

# NOTE 18

## EQUITY AND CASH-BASED REMUNERATION (OPTIONS)

The Company has issued options to the management group and regional directors. The options' strike price is the stock market price on the date of issue increased by 0.5% per month until exercise date. Equity options have been allocated in the period 29 June 2007 until 1 June 2008 with the first due for exercise 29 June 2010 and last due 27 February 2012. As per 31.12.2015 no equity options are available for exercise. As from 2009 an option scheme with settlement in cash has been established for the management and regional directors. The last allocation was in 2015, totalling 1.600 000 options. The last due is 1 June 2019. The options have 2 years of duration, where 50 % is exercised each year. Employees taken on after the first allocation of options have been allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to carry out the calculations.

The table below illustrates the movement in outstanding options throughout 2014 and 2015.

<b>OVERVIEW 2015</b>	Option category	Outstanding options at 31.12.2014	Granted options	Exercised options	Cancelled options	Expired options	Outstanding options at 31.12.2015	Of which cash-settled
Andreas Kvame (CEO)	Cash settlement		400 000				400 000	400 000
Morten Vike (former CEO)*	Cash settlement	200 000		200 000				
Atle Harald Sandtorv (CFO)	Cash settlement	100 000	200 000				300 000	300 000
Knut Utheim (COO)	Cash settlement	100 000	200 000				300 000	300 000
Others	Cash settlement	400 000	800 000	50 000			1 150 000	1 150 000
<b>Total</b>		<b>800 000</b>	<b>1 600 000</b>	<b>250 000</b>	<b>-</b>	<b>-</b>	<b>2 150 000</b>	<b>2 150 000</b>

\*) Morten Vike resigned 17.10.14. All options could be exercised latest at 31.05.2015.

<b>OVERVIEW 2014</b>	Option category	Outstanding options at 31.12.2014	Granted options	Exercised options	Cancelled options	Expired options	Outstanding options at 31.12.2015	Of which cash-settled
Morten Vike (former CEO)*	Cash settlement	600 000	-	400 000	-	-	200 000	200 000
Atle Harald Sandtorv (CFO/acting CEO)	Cash settlement	100 000	-	-	-	-	100 000	100 000
Knut Utheim (COO)	Cash settlement	-	100 000	-	-	-	100 000	100 000
Others	Cash settlement	750 000	200 000	400 000	100 000	50 000	400 000	400 000
<b>Total</b>		<b>1 450 000</b>	<b>300 000</b>	<b>800 000</b>	<b>100 000</b>	<b>50 000</b>	<b>800 000</b>	<b>800 000</b>

\*) Morten Vike resigned 17.10.14. All options could be exercised latest at 31.05.2015.

Allocation: Year - month	Expiry date: Year - month	Strike price NOK per share as at 31.12.2015	Strike price NOK per share as at 31.12.2014	OPTIONS	
				2015	2014
2013 - 12	2016 - 06	24,97	23,55	150 000	250 000
2013 - 12	2017 - 06	24,97	23,55	150 000	250 000
2014 - 04	2016 - 06	24,99	23,58	50 000	100 000
2014 - 04	2017 - 06	24,99	23,58	100 000	100 000
2014 - 07	2017 - 06	31,55	29,77	100 000	100 000
2015 - 06	2019 - 06	26,27		1 600 000	
<b>Total</b>				<b>2 150 000</b>	<b>800 000</b>

	2015	2014
Cash-based options available for settlement	450 000	250 000
Weighted average outstanding contract period	24,93	23,48

2015	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2015	Change in provision OB - IB *)	Exercised options 2015	Acc. cost charged against equity at 31.12.2015	Book liability cash settlement at 31.12.2015
Former employees with expired options	Equity option				6 887			6 887	
Andreas Kvame (CEO)	Cash settlement	25,50	3,36	1 342	-	579			579
Morten Vike (former CEO)**	Cash settlement	22,22	3,94	788	929	-929	813		-
Atle Harald Sandtorv (CFO)	Cash settlement	22,22	3,94	394	491	148			639
Atle Harald Sandtorv (CFO)	Cash settlement	25,50	3,97	793	-	353			353
Knut Utheim (COO)	Cash settlement	22,56	4,78	478	429	233			662
Knut Utheim (COO)	Cash settlement	25,50	3,97	793	-	353	353		
Other options allocated in 2013	Cash settlement	22,22	3,94	1 181	957	293			1 250
Other options allocated in 2014	Cash settlement	22,56	4,24	424	397	-82	199		315
Other options allocated in 2014	Cash settlement	28,90	4,20	420	60	146			206
Other options allocated in 2015	Cash settlement	25,50	3,60	2 876	-	1 282			1 282
<b>Total</b>				<b>9 490</b>	<b>10 150</b>	<b>2 376</b>	<b>1 013</b>	<b>6 887</b>	<b>5 639</b>

\*) The amounts are exclusive of social security cost.

\*\*\*) Morten Vike resigned 17.10.14. All options could be exercised latest at 31.05.2015.

2014	Option category	Listed price on allocation	Calculated value per option on allocation	Calculated total value on allocation*)	Total value of all options at 01.01.2014	Change in provision OB - IB *)	Exercised options 2014	Acc. cost charged against equity at 31.12.2014	Book liability cash settlement at 31.12.2014
Morten Vike (CEO)**	Eq. based option	13,20	3,74	1 123	1 122	-		1 122	
Former employees where option has expired	Eq. based option	23,00	5,86	2 346	2 346	-		2 346	
Others	Eq. based option	23,00	5,72	4 005	3 419	-		3 419	
Morten Vike (former CEO)**	Cash settlement.	6,83	1,78	712	4 906	-4 906	6 610		0
Morten Vike (former CEO)**	Cash settlement.	22,22	3,94	788	29	900			929
Atle Harald Sandtorv (CFO/ acting CEO)	Cash settlement.	22,22	3,94	394	14	477			491
Knut Utheim (COO)	Cash settlement.	22,56	4,78	478	-	429			429
Other options allocated in 2010	Cash settlement.	16,50	6,66	666	301	-301			0
Other options allocated in 2012	Cash settlement.	6,83	1,78	1 424	4 277	-4 277	6 645		0
Other options allocated in 2013	Cash settlement.	22,22	3,94	1 181	41	916			957
Other options allocated in 2014	Cash settlement.	22,56	4,24	424	-	397			397
Other options allocated in 2014	Cash settlement.	28,90	2,74	274	-	60			60
<b>Total</b>				<b>13 815</b>	<b>16 455</b>	<b>-6 305</b>	<b>13 255</b>	<b>6 887</b>	<b>3 263</b>

\*) The amounts are exclusive of social security cost.

\*\*\*) Morten Vike resigned 17.10.14. All options could be exercised latest at 31.05.2015.

ACCRUED COST IS DIVIDED AS FOLLOWS:	2015	2014	CLASSIFICATION IN ACCOUNTS
Change in provisions	1 797	-6 305	Other provisions for liabilities
Exercised options during year	2 022	13 255	Payroll & social costs/ bank
<b>Total cost excl. social security costs</b>	<b>3 819</b>	<b>6 951</b>	
Social security costs	560	1 557	Public taxes payable
<b>Total cost incl. social security costs</b>	<b>4 379</b>	<b>8 507</b>	<b>Payroll and social security costs</b>

The costs related to cash-based remuneration in 2015 is TNOK 3 819. This is charged in the income statement as a personnel cost. Social security contributions are provided for an ongoing basis based on the fair value of the options.

At 31 December 2015 outstanding options with the right to cash settlement were stated at TNOK 5 639 of which TNOK 1 250 is classified as current liabilities as the options expire in 2016. TNOK 4 389 is non-current liabilities as at 31.12.2015. Options issued are cancelled when employment terminates.

#### ESTIMATES USED IN CALCULATIONS ON ALLOCATION OF OPTIONS

Anticipated volatility (%)	36,36
Risk-free rate of interest (%)	0,69
Estimated qualification period (years)	2,92

The estimated qualification period for the options is based on historical data, and does not necessarily represent an indication of the future. In order to estimate volatility, the management has applied historical volatility for comparable listed companies.