

## Note 17 - Options

In 2013, the Board has issued 625,000 share options to employees. The share options have an exercise price of NOK 231.2, equal to 10% above the 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 on a straight-line basis at fair value over the vesting period. The cost was offset in other paid-in capital. Fair value calculations were conducted using the Black & Scholes option-pricing model. There was no market conditions linked to the vesting of the options.

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

	<b>2013</b>
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).

	<b>2013</b>	<b>Weighted avg.</b>	<b>2012</b>	<b>Weighted avg.</b>
	<b>Shares</b>	<b>exerc. Price</b>	<b>Shares</b>	<b>exerc. Price</b>
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

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

Norwegian Air Shuttle ASA 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% 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.

The 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.