

THE GROUP'S PENSION PLANS

The Group's companies have established pension plans in accordance with local laws. Employees in the Group's companies in Norway are participating in defined benefit or defined contribution pension plans that comply with the rules for mandatory occupational pension.

Defined benefit plans

Defined benefit plans provide employees with the right to defined future pension benefits. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each pension plan. The amount is an estimate of future benefits that employees have earned based on years of service and salary at retirement. Benefits are discounted to present value, and the recognised obligation is reduced by the fair value of plan assets for funded pension schemes. Changes in assumptions, staff numbers and variances between estimated and actual salary increases and return on assets result in actuarial gains and losses. Actuarial gains and losses and gains and losses resulting from a curtailment or termination of pension plans, are recognised immediately in the income statement.

The defined benefit pension plans consist of group schemes as well as some additional arrangements, including employees with a retirement basis over 12 G, and AFP.

Defined contribution plans

For defined contribution plans, the Group's obligations are limited to making specific contributions. Payments to defined contribution pension plans are recognised as expenses in the income statement when the employees have rendered services entitling them to the contribution.

Other service related long-term benefits

In addition to the pension schemes described above, Ferd has obligations related to future health contributions for some groups of employees in USA.

ECONOMIC ASSUMPTIONS

Ferd has defined benefit plans in several countries with varying economic conditions affecting the assumptions that are the basis for calculating pension obligations. The parameters are adapted to conditions in each country. The discount rate is determined as a weighted average of the yields at the reporting date on AA-rated corporate bonds, or government bonds in cases where there is no market for AA-rated corporate bonds. The government bond interest rate is applied for Norwegian schemes. To the extent that the bond does not have the same maturity as the obligation, the discount rate is adjusted. The weighted average discount rate at 31 December 2012 was 2,3 percent. Actuarial assumptions for demographic factors and retirement are based on generally accepted principles in the insurance business. Future mortality rates are based on statistics and mortality tables. The weighted average long-term expected return on plan assets is 3,8 percent. The expected long-term return is based on the total portfolio, not on the returns of individual pension asset categories. The return is based exclusively on historical returns, without adjustments.

Economic assumptions in Norwegian companies at 31 December

	2012	2011
Discount rate	2,20 %	2,60 %
Expected return on pension assets	3,60 %	4,10 %
Expected wage growth	0-3,25%	3,50 %
Future expected pension regulation	1,75 %	1,30 %
Expected regulation of base amount (G)	3,00 %	3,25 %

Interval for the economic assumptions at 31 December

	2012	2011
Discount rate	2.00- 4.15	2.50- 4.70
Expected return on pension assets	2.75- 7.00	2.75- 7.00
Expected wage growth	0.00- 1.00	0.00- 4.00
Future expected pension regulation	0.00- 0.55	0.00- 1.75

PENSION OBLIGATIONS**Reconciliation of net liability against balance sheet**

NOK 1 000	2012	2011
Pension liabilities for defined benefit pension plans	- 211 528	- 254 890

Pension assets for defined benefit pension plans	9 505	15 457
Total defined benefit obligation recognised in the consolidated statement of financial position	- 202 023	- 239 433

DEFINED BENEFIT PLANS

Specification of the recognised liability

NOK 1 000	2012	2011
Present value of unfunded pension liabilities	- 69 469	- 91 456
Present value of wholly or partly funded obligations	- 469 621	- 590 197
Total present value of defined benefit obligations	- 539 091	- 681 653
Fair value of pension assets	337 068	442 220
Total defined benefit obligation recognised in the consolidated statement of financial position	- 202 023	- 239 433

Movements in liabilities for defined benefit pension plans

NOK 1 000	2012	2011
Liability for defined benefit pension plans at 1 January	681 653	713 725
Fair value of current service cost	24 635	29 670
Interest expenses on the pension liability	20 487	38 503
Actuarial (gains) / losses on the pension liabilities	12 768	60 220
Settlement of pension plans	- 17 936	- 209 839
Curtailment of pension schemes	115	- 16 809
Plan changes	- 32 370	
Change in liability due to acquisition/sale of subsidiaries		81 818
Benefits paid	- 128 361	- 24 528
Social security tax	113	
Exchange differences on foreign plans	- 22 015	8 893
Liability for defined benefit pension plans at 31 December	539 091	681 653

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

NOK 1 000	2012	2011
Fair value of pension assets at 1 January	442 221	515 175
Expected return from pension assets	14 725	28 569
Actuarial gains / (losses) on the pension assets	- 14 791	- 21 405
Contributions from employer	22 212	44 506
Administration expenses	- 645	- 1 814
Contributions from employees	2 838	1 982
Increase in pension funds due to the acquisition of subsidiaries		79 421
Settlements		- 178 949
Benefits paid	- 114 239	- 47 153
Exchange difference on foreign plans	- 15 253	21 890
Fair value of pension assets at 31 December	337 068	442 221

Pension assets include the following

NOK 1 000	2012	2011
Equity instruments	54 630	114 206
Liability instruments	92 103	103 116
Managed by insurance	138 418	63 433
Property Investments	271	593
Bank deposits	343	445
Other assets	51 303	160 428
Total pension assets	337 068	442 221

Actuarial (gains) / losses recognised in comprehensive income

NOK 1 000	2012	2011
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Current year actuarial (gains) / losses on liabilities (defined benefit schemes)	12 768	60 220
Current year actuarial (gains) / losses on pension assets (defined benefit schemes)	14 791	21 405
Total actuarial (gains) / losses recognised in comprehensive income (defined benefit schemes)	27 559	81 625

PENSION COSTS

NOK 1 000	2012	2011
Defined benefit plans	- 2 582	5 950
Defined contribution plans	85 028	44 666
Early retirement and other schemes	- 927	1 887
Total pension costs recognised in current year payroll costs	81 520	52 502

DEFINED BENEFIT PLAN PENSION COSTS

Pension costs recognised in income statement

NOK 1 000	2012	2011
Present value of this year's pension earned	24 635	29 670
Contribution from employees	- 2 838	
Curtailment of pension schemes and plan changes	- 32 255	- 36 654
Interest expenses on the pension liability	20 487	38 503
Expected return on pension assets	- 14 725	- 28 570
Social security tax	113	
Administration costs	1 999	3 000
Total pension costs recognised in the Group's income statement	- 2 582	5 950