which 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 which 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 shall enter 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 which falls within Article 101(1) is not necessarily unlawful. Agreements, decisions or concerted practices which 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. For example, the Company and Lufthansa no longer benefit from a decision declaring competition rules inapplicable to their cooperation agreement, but rely on their assessment that their alliance does not violate the EU competition rules.

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 authoriszd 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 which 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 which 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 can 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.

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.

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 30.59% (the nominal rate is 23% but the taxable income is multiplied with a factor of 1.33) 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 0.69% (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 23%). 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 30.59% (the nominal rate is 23% but the taxable income or deductible loss is multiplied with a factor of 1.33).

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 a 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 30.59% (the nominal rate is 23% but the taxable income or deductible loss is multiplied with a factor of 1.33).

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 4.66%. 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 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.

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.

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.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Directorate of Taxes for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

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 in this Section 15.1 below.

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*) found, that the crew's disputed work after 1 September 2016 was performed as part of an agreement for NAS and NAN. The crew was not heard with its claim for employer's liability for NAS "on an exceptional basis". The Appellate Court further assumed that the hire of the crew until 1 September 2013 was in violation of the Working Environment Act Section 14-12, fourth paragraph cf. Section 14-9, first paragraph, letter a. The Appellate Court, however, found that it would be "obviously unreasonable" if the crew was awarded judgement for permanent employment in NAS, cf. the Working Environment Act Section 14-14 first paragraph second sentence. It would also be "obviously unfair" if the pilots received them for permanent employment in NAN.

Borgarting Appellate Court 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 on 25 April 2018 it was announced that the case is admitted to a hearing in the Supreme Court. The potential consequences must be considered separately in relation to each of the three issues raised in the court case, but as a general remark there is no realistic outcome of the court case which is fundamentally detrimental to the Company's overall organizational model.

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.

The Company and its tax advisor are 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. 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.

15.1.3 Claims based on Regulation (EC) 261/2004

The Group is, from time to time, subject to litigation, arbitration and administrative proceedings in 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, lost or damaged luggage, flight accidents and personal injury claims.

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.

Recently, the Company was named as a defendant in Mazzini et al. v. Norwegian Air Shuttle NAS, Case No. 4:18-cv-01574-KAW, a class action filed in the United States District Court for the Northern District of California in March 2018. Mazzini and the two other named plaintiffs allege claims for breach of contract relating to the payment of compensation under Regulation (EC) 261/2004 and passengers who paid for premium service but had their flights rebooked such that premium service was not available. The Company’s response to the complaint is due on June 15, 2018.

There can be no assurance as to the outcome of any of these proceedings, and the Group's reputation could be harmed even if a favorable judgment or administrative decision is rendered.

15.2 MATERIAL CONTRACTS WHICH NAS IS DEPENDENT ON IN ITS ORDINARY COURSE OF BUSINESS

Aircraft purchase commitments

The Company 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

The lease agreements on the Boeing 737 aircraft last between three and twelve years from the date of agreement, with some extension options. The lease agreements on the Boeing 787 aircraft last for twelve years with an option for extension. From 2002 to 2016, 79 aircraft were delivered. In 2017, 22 aircraft (2016: 8) were delivered on sale-and-leaseback, including five 787-9 Dreamliners. In addition, nine aircraft were sold and leased back during 2017.

Renegotiations have resulted in the extension of some of the shorter leases. In 2017, four (2016: six) aircraft were redelivered to the lessor. Contracts for four of the aircraft will expire in 2018. The remaining contracts expire in 2019 or later.

Leasing costs expensed on aircraft lease within operational expenses was NOK 3,889.7 million in 2017 (2016: NOK 2,841.9 million). Included in leasing costs are wetlease and operating lease costs on aircraft from sale-and-leaseback transactions.

In addition, the Group leases 13 (2016: 1) cars and 45 (2016: 46) 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 2017 was NOK 73.4 million. (2016: NOK 73.8 million).

Annual minimum rent on non-cancellable operating lease agreements per December 31 is as follows:

	Nominal value 2017				Nominal value 2016			
(NOK 1,000)	**Aircraft**	**Cars**	**Property**	**Total**	**Aircraft**	**Cars**	**Property**	**Total**
Within one year	4 551 261	1 284	70 666	4 623 211	3 071 884	168	42 081	3 114 133
Between 1 and 5 years	16 468 302	5 028	117 562	16 590 892	18 464 198	28	40 908	18 505 134
After 5 years	17 239 792	0	48 741	17 288 534	16 420 712	0	0	16 420 712

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 2018 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 are calculated to NOK 11,842 million in 2017 (2016: NOK 13,133 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 up to nine new 787-8 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 two aircraft were delivered in December 2016, the next two in 2017 and the remaining eight aircraft are scheduled to be delivered in 2018 and 2019.

Bond agreements

For further information on the bond agreements, please refer to Section 10.3.3 "Overview of debt facilities, debt maturities and operational lease commitments".

15.3 NON-CORE AGREEMENTS BETWEEN THE GROUP AND BANK NORWEGIAN OUTSIDE NAS' ORDINARY COURSE OF 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 continue to last until 1 January 2021, when the parties shall renegotiate the size of the consideration payable to NAB (such renegotiation to take place every fifth anniversary).

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.

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 continue to last until 1 January 2021, when the parties shall renegotiate the size of the consideration payable to NAS (such renegotiation to take place every fifth anniversary).

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.

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 a 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 until 1 January 2021, when the parties shall renegotiate the entirety of the Agency Agreement. Prior to that fifth anniversary, 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.

15.4 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 Summary

The following transactions were carried out with related parties (NOK 1,000):

Sales (-) and purchases (+) of goods and services (excl VAT)	**2018 up until 31 May**	**2017**	**2016**	**2015**

- Associate (commission and licence fee)	-102 533	-281 840	-208 978	-127 908
- Associate (interests on subordinated loan)	-1 549	-3 486	-3 661	-3 850
- Fornebu Næringseiendom (property rent)	5 703	13 469	15 559	15 295

Year-end balances arising from sales/purchases of goods/services (incl VAT)	**2018 up until 31 May**	**2017**	**2016**	**2015**
Receivables from related parties				
- Associate (commission)	1 064	12 591	11 118	9 506
Payables to related parties				
- Fornebu Næringseiendom (property rent)	0	0	4 771	0

Investment in related parties	**2018 up until 31 May**	**2017**	**2016**	**2015**
- Associate (subordinated loan)	80 000	80 000	80 000	80 000

Transactions between Group Companies have been eliminated in the consolidated financial statements and do not represent related party transactions.

The subordinated loan to the associated party will be paid during 2018.

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 (Snarøyveien 36, 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 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 interim statements as at, and for the three months ended, 31 March 2017 and 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/about-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/about-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/media/about-us/company/investor-relations/annual-report-2017-interactive.pdf	P62-P80
Sections 4.2.1	Audit reports	Norwegian Air Shuttle ASA, Årsregnskap 2015: https://www.norwegian.no/globalassets/ip/documents/about-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/about-us/company/investor-relations/reports-and-	P79

		presentations/annual-reports/norwegian-annual-report-2016-interactive.pdf	
		Norwegian Air Shuttle ASA, Årsregnskap 2017: https://www.norwegian.no/globalassets/ip/media/about-us/company/investor-relations/annual-report-2017-interactive.pdf	P81
Sections 8-10	Unaudited historical financial information	Norwegian Air Shuttle ASA, Kvartalsrapport Q1 2017: https://www.norwegian.no/globalassets/ip/documents/about-us/company/investor-relations/reports-and-presentations/interim-reports/norwegian-q1-2017-report.pdf	P8-P15
		Norwegian Air Shuttle ASA, Kvartalsrapport Q1 2018: https://www.norwegian.no/globalassets/documents/interim/norwegian-q1-2018-report.pdf	P10-P22
Sections 12.8	A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s)	Norwegian Air Shuttle ASA, Årsrapport 2017: https://www.norwegian.no/globalassets/ip/media/about-us/company/investor-relations/annual-report-2017-interactive.pdf	P97-P100

17. DEFINITIONS AND GLOSSARY

AAA	Arctic Aviation Assets DAC
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
Ancilliary 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
Anti-Money Laundering Legislation	Norwegian Money Laundering Act of 6 March 2009 no. 11 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 Airport 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
CAGR	Compound annual growth rate
Carnegie	Carnegie AS, business reg. no. 936 310 974

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 or NAS	Norwegian Air Shuttle AS, business reg. no. 965 920 358
Company Register	The Norwegian Register of Business Enterprises
Danske Bank	Danske Bank, Norwegian Branch, business reg. no. 977 074 010
Deloitte	Deloitte AS, business reg. no. 980 211 282
Director(s)	The directors of the Board
EASA	The European Aviation Safety Agency
EBIT	Earnings Before Interest and Taxes
EBITDA	Represents operating income before depreciation and write-downs
EBITDAR	Earnings Before Income Tax, Depreciation, Amortization and Restructuring Costs
EBT	Earnings Before Taxes
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
Eligible Shareholders Representations and Warranties	Shall have the meaning ascribed to such term in Section 5.11.1
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
Ex-Im	Export-Import Bank of the U.S.
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
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	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 Financing 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
Interim Financial Statements	The Group's unaudited consolidated financial statements as of, and for the three months ended, 31 March 2018 and 2017
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
Load Factor	RPK divided by ASK. Describes the utilization of available seats
LOU	Local Operating Units
Management	The executive management of the Group
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
NAS or Company	Norwegian Air Shuttle AS, business reg. no. 965 920 358
NGAAP	Norwegian Generally Accepted Accounting Principles
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 Corporate Shareholders	shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian FSA	Financial Supervisory Authority of Norway (No.: *Finanstilsynet*)
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.: *verdipapirhandelloven*)

NUK	Norwegian UK Limited
Offer Share(s)	The Share(s) offered for subscription in the Subsequent Offering
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")
Pareto Securities	Pareto Securities AS, business reg. no. 956 632 374
PAX	Passenger
Payment Date	28 June 2018
PDP financing	Financing of aircraft pre-delivery
PLLC	A Norwegian Public Limited Liability Company (*No. "allmennaksjeselskap"*), as regulated by the Norwegian Public Limited Liability Companies Act
Private Placement	Tranche 1 and Tranche 2
Private Placement Shares	The Shares issued in the Private Placement, consisting of the Tranche 1 Share and the Tranche 2 Shares
Products	Credit cards and financing of flights as described in the Agency Agreements
Prospectus	This Prospectus dated 11 June 2018
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
RASK	Ticket revenue per available seat kilometer
Record Date	22 March 2018
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

Rome Convention	The Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface of 1952
RPK	Revenue Passenger Kilometres
Second Convention	The Convention on Compensation for Damage Caused by Aircraft to Third Parties
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)
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 12 June 2018 at 9:00 (CET) to 16:30 (CET) on 25 June 2018
Subscription Rights	The subscription rights to the Offer Shares
Subsequent Offering	The offering of up to 1,290,323 shares as further described in Section 5.3 "The Subsequent Offering"
Supreme Court	The Supreme Court of Norway (No.: *Høyesterett*)
Tranche 1	Tranche 1 of the Private Placement, resolved by the Board on basis of the authorization from the Company's annual general meeting on 9 May 2017, consisting of 2,950,963 new shares in the Company
Tranche 1 Shares	The 2,950,963 new shares in the Company issued in Tranche 1
Tranche 2	Tranche 2 of the Private Placement, resolved by the EGM on 13 April 2018 and consisting of 5,436,134 new shares in the Company

Tranche 2 Shares	The 5,436,134 new Shares in the Company issued in Tranche 2
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
UK	The United Kingdom
Unit Cost	Total operating expenses excluding depreciation and amortization, excluding other losses/(gains)-net, divided by ASK (as defined above)
Unit Cost ex fuel	Total operating expenses excl depreciation and amortization, excluding other losses/(gains)-net and aviation fuel expense, divided by ASK (as defined above)
Unit Revenue	Passenger revenue divided by ASK (as defined above)
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

18. APPENDICES

APPENDIX 1 – ARTICLES OF ASSOCIATION

Vedtekter for Norwegian Air Shuttle ASA (org.nr. 965 920 358)

Sist endret 8. mai 2018

§ 1

Selskapets navn er Norwegian Air Shuttle ASA. Selskapet er et allmennaksjeselskap.

§ 2

Selskapets forretningskontor er i Bærum.

§ 3

Selskapets formål er å drive flyging, annen transport- og reiserelatert virksomhet og annen virksomhet i tilknytning til dette.

Selskapet kan også direkte eller indirekte drive andre former for nettbasert vare- og tjenesteyting, herunder virksomhet knyttet til bilutleie, hotellutleie, betalingstjenester, finansiering og kortutstedelse.

Deltagelse i virksomheter som nevnt kan skje gjennom samarbeidsavtaler. eierinteresser eller på andre måter.

§ 4

Selskapets aksjekapital er NOK 4 414 673,60 fordelt på 44 146 736 aksjer, hver pålydende NOK 0,10.

§ 5

Selskapets styre skal ha fra seks til åtte medlemmer, etter generalforsamlingens nærmere beslutning.

§ 6

Selskapets firma tegnes av styrets formann alene eller av to styremedlemmer i fellesskap. Styret kan meddele prokura.

§ 7

Ordinær generalforsamling holdes hvert år innen utgangen av juni måned. Innkallingen skjer med minst tre ukers skriftlig varsel. Med innkallingen skal følge dagsorden. Aksjeeiere som vil mote på generalforsamlingen må, etter styrets nærmere beslutning, melde dette til selskapet senest tre dager før generalforsamlingen skal holdes. Selskapets generalforsamling ledes av styrets leder.

Den ordinære generalforsamling skal behandle.

1. Godkjennelse av årsregnskap og årsberetning, herunder utdeling av utbytte.
2. Valg av styre.
3. Andre saker som i henhold til lov eller vedtekter hører under generalforsamlingen.

Selskapets generalforsamlinger kan holdes i Oslo kommune.

§ 8

Selskapet skal ha en valgkomité. Valgkomiteens oppgaver er å gi en anbefaling til den ordinære generalforsamlingen (og andre generalforsamlinger) vedrørende valg av aksjonærvalgte medlemmer og varamedlemmer av styret. Valgkomiteen skal bestå av fire medlemmer som skal være aksjeeiere eller representanter for aksjeeiere.

Styrets leder skal være fast medlem av komiteen, mens de tre øvrige medlemmene skal velges av generalforsamlingen. Valgkomiteens medlemmer velges for to år av gangen.

§ 9

Det samlede styret skal fungere som selskapets revisjonsutvalg.

§ 10

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen er gjort tilgjengelige for aksjeeierne på selskapets nettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjeeierne. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

§ 11

Aksjeeiere har kun rett til å delta og stemme på generalforsamlingen når aksjeervervet er innført i aksjeeierregisteret senest den femte virkedagen før generalforsamlingen (registreringsdatoen).

§ 12

Dersom det foreligger omstendigheter som etter styrets oppfatning kan medføre at selskapets eller dets datterselskapers rettigheter til å drive lufttrafikk kan tilbakekalles eller midlertidig oppheves på grunn av brudd på bestemmelser i bilaterale luftfartsavtaler eller brudd på lovbestemte regler om at selskapet og/eller dets datterselskaper skal eies og kontrolleres av aksjonærer som er EØS-borgere, skal styret iverksette ett eller flere av følgende tiltak:

(i) Styret kan anmode aksjonærer som ikke er EØS-borgere om enten å avhende aksjer eller besørge at slike aksjer eies og kontrolleres av personer og / eller selskaper som er EØS-borgere..

(ii) Styret kan kreve at aksjonærer som (i) ikke er EØS-borgere og (ii) erverver aksjer i selskapet og (iii) gjennom slikt erverv bidrar til eller forårsaker at selskapet bryter bestemmelser om eierskap og kontroll, som beskrevet i dette § 12 første avsnitt, skal selge et antall aksjer som er tilstrekkelig til at selskapet ikke lenger bryter forannevnte bestemmelser om eierskap og kontroll innen en frist fastsatt av styret. Fristen for å avhende aksjene skal fortrinnsvis ikke settes kortere enn 14 dager fra det tidspunkt melding har blitt gitt til aksjonæren. Avhendelse skal skje i slikt omfang at det etter styrets oppfatning ikke lenger foreligger omstendigheter som nevnt i punkt § 12 første avsnitt.

    Pålegg om salg etter dette punkt (ii) skal fortrinnsvis skje overfor aksjonærene i motsatt kronologisk orden slik at de aksjonærer som ervervet aksjer sist skal avhende sine aksjer først. Ved avgjørelsen av tidspunkt for erverv, skal dato for innføring i Verdipapirsentralens aksjeregister legges til grunn.

(iii) Forutsatt at selskapet har anledning til å erverve egne aksjer etter den til enhver tid gjeldende aksjeselskapslovgivning, kan styret beslutte at selskapet skal erverve aksjer i selskapet fra aksjonærer som (i) ikke er EØS-borgere og (i t) erverver aksjer i selskapet og (iii) gjennom slikt erverv bidrar til eller forårsaker at selskapet bryter bestemmelser som beskrevet i punkt § 12 første avsnitt. Aksjonærer som nevnt i foregående punktum er forpliktet til å akseptere slikt salg. Selskapets erverv av egne aksjer i medhold av dette punkt (iii) skal skje i slik utstrekning at det etter styrets oppfatning ikke lenger foreligger omstendigheter som nevnt i punkt § 12 første avsnitt.

    Erverv etter dette punkt (iii) skal fortrinnsvis foretas slik at selskapet erverver aksjer fra aksjonærene i motsatt kronologisk orden, slik at de aksjer som ble ervervet sist skal erverves av selskapet først. Ved avgjørelsen av tidspunkt for erverv, skal dato for innføring i Verdipapirsentralens aksjeregister legges til grunn.

    Prisen for selskapets erverv av aksjer i henhold til dette punkt (iii) skal settes til sluttkurs på Oslo Børs per dagen før erverv skjer, fratrukket 25 %.

Vurderingen av hvorvidt en aksjonær er EØS-borger skal baseres på de retningslinjer som Luftfartstilsynet til enhver tid legger til grunn.

§ 13

Dersom det foreligger omstendigheter som etter styrets oppfatning kan medføre at selskapets eller dets datterselskapers rettigheter til å drive lufttrafikk kan tilbakekalles eller midlertidig oppheves på grunn av brudd på bilaterale luftfartsavtaler eller brudd på lovbestemte bestemmelser om at selskapet og/eller dets datterselskaper skal eies av aksjonærer som er EØS-borgere, kan styret i tillegg til tiltak i overensstemmelse med § 12 beslutte at aksjer som eies eller kontrolleres av aksjonærer som (i) ikke er EØS-borgere og (ii) erverver aksjer i selskapet og (iii) gjennom slikt erverv bidrar til eller forårsaker at selskapet bryter bestemmelser som beskrevet i § 12 første avsnitt, skal innløses ved nedsetting av selskapets aksjekapital, jf. asal § 12-7.

Innløsning skal fortrinnsvis foretas slik at selskapet innløser aksjer fra aksjonærene i motsatt kronologisk orden, slik at de aksjer som ble ervervet sist skal innløses først. Ved avgjørelsen av tidspunkt for erverv skal dato for innføring i Verdipapirsentralens aksjeregister legges til grunn.

Innløsningsprisen skal settes til sluttkurs på Oslo Børs per dagen før innløsning skjer, fratrukket 25 %.

* * *

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 4,414,673.60 divided into 44,146,736 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:

(i) 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.

(ii) 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.

(iii) 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 %.

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APPENDIX 2 – SUBSCRIPTION FORM

NORWEGIAN AIR SHUTTLE ASA - SUBSEQUENT OFFERING	**SUBSCRIPTION FORM - MAY ONLY BE DISTRIBUTED TOGETHER WITH THE PROSPECTUS**

Information: For information regarding the subsequent offering (the "**Subsequent Offering**") with subscription rights ("**Subscription Rights**") directed towards the shareholders in Norwegian Air Shuttle ASA (the "**Company**") as of 20 March 2018, as registered in the VPS on 22 March 2018 (the "**Record Date**"), who were not allocated shares in the private placement announced by the Company on 20 March 2018 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 (the "**Eligible Shareholders**") as well as corresponding terms for subscription, allotment and other information, reference is made to the prospectus dated 11 June 2018 (including annexes) issued in connection with the Subsequent Offering and Listing of the Company's shares (the "**Prospectus**").

Subscription: Subscription of new shares in the Subsequent Offering (the "**Offer Shares**") may take place through correctly completing this subscription form (the "**Subscription Form**") and thereafter returning it by telefax, ordinary post, e-mail or hand-delivery, so that it is received in the period from and including 12 June 2018 at 9:00 CET to 25 June 2018 at 16:30 CET (the "**Subscription Period**") to one of the following managers (the "**Managers**"):

Arctic Securities AS
Haakon V's gt. 5
P.O. Box 1833 Vika
NO-0123, Oslo, Norway

Tel: +47 47 21 01 31 00
E-mail: subscription@arctic.com

Carnegie AS
Fjordalléen 16, Aker Brygge
P.O. Box 684 Sentrum
NO-0106, Oslo, Norway

Tel: +47 22 00 93 60
E-mail: subscriptions@carnegie.no

Danske Bank A/S, Norwegian Branch
Bryggetorget 4
P.O. Box 1170 Sentrum
NO-0107 Oslo, Norway

Tel: +47 85 40 55 00
E-mail: emisjoner@danskebank.com

Pareto Securities AS
Dronning Mauds gt. 3
P.O. Box 1411 Vika
NO-0115 Oslo, Norway

Tel: +47 22 87 87 00
E-mail: subscription@paretosec.com

DETAILS OF THE SUBSCRIPTION

It is not sufficient for the Subscription Form to be postmarked within the expiry of the Subscription Period. Subscribers resident in Norway can obtain information and subscribe for Offer Shares by using the following internet pages: www.arctic.com/secno; www.carnegie.com; www.danskebank.no/norwegian; and www.paretosec.com, within the Subscription Period. Subscribers who are residents of Norway with a Norwegian personal identification number may also subscribe for the Offer Shares through the VPS online subscription system by following the link on the above-mentioned internet pages (which will redirect the subscriber to the VPS online subscription system). Subscribers for Offer Shares bear the risk of any postal delays, unavailable fax lines or technical computer problems relating to the above mentioned internet addresses which result in a subscription or a Subscription Form not being received within the Subscription Period. The Company and the Managers reserve the right at their sole discretion to refuse any improperly completed, delivered or executed Subscription Form or any subscription which may be unlawful. By delivering the Subscription Form to the Managers for registration, or by subscription through the VPS online subscription system, the subscription for Offer Shares is irrevocable and may not be withdrawn, cancelled or modified. By subscribing for Offer Shares, the subscriber represents and warrants that it has read the Prospectus and is eligible to subscribe for Offer Shares in accordance therewith, and that it accepts the terms and conditions set out in this Subscription Form and in the Prospectus as applicable to its subscription of Offer Shares. In case of discrepancy between the Prospectus and the Subscription Form, the Prospectus shall prevail.

Subscription Rights: Eligible Shareholders will receive 0.07237 Subscription Rights for each share in the Company held as of the Record Date. The number of Subscription Rights issued to each Eligible Shareholders will be rounded down to the nearest whole number of Subscription Rights. Each Subscription Right grants the owner the right to subscribe for and be allocated one (1) Offer Share. The Subscription Rights will be issued and registered in the VPS under ISIN NO 001 0824147. The Subscription Rights will be delivered free of charge. The Subscription Rights are personal, non-transferable and will, thus, not be listed. Oversubscription is allowed. In case of oversubscription, the allocation will be made in accordance with the principles set out in Section 5.3.8 "Allocation of Offer Shares" of the Prospectus. The Subscription Price is NOK 155 per Offer Share.

Relevant documentation: The Company's articles of association, the notice with appendices convening the extraordinary general meeting that resolved the Subsequent Offering (the "**EGM**"), minutes from the EGM (including the wording of the resolution by the EGM regarding the Subsequent Offering), and the annual accounts and the annual report for the past two years (2017 and 2016), are available at the Company's office at Snarøyveien 36, NO-1364 Fornebu, Norway and at www.norwegian.no (articles of association and annual accounts and reports) and at newsweb.oslobors.no (notice of and minutes from the EGM).

Allocation: Notifications of allocations of Offer Shares will be sent by post from the Manager on or about 27 June 2018.

Payment: By subscribing, the subscriber grants Arctic Securities AS ("**Arctic**") an irrevocable one-time authorisation to debit the allotted subscription amount in NOK from the bank account designated by the subscriber. The amount will be debited on or about 28 June 2018. Arctic reserves the right to make up to three debit attempts within 9 July 2018 if there are insufficient funds on the account on the first debiting date. If there are insufficient funds on a subscriber's bank account or if it is impossible to debit a bank account for the amount the subscriber is obligated to pay, or payment is not received by Arctic according to other instructions, the allotted Offer Shares will be withheld. Interest will in such event accrue at a rate equal to the interest on late payment, currently 8.50 per cent per annum. Subscribers not having a Norwegian bank account or subscribers subscribing for Offer Shares for more than NOK 5,000,000 must ensure that payment for their Offer Shares with cleared funds is made on or before 16.30 hours CET on 28 June 2018 and should contact Arctic in this respect.

Delivery of Offer Shares. It is expected that the share capital increase pertaining to the Subsequent Offer will be registered in the Norwegian Register of Business Enterprises on or about 2 July 2018, and that delivery of allocated and paid Offer Shares will take place on or about 3 July 2018.

Subscriber's VPS-account no. (12 digits)	**Subscriber's LEI code (20 digits) (Legal entities only)**	**No. of Subscription Rights**	**Subscribes for (number of shares) at NOK 155 per Share**	**Total amount to be paid**
				NOK

Irrevocable authorisation to debit account (must be filled in):

The undersigned hereby grants an irrevocable authorisation to Arctic to debit the Norwegian bank account set out herein for the allotted amount (the value in NOK of: number of allotted shares x NOK 155)	**Norwegian bank account no. (11 digits)**

Place and date of subscription. (Must be dated within the Subscription Period)	Binding signature. The subscriber must have legal capacity. When signed by proxy, documentation in the form of company certificate or power of attorney must be enclosed.

DETAILS OF THE SUBSCRIBERS – ALL FIELDS MUST BE COMPLETED	
First name	Surname / company name
Home address / registered business address	Zip code and town
Date of birth / national identity number / company registration number	Nationality
Telephone number (daytime)	E-mail address

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("**MiFID**") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect, the Managers must categorize all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of any of the Managers will be categorized as non-professional clients. Subscribers can by written request to the Managers ask to be categorized as a professional client if the subscriber fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorization, the subscriber may contact Arctic Securities AS (P.O. Box 1833 Vika, NO-0123 Oslo, Norway, www.arctic.com); Carnegie AS (P.O. Box 684, NO-0105 Oslo, Norway, www.carnegie.no); Danske Bank A/S, Norwegian branch (P.O. Box 1170 Sentrum, NO-0107 Oslo, Norway, www.danskebank.no); or Pareto Securities AS (P.O. Box 1411 Vika, NO-0115 Oslo, Norway, www.paretosec.no). **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.**

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to the restrictions in section 5.11 of the Prospectus ("Selling and transfer restrictions"). The Company does not accept liability in the event of non-compliance with these restrictions. No one has taken any action that would permit a public offering of Shares to occur outside of Norway, and there will be no public offer of the Offer Shares outside of Norway. The Subscription Rights and the Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed (hereunder also taking into account that the Subscription Rights are non-transferable), directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Subscription Rights or the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. 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 with any regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered (hereunder also taking into account that the Subscription Rights are non-transferable), directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with the securities laws of any state or other jurisdiction of the United States. All offers and sales of the Subscription Rights and the Offer Shares in the Subsequent Offering will be made outside the United States in reliance on Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any member state of the European Economic Area other than Norway. With respect to each member state of the European Economic Area, other than Norway, and which has implemented the EU Prospectus Directive (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Subscription Rights or the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any acceptance of any subscription from outside Norway will only be made in circumstances where there is no obligation to produce a prospectus.

Execution Only: The Managers will treat this Subscription Form as an execution-only instruction. The Manager are not 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 Commercial Banks Act and foreign legislation applicable to the Managers, there is a duty of secrecy between the different units of each Manager as well as between the Managers and the other entities in the Managers' respective groups. This may entail that other employees of a Manager or a Managers' respective groups may have information that may be relevant to the subscriber, but which the relevant Manager will not have access to in their capacity as Manager for the Subsequent Offering.

Information Barriers: The Managers are securities firms that offer a broad range of investment services. In order to ensure that assignments undertaken in each Manager's corporate finance departments are kept confidential, that Manager's other activities, including analysis and stock broking, are separated from the Manager's corporate finance departments by information walls. The subscriber acknowledges that a Manager's analysis and stock broking activity may act in conflict with the subscriber's interests with regard to transactions of the Offer Shares as a consequence of such information walls.

Mandatory Anti-Money Laundering Procedures: The Subsequent Offering is subject to Norwegian anti-money laundering regulations, including the Norwegian Money Laundering Act No. 11 of 6 March 2009 and the Norwegian Money Laundering Regulations No. 302 of 13 March 2009 (collectively the "**Anti-Money Laundering Legislation**"). Subscribers who are not registered as existing customers with any of the Managers must verify their identity 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 any 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 Subsequent Offering, 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 EEA. Non-Norwegian investors may, however, use nominee VPS accounts registered in the name of a nominee. The nominee must be authorized by the Financial Supervisory Authority of Norway. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Investment decisions based on full Prospectus: Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

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:

a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank.
b) 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.
c) The authorization 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.
d) In case of withdrawal of the authorization 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.
e) The payer cannot authorize 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.
f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorization 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 authorization has expired as indicated above. Payment will normally be credited to the beneficiary's account between one and three working days after the indicated date of payment/delivery.
g) 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.

National Client Identifier and Legal Entity Identifier: In order to participate in the Subsequent Offering, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("**NCI**") and legal entities will need a so-called Legal Entity Identifier ("**LEI**").

NCI code for physical persons: As of 3 January 2018, physical persons will need a NCI 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 NCI code is the 11 digit personal ID ("fødselsnummer"). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI 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 5.14 ("LEI number") of the Prospectus.