

Operations and Market Development

In 2010 Norwegian expanded its network extensively with 56 new routes: 20 in Denmark, 14 in Sweden and 20 in Norway. The Group operated 249 scheduled routes to 95 destinations. Norwegian took delivery of a total of 12 environmentally friendly Boeing 737-800 aircraft during the year, while retiring 5 Boeing 737-300 from the fleet. Net fleet growth was 7 aircraft, with the year-end fleet comprising 53 aircraft.

The Group's route portfolio spans across Europe as well as into parts of North Africa and the Middle East, serving both business and leisure markets. The basic principles behind Norwegian's network development are to grow major point-to-point markets that have been excessively priced or underserved, while simultaneously maximizing aircraft and crew utilization. Optimization of ROI is to be achieved by:

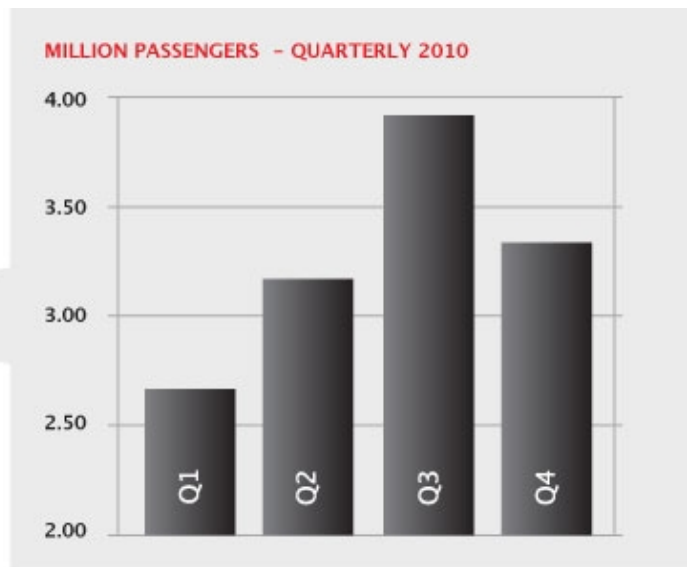
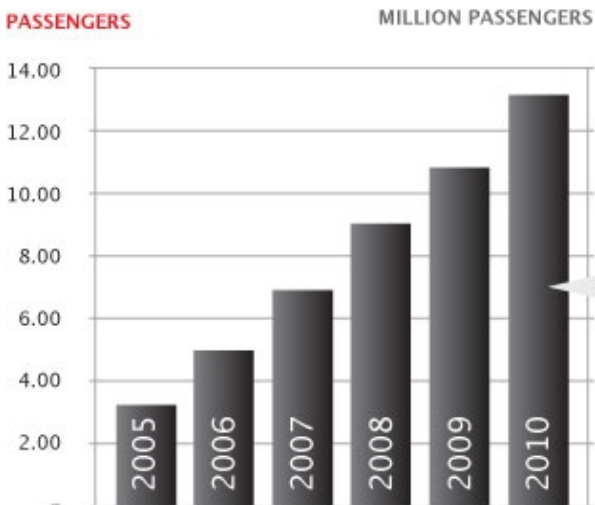
- Operating high-RASK business routes during peak hours, and focusing production on low-RASK leisure routes during midday off-peak hours.
- Focusing on leisure destinations with year-round interest in the Nordic market. The Canary Islands is one example.
- Replacing Mediterranean routes with routes to the Alps and the Middle East during the winter season
- Replacing business routes with leisure routes during the mid-summer period
- Operating flights at nighttime during peak seasons.

The company operates domestic flights in Norway, Sweden and Denmark.

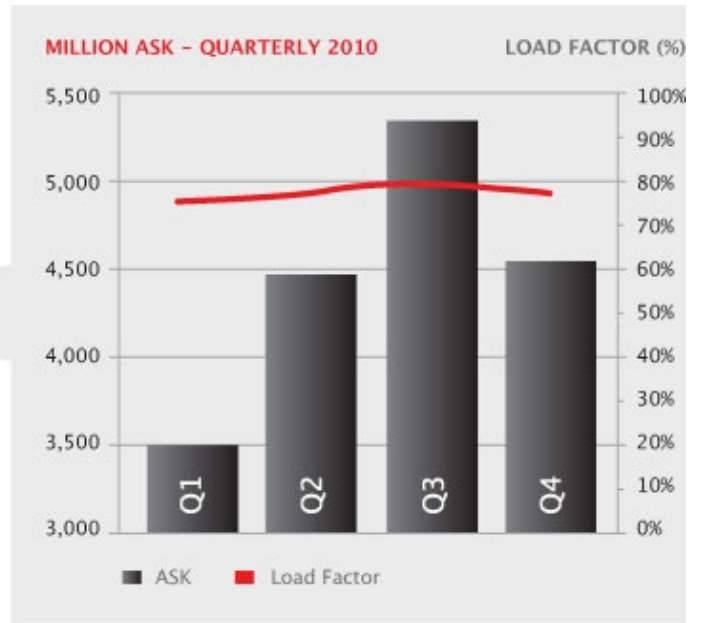
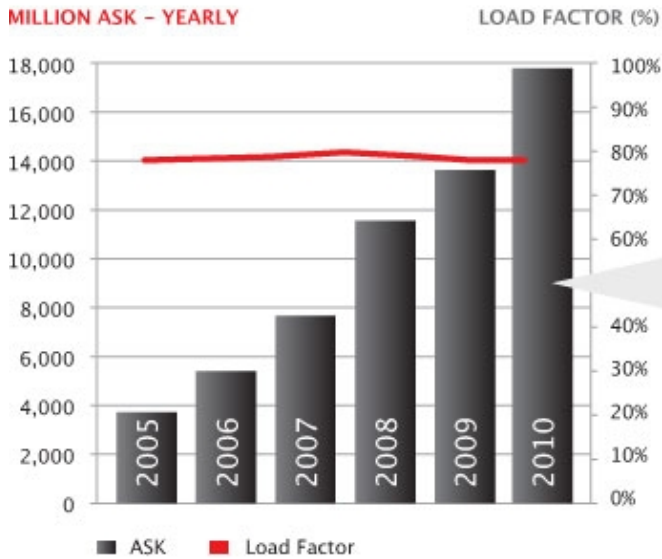
Domestic, intra-Scandinavian and typical European business destinations have the highest frequencies, which attracts business travelers. The Oslo-Bergen and Oslo-Trondheim routes have the highest frequencies with respectively 13 and 12 daily rotations on weekdays. Typical leisure destinations in Southern Europe, Northern Africa and the Middle East are typically served once a day or less.

Traffic Development

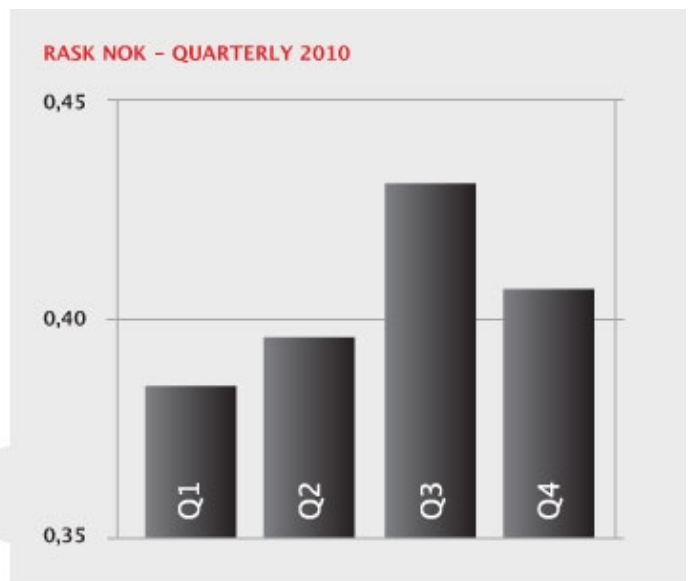
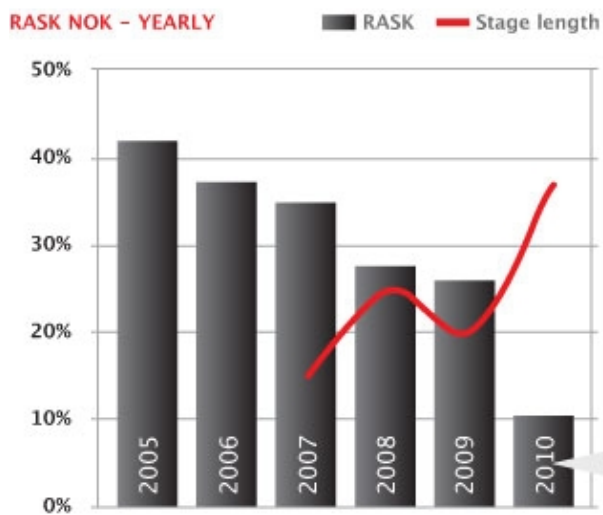
Approximately 13.0 million passengers traveled with the Group in 2010, an increase of 21 percent, reflecting the Group's expansion strategy. Intra-year variations in passenger volume are significant as a large share of the route portfolio is allocated to international destinations, increasing the Group's exposure to seasonal fluctuations. Despite seasonality, quarterly year-on-year growth was considerable throughout the year.



In 2010 passenger traffic (RPK) increased by 30 percent while the increase in production (ASK) was 31 percent. The load factor was 77 percent during 2010, a 1 percentage point decrease from 2009. Norwegian operated 109 758 commercial flights in 2010 with an average flying distance of 964 kilometers, up 6 percent from 913 kilometers last year.



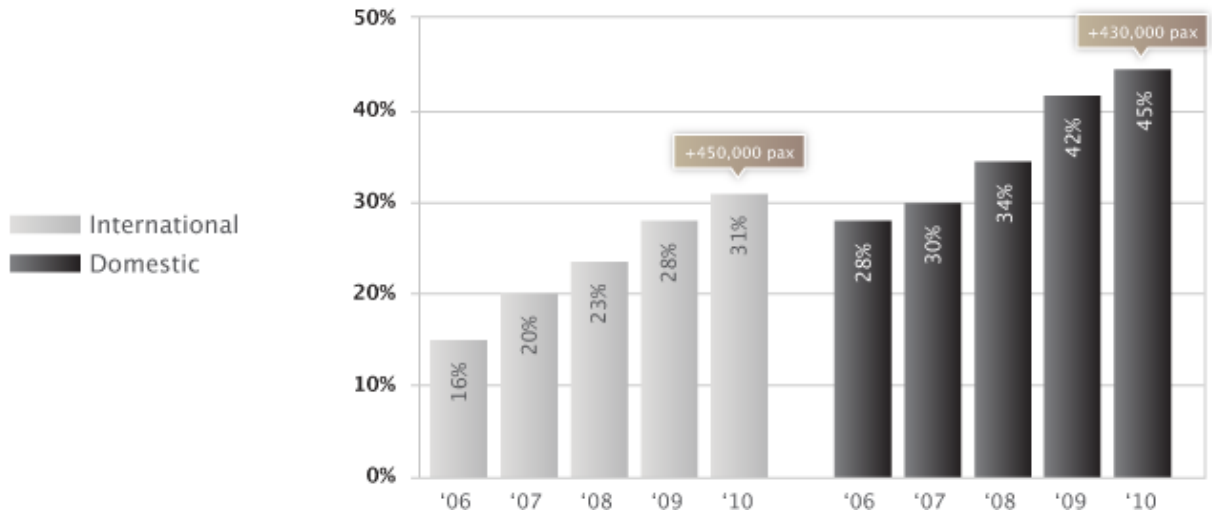
The ticket revenue per available seat kilometer (RASK) decreased 14 percent in 2010 while gross unit revenue decreased 10 percent. The development was partially driven by an adjusted route portfolio, larger more cost efficient aircraft which can sustain lower RASK levels. As a result of the large share of flights to leisure-oriented destinations, the RASK is affected by seasonal fluctuations and particularly holiday seasons.



Market Shares

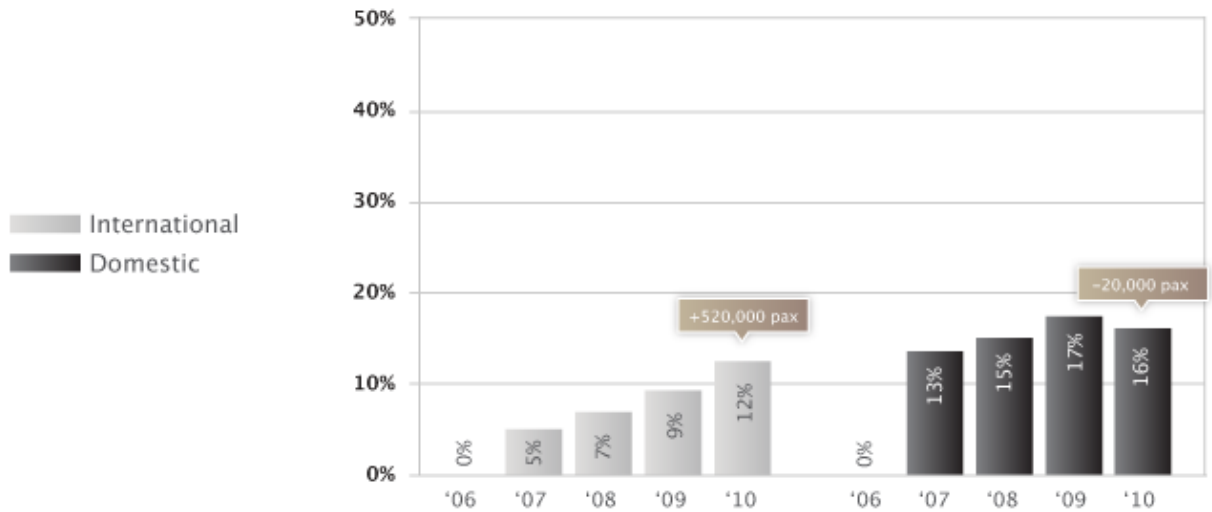
The Group's position in the Norwegian market improved in 2010. The market share on all international flights out of Oslo Airport increased by 3 percentage points to 31 percent, the domestic market share from the same airport increased by 3 percentage points to 45 percent.

FROM OSLO AIRPORT (OSL)



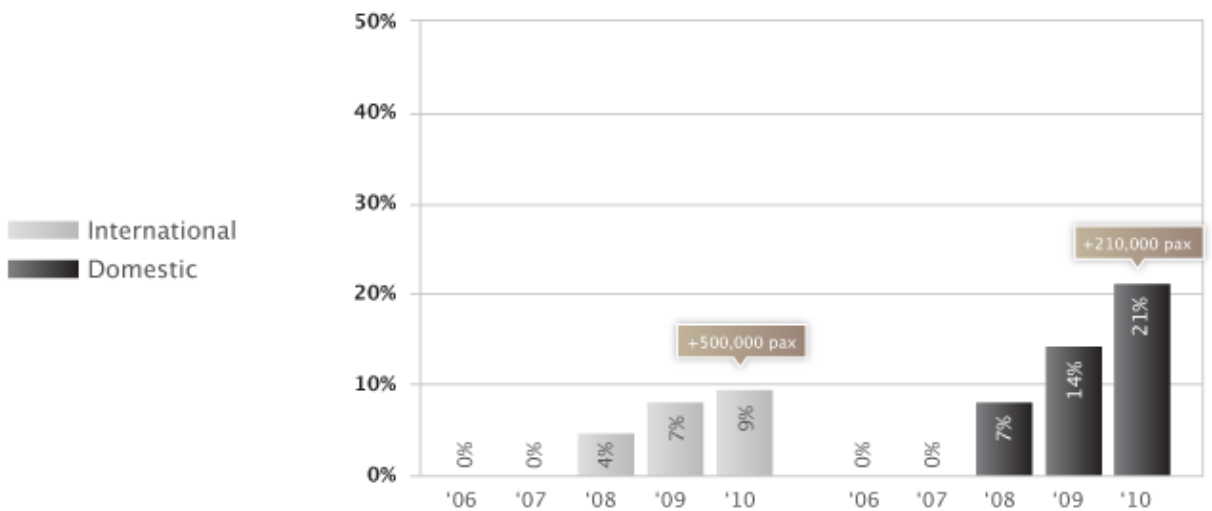
The Group operates 4 domestic routes in the Swedish domestic market, with a market share of 16 percent in 2010. Norwegian entered the Stockholm – Malmö route in December, and is entering Stockholm – Gothenburg in early 2011. The two routes are the largest domestic routes in Sweden. Norwegian’s market share on all international flights out of Stockholm Airport was 12 percent.

FROM STOCKHOLM AIRPORT (ARN)



The Group achieved a market share of 21 percent on domestic routes from Copenhagen which is an increase of 5 percentage points. Norwegian had an overall market share of 9 percent on international flights out of Copenhagen Airport in 2010.

FROM COPENHAGEN AIRPORT (CPH)



Ground Operations and In-flight Services

The Group outsources all ground handling services at all destinations. Outsourcing and monitoring are performed by a small team of dedicated staff.

Gate Gourmet provides catering services to the Group. The airline and the caterer work closely together to provide an attractive “shop on board” experience tailored to Norwegian’s customers in the different markets.

Punctuality and Regularity

Punctuality measured in delays exceeding 15 minutes improved by 2 percentage points in 2010, to 82 percent. The Group, with the support of all its employees, aspires to achieve an average of 90 percent punctuality. The main reasons for delays in 2010 were related to third party industrial actions, air traffic congestion in Central and Southern Europe, and adverse weather conditions at the end of the year.

Norwegian reported a regularity of 97.59 percent in 2010 (99.73 percent). The drop in regularity was mainly caused by the European governments’ decision to close the airspace due to the suspected presence of traces of volcanic ash,- as well as a more adverse weather situation in Europe in November and December than usual, which saw a four-fold increase in cancellations

