

Note 17 - Options

In 2013, the Board have issued 625,000 share options to employees. The share options have an exercise price of NOK 231.2, equal to 10% above weighted average share price on 20 March 2013. The share options may be exercised two years after the grant, with an exercise window of six months.

The stock option program was expensed linear at fair value over the vesting period. The cost was offset in other paid in capital. Fair value calculations were conducted using Black & Scholes option pricing model. There were no market conditions linked to the vesting of the options.

The following estimates were used in calculating fair value for options granted in 2013;

	2013
Dividend (%)	0 %
Expected volatility (%)	45.00 %
Risk free interest (%)	1.33 %
Expected lifetime (year)	2.50
Share price at grant date	216.40

There were no option grants in 2012.

Expected lifetime assumes that stock options are exercised at expiration. Expected volatility is based on the historical volatility over the most recent period that corresponds with the expected life of the option.

The option program is expensed with NOK 9.4 million in 2013 (NOK 0 in 2012).

	2013	Weighted avg.	2012	Weighted avg.
	Shares	exerc. Price	Shares	exerc. Price
Outstanding at the beginning of the period	0	0.0	283,913	63.8
Allocated	625,000	231.2	0	0.0
Exercised	0	0.0	283,913	67.0
Outstanding at the end of the period	625,000	231.2	0	0.0
Vested options	0	0.0	0	0.0
Weighted average fair value of options allocated in the period	0		0	0.0

2013		Outstanding options			Vested options	
Strike price (NOK)	Outstanding options	Weighted average remaining lifetime (yrs)	Weighted average exercise price	Vested options	Weighted average exercise price	
231.2	625,000	1.5	231.2	-	-	

Norwegian Air Shuttle ASA has implemented a share purchase savings program for the employees, where the employees, by salary deductions, purchase shares in the parent company and the Company will fund up to 50% of the purchased shares, limited to NOK 6,000 per year. In addition the Company will also distribute bonus shares depending on the total amount of purchased shares per employee.

Fair value of the bonus shares are measured at the grant date using the Black & Scholes option-pricing model. The fair value of the bonus shares and the corresponding estimated social security cost are expensed as personnel costs over the vesting period. Changes in estimated social security costs are expensed over the remaining vesting period. At 31 December 2013, NOK 2.2 million (2012: NOK 1.5 million) was expensed.