

**FERD'S PENSION PLANS**

Ferd has established pension schemes in accordance with Norwegian legislation. The employees participate in defined benefit and defined contribution plans.

Until and including 2013, all employees have been members of a defined benefit plan for salaries up to 12 times the basic amount for the national insurance (G). Defined benefit pension plans give the employees the right to determined future pension benefits. The obligation is an estimate of future benefits earned by the employees, based on the number of service years and the salary level at the age of retirement. The benefits are discounted to present value, and the recognised obligation is reduced by the fair value of the pension funds for funds based pension schemes. Changes in assumptions, the total number of members and deviations between estimated and actual salary increases and return on funds result in actuarial gains and losses. Such gains and losses are recognised in total comprehensive income. The defined benefit scheme was terminated at year-end, and paid-up policies have been issued in 2014. The effect of the change in plan was recognised in the income statement in 2013. From January 2014, all employees will be members of a contribution scheme for salaries below 12 G.

For salaries exceeding 12 G, Ferd has established a pension scheme implying that the employees earn a pension right each year. The scheme was closed for new hires when established. The right comprises a share of the salary in excess of 12 G together with a return component depending on the employee's chosen risk profile. The pension plan has many similarities with a contribution scheme, but as Ferd is not making current payments to a fund, but has elected to take the risk of return itself, the scheme shall be classified as a benefit scheme for accounting purposes. Ferd has recognised the obligation as a pension liability and is expensing the current deposits and the current return as incurred. The liability has not been discounted.

In addition, Group management has an early retirement pension scheme giving them the opportunity to retire at 65 years. This is also a benefit scheme.

**Financial assumptions at 31 December**

	<b>2013</b>	<b>2012</b>
Discount rate	3,30%	2,20%
Expected return from pension assets	3,30%	3,60%
Expected wage growth	3,75%	3,25%
Future expected pension regulation	1,75%	1,30%
Expected regulation of base amount (G)	3,50%	3,00%

**DEFINED BENEFIT PLANS****Specification of the recognised liability**

NOK 1 000	<b>2013</b>	<b>2012</b>
Present value of unfunded pension liabilities	20 579	27 976
Present value of wholly or partly funded pension obligations	62 716	102 614
Total present value of defined benefit obligations	83 295	130 590
Fair value of pension assets	62 716	60 920
<b>Total defined benefit obligation recognised in the balance sheet</b>	<b>20 579</b>	<b>69 670</b>

**Movement in the liability for defined benefit pension plans**

NOK 1 000	<b>2013</b>	<b>2012</b>
Liability for defined benefit pension plans at 1 January	130 590	137 448
Present value of the pension earnings of the year	10 326	13 715
Interest expense on the pension liability	4 361	2 819
Estimate deviation on the pension liability	- 13 054	- 9 017
Plan changes	- 35 855	- 9 826
Benefits paid	- 13 073	- 4 549
<b>Liability for defined benefit pension plans at 31 December</b>	<b>83 295</b>	<b>130 590</b>

**Movement in fair value of pension assets for defined benefit pension plans**

NOK 1 000	<b>2013</b>	<b>2012</b>
Fair value of pension assets at 1 January	60 920	61 000
Expected return from pension assets	1 303	2 548
Estimate deviations on pension funds	- 3 464	- 4 936
Contribution from employer	7 433	6 455
Administration expenses	- 51	- 508
Benefits paid	- 3 425	- 3 639

<b>Fair value of pension assets at 31 December</b>	<b>62 716</b>	<b>60 920</b>
<b>Pension assets include the following:</b>		
NOK 1 000	<b>2013</b>	<b>2012</b>
Equity instruments	9 059	8 800
Government stock	7 058	6 856
Corporate stock	12 687	12 324
Other debt instruments, including structured debt	25 340	24 614
Property investments	7 191	6 985
Bank deposits	1 381	1 341
<b>Total pension assets</b>	<b>62 716</b>	<b>60 920</b>
<b>Estimate deviation recognised in total comprehensive income</b>		
NOK 1 000	<b>2013</b>	<b>2012</b>
Estimate deviation on the pension obligation (benefit schemes) of the year	13 054	9 017
Estimate deviation of the pension funds (contribution schemes) of the year	- 3 464	- 4 936
<b>Net estimate deviation for benefit schemes recognised in income statement</b>	<b>9 590</b>	<b>4 081</b>
<b>Pension costs recognised in the income statement</b>		
NOK 1 000	<b>2013</b>	<b>2012</b>
Present value of this year's pension earnings	10 326	13 715
Plan changes	- 35 855	- 9 826
Administration expenses	51	508
<b>Total pension costs recognised in the income statement as salary expenses</b>	<b>- 25 478</b>	<b>4 397</b>
Interest expense on the pension liability	4 361	2 818
Expected return on pension assets	- 1 303	- 2 548
<b>Total pension costs recognised in the income statement as interest expenses</b>	<b>3 058</b>	<b>270</b>