

NORWEGIAN AIR SHUTTLE ASA QUARTERLY REPORT – FOURTH QUARTER 2006

[This document is a translation from the original Norwegian version]

FOURTH QUARTER IN BRIEF

- Norwegian Air Shuttle ASA had earnings before tax (EBT) of MNOK -35.8 (3.5) in the fourth quarter and MNOK -32.6 (38) for the year.
- The operating revenue increased by 43 % this quarter, compared to last year, to MNOK 759.9 (531.4). The operating revenue for 2006 was MNOK 2,941.4 (1,972.2) which is an increase of 49% compared to last year.
- The total quarterly earnings before depreciation and leasing costs (EBITDAR) was MNOK 34.5 (38.8) and MNOK 199.8 (181.8) for the year.
- The total quarterly earnings before depreciation (EBITDA) was MNOK -16.6 (4.8) and 19.5 (55.9) for the year.
- The quarterly earnings after tax was MNOK -15.0 (2.5) and MNOK -12.7 (27.5) for the year.
- The total number of passengers transported in the fourth quarter was 1,298,545, which is an increase in passenger traffic (RPK) by 48 %. The total number of passengers in 2006 was 5.1 million.
- The passenger load factor was 72 % (75 %) this quarter and 79% (78%) for the year.
- The total production (ASK) increased by 54 % to 1,421 million this quarter.
- The company had a cash reserve of MNOK 231.7 at the end of the fourth quarter, and an equity ratio of 24.0 %.
- The total quarterly unit cost was NOK 0.55 (0.57), and the annual unit cost was 0.54 (0.55).

| TRAFFIC STATISTICS | Fourth Quarter | | | Accumulated | | |
|----------------------|----------------|---------|--------|-------------|-----------|--------|
| | 2006 | 2005 | Change | 2006 | 2005 | Change |
| Norwegian | | | | | | |
| Internet bookings | 85 % | 77 % | 8 pp | 84 % | 75 % | 9 pp |
| ASK (mill) | 1 421 | 922 | 54 % | 5 371 | 3 464 | 55 % |
| RPK (mill) | 1 024 | 694 | 48 % | 4 223 | 2 703 | 56 % |
| Cabin factor | 72 % | 75 % | (3) pp | 79 % | 78 % | 1 pp |
| Passengers | 1 298 545 | 924 387 | 40 % | 5 104 814 | 3 289 769 | 55 % |
| Domestic | | | | | | |
| ASK (mill) | 466 | 382 | 22 % | 1 771 | 1 396 | 27 % |
| RPK (mill) | 339 | 271 | 25 % | 1 381 | 1 023 | 35 % |
| Cabin factor | 73 % | 71 % | 2 pp | 78 % | 73 % | 5 pp |
| Passengers | 690 706 | 529 209 | 31 % | 2 701 619 | 1 900 468 | 42 % |
| International | | | | | | |
| ASK (mill) | 954 | 540 | 77 % | 3 600 | 2 068 | 74 % |
| RPK (mill) | 685 | 423 | 62 % | 2 842 | 1 680 | 1 % |
| Cabin factor | 72 % | 78 % | -6 pp | 79 % | 81 % | -2 pp |
| Passengers | 607 839 | 395 178 | 54 % | 2 403 195 | 1 389 301 | 73 % |

TRAFFIC DEVELOPMENT

A total of 1,298,545 passengers travelled with Norwegian Air Shuttle in the fourth quarter of 2006, compared to 924,387 in the fourth quarter of 2005. This equals an increase of 40 % in the number of passengers. The company had a passenger load factor of 72 % this quarter, compared to 75 % in 2005. The production (ASK) has increased by a total of 54 % since the same period last year, and the passenger traffic (RPK) has increased by 48 %.

The growth is related to the company's expansion throughout the year. At the end of the fourth quarter of 2006, the company operated 19 aircraft, compared to 14 in the same period last year. The utilization of the aircraft has improved as a consequence of the expansion, and in the fourth quarter every aircraft were utilized 10.4 block hours pr day, compared to 9.1 block hours in the same period last year.

The share of Internet sale has increased to 85 %, compared to 77 % in the same period last year.

COMMENTS TO THE ACCOUNTS

PROFIT AND LOSS STATEMENT

The company's total turnover in the fourth quarter was MNOK 759.9 (531.4), an increase of 43 %. The company had an accumulated turnover of MNOK 2,941.4 (1,972.2) in 2006. MNOK 745.0 (520.5) of the revenues in the fourth quarter are related to ticket revenues, while the remaining 14.9 (10.8) are related to other freight, fees, and third-party products. The increase in ticket revenues is related to an increase in passenger traffic, but negatively affected by lower yield.

The operating costs (including leasing and excluding depreciation and write-downs) were MNOK 776.5 (526.6) this quarter, and the accumulated operating costs were 2,921.9 (1,916.4). The cost increase is mainly related to the increase in production (ASK) by 54 % compared to last year. In addition, the company has utilized in average 19 aircrafts this quarter compared to 14 the same quarter last year. The average operating cost per ASK (unit cost) was NOK 0.55 (0.57) this quarter. The quarterly cost of jet fuel has increased from MNOK 115.7 last year to MNOK 178.8 this year. 62.6 MNOK of the cost increase is related to the increased production. The company has in the fourth quarter of 2006 and in the beginning of 2007 hedged 50 % of the expected fuel consumption through September 2007. The company has term contracts on 20 % of expected exposure in USD from August 2006 through February 2007. There is a relative reduction in costs due to better utilization of material and personnel, more advantageous agreements, more efficient sale- and distribution channels, in addition to other cost reducing measurements.

The increase in depreciation is caused by the purchase of own airplanes in 2006.

Earnings before depreciation and write-down (EBITDA) in the fourth quarter were MNOK -16.6 (4.8), and 19.5 (55.9) accumulated. The earnings before tax (EBT) was MNOK -35.8 (3.5) in the fourth quarter, and -32.6 (38.0) accumulated.

BALANCE SHEET

Intangible assets include a deferred tax asset of MNOK 95.6 and capitalised expenses related to the development of IT-systems and brand name of MNOK 34.0. Purchased aircrafts are valued at MNOK 160.5 in the balance sheet. Total investments in intangibles and fixed assets were MNOK 33.6 this quarter, mainly related to IT systems and upgrades on aircraft and spare parts.

The stock of consumable goods decreased by 17.4 MNOK compared to the fourth quarter last year. The value of consumable goods was MNOK 19.3 by the end of the quarter, including MNOK 4.5 for parts to be used in engine overhaul in the future. Short term receivables are MNOK 447.7 at the end of the quarter, compared to MNOK 200.2 at the end of the fourth quarter of 2005. The increase is mainly related to reimbursement claims in connection with heavy maintenance and to the general increase in activity and sales leading to higher receivables on travel agents and credit card companies. In addition, receivables are affected by reimbursements of VAT.

Accruals for future maintenance liabilities are 88.0 MNOK compared to 34.8 MNOK in the fourth quarter last year. The increase is partly due to an increase in the number of aircrafts compared to last year, and a reclassification of accrued maintenance costs which previously was defined as other accounts receivables. This reclassification explains 25.8 MNOK of the increase.

The company's pension liabilities were at the end of the year 30.8 MNOK compared to 30.5 MNOK in 2005. The traffic settlement debt related to tickets sold, but not used, was MNOK 291.8 (218.7) by December 31st 2006, which is a decrease of MNOK 43.8 in the quarter. This is due to higher travel activity than sales activity in the quarter.

By December 31st 2006, the company's cash balance was MNOK 231.7, a reduction of MNOK 155.7 during the quarter and a reduction of MNOK 29.8 during the year. Operating activities this year has given a positive cash flow of MNOK 75.7, while investments in the period have reduced the cash flow by MNOK 245.3. Finance activities have given a positive cash flow of 139.9.

The company had book equity of MNOK 260.5 by the end of the quarter, equivalent to an equity ratio of 24.0 %. The company implemented IAS 19 for pensions as pr 31st December 2006. The impact on equity pr 1st January 2005 was -39.2 MNOK and the effect on the earnings in 2005 was +0.8 MNOK.

ACCOUNTING PRINCIPLES

The quarterly report has been compiled according to the same accounting principles that have been used in the Annual Report, and are in accordance with the Norwegian Accounting Standard no. 11. The quarterly accounts are not audited.

From the first quarter in 2005 public listed companies are required to follow the IFRS standards in the financial reporting as the main rule. However, the requirement addresses consolidated accounts. Oslo Stock Exchange has announced an exception from the rule for companies without consolidated accounts. Norwegian established a subsidiary company in Poland during the second quarter of 2006 and is from this point registered as a corporation. As a consequence Norwegian Air Shuttle will report the annual financial statements for 2006 according to the accounting principles in the IFRS. The IFRS adoption process so far has indicated that the main differences from current practice are related to accounting for pension liabilities, accounting for non-interest deposits for leasing agreements and reclassification of financial instruments and derivatives.

The company chose in 2006 to implement IAS 19 "Employee benefits". In IFRS 1 *First-time Adoption of International Financial Reporting Standards*, there are given transition guidelines for companies adopting IFRS for the first time as the basis for preparing its financial statements. IFRS 1 opens up for including all cumulative actuarial gains and losses of the time of the transition to IFRS, even though the company uses the "corridor approach" for later actuarial gains and losses. This implies that the unrecognized actuarial gain or loss is set to zero in the opening balance for the date of transition to IFRS. The opening balance for the date of transition is 1st January 2005.

Earlier, the company entered into a code share agreement with Sterling and Fly Nordic, and in 2006 the company has entered into a co-operation with Polkovo Airlines on the Oslo-St.Petersburg route. This agreement gives Norwegian the right to sell an agreed upon number of seats on flights that Norwegian operate, and correspondingly buy a fixed number of seats on flights the partner operates. In accordance with current GAAP the sold capacity on Norwegian flights is recorded as gross revenue, and bought capacity is recorded at gross cost. Accordingly, all operational key figures (ASK, RPK and load factor) are reported using the gross principle.

FUTURE PROSPECT

The demand for travelling with Norwegian and the advanced bookings has been good entering the first quarter of 2007. The company executed a successful sales campaign in January that generated a high number of advanced bookings. The share of internet sales in January was 88%. The company has reported a load factor of 71% and a yield of 0.66 for January.

Norwegian will in the spring increase the number of departures on the larger routes in Southern Norway, Oslo – Trondheim will have up to 13 daily departures and Oslo – Bergen will have up to 14 daily departures.

Norwegian introduced in January a fee of 25 NOK for all checked baggage for all destinations. At the same time hand baggage allowance was increased from 8 kg to 15 kg and the prices for the lowest fare tickets were reduced further. The company will in the first half of 2007 introduce further product improvements, check in kiosks will be implemented at all the major airports in Scandinavia and seating will be introduced. These product enhancements will contribute to improving the travel experience for the customers by speeding up the check in process and through the fact that the customer can choose his own seat. The product improvements will also contribute to keeping the costs down and thereby making Norwegian capable of offering low fares.

A sales and marketing organization is now operational in Poland. The demand for travelling with Norwegian and the advanced bookings in the Polish market have shown improvements entering the first quarter of 2007. A sales campaign in January was successfully carried out, achieving competitive prices and strong sales.

The company had at the end of 2006 22 aircrafts in total, 19 of these were operational. The company is preparing for a further 2 aircrafts to be delivered in order to handle a capacity increase which is expected to be 30-40%. From May the company will have 24 aircrafts, 22 of these will be operational.

Fornebu, February 14th 2007

Bjørn Kjos
CEO

| PROFIT AND LOSS ACCOUNT (KNOK) | Fourth Quarter | | Accumulated | |
|-------------------------------------------------------------------|----------------|----------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| OPERATING REVENUE | | | | |
| Total operating revenue | 759 912 | 531 367 | 2 941 400 | 1 972 247 |
| TOTAL REVENUE | 759 912 | 531 367 | 2 941 400 | 1 972 247 |
| OPERATING EXPENSES | | | | |
| Operating expenses | 568 094 | 386 551 | 2 189 425 | 1 381 147 |
| Personell expenses | 116 928 | 77 003 | 412 940 | 298 223 |
| Other operating expenses | 40 391 | 28 971 | 139 263 | 111 090 |
| TOTAL OPERATING EXPENSES | 725 414 | 492 525 | 2 741 628 | 1 790 460 |
| OPERATING PROFIT / LOSS BEFORE LEASING & DEPR (EBITAR) | 34 498 | 38 842 | 199 771 | 181 787 |
| Leasing | 51 071 | 34 057 | 180 277 | 125 907 |
| OPERATING PROFIT / LOSS BEFORE DEPR (EBITDA) | -16 573 | 4 786 | 19 494 | 55 880 |
| Depreciation | 13 633 | 8 423 | 51 991 | 30 237 |
| Write-down | | | | |
| OPERATING PROFIT / LOSS (EBIT) | -30 206 | -3 638 | -32 497 | 25 643 |
| NET FINANCIAL ITEMS | -5 605 | 7 171 | -122 | 12 387 |
| PROFIT / LOSS BEFORE TAX (EBT) | -35 811 | 3 533 | -32 619 | 38 029 |
| TAX | -20 813 | 987 | -19 892 | 10 478 |
| PROFIT / LOSS FOR THE PERIOD | -14 998 | 2 546 | -12 727 | 27 552 |

| BALANCE SHEET (KNOK) | Accumulated | |
|----------------------------------------|------------------|----------------|
| | 2006 | 2005 |
| FIXED ASSETS | | |
| Intangible assets | 129 573 | 109 118 |
| Tangible fixed assets | 229 420 | 36 820 |
| Fixed assets investment | 8 840 | 19 404 |
| TOTAL FIXED ASSETS | 367 832 | 165 342 |
| CURRENT ASSETS | | |
| Consumable goods | 19 341 | 36 764 |
| Investments | 298 | |
| Receivables | 447 727 | 200 174 |
| Cash in bank and in hand etc. | 231 710 | 261 464 |
| TOTAL CURRENT ASSETS | 699 075 | 500 965 |
| TOTAL ASSETS | 1 066 907 | 666 307 |
| EQUITY | | |
| Called-up and fully paid equity | 284 822 | 159 332 |
| Retained earnings | -24 340 | -27 261 |
| TOTAL EQUITY | 260 482 | 132 070 |
| LIABILITIES | | |
| Provisions for liabilities and charges | 118 750 | 65 266 |
| Other long term liabilities | | |
| Current liabilities | 687 675 | 468 971 |
| TOTAL LIABILITIES | 806 425 | 534 237 |
| TOTAL EQUITY AND LIABILITIES | 1 066 907 | 666 307 |
| No. Of shares | 19 669 196 | 18 085 696 |
| Face value | 0,1 | 0,1 |

CASH FLOW STATEMENT (KNOK)

| | Fourth Quarter | | Accumulated | |
|--------------------------------------------------|-----------------|---------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net cash flows from operation activities | -122 061 | 19 140 | 75 648 | 120 359 |
| Net cash flows from investments | -33 601 | -7 733 | -245 257 | -38 369 |
| Net cash flows from financial activities | | 424 | 139 864 | -15 682 |
| Currency effect | -86 | | -9 | |
| Net change in cash and cash equivalents | -155 747 | 11 832 | -29 755 | 66 308 |
| Cash and cash equivalents in beginning of period | 387 456 | 249 633 | 261 464 | 195 157 |
| Cash and cash equivalents in end of period | 231 709 | 261 464 | 231 709 | 261 464 |

SALES REVENUE (KNOK)

| | Fourth Quarter | | Accumulated | |
|--------------------------------|----------------|----------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| <i>Per activity</i> | | | | |
| Passenger revenue | 744 986 | 520 537 | 2 879 431 | 1 931 663 |
| Other revenue | 14 926 | 10 830 | 61 969 | 40 583 |
| Total | 759 912 | 531 367 | 2 941 400 | 1 972 247 |
| <i>Per geographical market</i> | | | | |
| Norway | 403 710 | 299 060 | 1 471 852 | 1 047 992 |
| Other EU states | 356 202 | 232 307 | 1 469 547 | 924 255 |
| Total | 759 912 | 531 367 | 2 941 400 | 1 972 247 |

Equity (KNOK)

| | Fourth Quarter | | Accumulated | |
|-----------------------------------|----------------|---------|-------------|---------|
| | 2006 | 2005 | 2006 | 2005 |
| Equity - Beginning of period | 275 977 | 167 654 | 132 070 | 158 274 |
| Share issue | -85 | | 114 966 | 661 |
| Equity change on employee options | -411 | | 1 285 | 424 |
| Purchase own shares | | 424 | 24 898 | |
| Profit/loss | -14 998 | 2 546 | -12 727 | 27 552 |
| Equity - End of period | 260 482 | 132 070 | 260 482 | 132 070 |

COST BREAKDOWN (KNOK)

| | Fourth Quarter | | Accumulated | |
|-----------------------------|----------------|----------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Personell costs | 116 928 | 77 003 | 412 940 | 298 223 |
| Sales/ distribution costs | 17 668 | 17 950 | 92 889 | 75 114 |
| Aviation fuel | 178 833 | 115 664 | 703 872 | 384 394 |
| Aircraft leases | 51 071 | 34 057 | 180 277 | 125 907 |
| Aiport charges | 114 006 | 74 584 | 417 942 | 281 252 |
| De-icing | 13 319 | 10 715 | 26 661 | 21 952 |
| Handling charges | 75 896 | 56 226 | 306 825 | 200 296 |
| Technical maintenance costs | 73 245 | 54 956 | 306 333 | 207 785 |
| Depr. / write-down | 13 633 | 8 423 | 51 991 | 30 237 |
| Other costs | 135 518 | 85 427 | 474 166 | 321 444 |
| Sum operating costs | 790 118 | 535 004 | 2 973 896 | 1 946 604 |

FINANCIAL KEY FIGURES

| | Fourth Quarter | | Accumulated | |
|----------------------------------------------------------------|----------------|------------|-------------|------------|
| | 2006 | 2005 | 2006 | 2005 |
| Operating margin (%) | -4 % | -1 % | -1 % | 1 % |
| Earnings per share (NOK) (calculated on average no. Of shares) | -0,8 | 0,1 | -0,7 | 1,5 |
| Book equity per share (NOK) | | | 13,2 | 7,3 |
| Equity ratio (%) | | | 24 % | 20 % |
| No. Of shares at the end of the period | 19 669 196 | 18 085 696 | 19 669 196 | 18 085 696 |
| Adjusted no. of shares at the end of the period | 19 669 196 | 18 085 696 | 19 312 719 | 18 284 451 |
| Average no. of shares and options in the period | 19 793 015 | 18 198 004 | 19 448 674 | 18 396 759 |

SENSITIVITY ANALYSIS

1 % increase in jet fuel price
 1 % weakening of NOK against USD
 1 % weakening of NOK against EUR

Effect on P/L
 MNOK
 -8,5
 -13,8
 -2,7

The sensitivity analysis reflects the effect on P/L by substantial changes in market prices and exchange rates. The effect on P/L is annualized based on today's level of production, fuelprices and exchange rates



Definitions

ASK: Available Seat Kilometres. Number of available passenger seats multiplied by the flight distance.
 RPK: Revenue Passenger Kilometres. Number of paying passengers multiplied by the flight distance.
 CABIN FACTOR: Relationship between RPK and ASK as a percentage. Describes the rate of utilisation of available seats.
 EBITDA: Operating profit/loss before financial items, taxes and depreciation
 EBITDAR: Operating profit/loss before financial items, taxes, depreciation and leasing costs for aircraft