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Norwegian Air Shuttle ASA (NAS) - Notice of extraordinary general meeting

Norwegian Air Shuttle ASA (NAS) – Norwegian aims to strengthen its balance sheet by converting debt to equity to meet the requirements of the Norwegian state guarantee program and create a sustainable platform taking into account current shareholders and creditors alike.

The Board of Directors of Norwegian Air Shuttle ASA ("Norwegian" or the "Company") is proposing actions and implementations that aim to fulfill the requirements of the second and third tranches of the Norwegian government state guarantee program that will release NOK 3 billion in total funding. Please see the addendum that explains the State Aid Package in detail.

The Company's proposal aims to convert debt to equity by key stakeholders including aircraft lessors, bond holders, convertible bond holders, and suppliers through the following steps:

a) parts of the Norwegian group's liabilities towards lessors, banks and other creditors to be converted to shares in the Company;

b) the use of other financial instruments to convert any relevant debt to equity or equity-like instruments;

c) all or part of its bonds to be converted to shares in the Company;

d) a subsequent private placement against cash consideration with potential preferential treatment for the Company's current shareholders.

The debt conversions as well as the new equity, which again will release

liquidity provided under the government guarantee program, ensure that the Company can sustain the current Covid-19 environment and prepare for Norwegian to gradually re-open its route network and bring back furloughed employees. The Company looks forward to yet again flying and serving its dedicated and loyal customers.

“The proposed measures are necessary in securing the next tranches of the Norwegian government state guarantee program that will release NOK 3 billion. They are also necessary for the future of the Company by strengthening the Company’s balance sheet,” said CEO Jacob Schram of Norwegian.

“We will over the next weeks engage in dialogue with the bond holders, lessors and other creditors, with the intent of converting substantial debt to equity. This will create a platform which will enable Norwegian to return to the skies as an even better and stronger company to the benefit of the travelling public, our dedicated colleagues and current shareholders. We have already started working on building the future «New Norwegian» and that work will continue with full force the coming weeks,“ said Schram.

Background

The Company reported on 13 February 2020 that it was targeting a positive net profit for 2020 after taking significant actions in 2019 to optimize the route network, cut costs and create financial headroom. The guidance was withdrawn in a stock market notice on 6 March due to the drop in demand and government-imposed restrictions on travel following the Covid-19 outbreak. Norwegian has already enacted a number of measures to mitigate the substantial drop in revenues, including grounding the majority of the fleet temporarily.

Extraordinary General Meeting

The Board of Directors proposes that the abovementioned actions be resolved by an extraordinary general meeting of the Company to be held 08:30 (CET) on May 4th, 2020 at the Company’sheadquarters at Oksenøyveien 3, 1366 Lysaker. The full notice and agenda are attached and available on www.norwegian.com.

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Addendum:

The State Aid Package directed at the Company is divided into three tranches as follows:

(a) The first tranche is in the amount of up to NOK 300 million ("**Tranche 1**"), where the only required condition is that there is 10 percent risk participation by external commercial lenders (such as banks or financial institutions) or the Issuer obtains a corresponding amount of new finance through a capital increase (such participation or capital increase being referred to as the "**Private Sector Involvement**");

(b) The second tranche is in the amount of up to NOK 1.2 billion ("**Tranche 2**"), and will be available if the loans guaranteed thereunder are accompanied by the Private Sector Involvement and the existing creditors of the Company agree to a moratorium being put in place which involves a waiver of interest payments and a deferral of principal payments for a period of three (3) months, commencing on disbursement of the guaranteed loans (the "**Moratorium**"); and

(c) In respect of the third tranche ("**Tranche 3**" and together with Tranche 1 and Tranche 2, the "**Tranches**"), the remaining NOK 1.5 billion, or NOK 2.7 billion if Tranche 2 has not been drawn, will be available if the loans guaranteed thereunder are accompanied by Private Sector Involvement and the Company meets the requirement that its equity ratio was at least 8 percent at the end of the last quarterly period before the outbreak of Covid-19. Alternatively, if the Company is unable to comply with this equity requirement then it must during the three-month Moratorium make improvements to its balance sheet such that the Company's equity ratio as of 31 December 2019 (being the last the quarter date before the outbreak of Covid-19) adjusted pro forma reflect new equity contributions in cash or conversion of debt to equity is at least 8 percent. Since the Company's equity ratio as of 31 December 2019 was 4.8 percent, the Company must rely on the latter alternative in order to unlock Tranche 3.

Norwegian in the UK and Ireland:

- Norwegian carries almost **6 million UK passengers each year**

from London Gatwick, Edinburgh and Manchester Airports to **30 destinations worldwide**

- Norwegian is the **third largest airline at London Gatwick**, with 4.6 million yearly passengers, and over 1,200 UK-based pilots and cabin crew
- In 2014, Norwegian introduced the **UK's first low-cost, long haul flights to the U.S.** - the airline now flies to 11 U.S destinations, Buenos Aires and Rio de Janeiro from London Gatwick
- Norwegian is the only airline to offer **free inflight WiFi** on UK flights to more than 30 European destinations and 13 long-haul destinations.
- The airline has one of the **youngest aircraft fleets in the world**, including next-generation Boeing 787 Dreamliner, Boeing 737 MAX and Boeing 737-800s
- Norwegian has been **voted 'Europe's best low-cost carrier' by passengers** for six consecutive years at SkyTrax World Airline Awards from 2013-2018, along with being awarded the **'World's best low-cost long-haul airline'** in 2015, 2016, 2017, 2018 and 2019
- Norwegian Reward is the airline's free to join **award-winning loyalty programme** offering members CashPoints and Rewards that reduce the cost of Norwegian flights

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