

POLICY FOR THE DETERMINATION OF PAY AND OTHER REMUNERATION OF THE EXECUTIVE MANAGEMENT

Background

Pursuant to the amendments of sections 5-6(3) and (4) and the new section 6-16a of the Norwegian Public Limited Liability Companies Act, which came into force on 1 January 2007, it has been decided that the Board of Directors' guidelines for the determination of pay and other remuneration of the executive management shall be presented to the company's General Meeting for consultative voting and/or approval.

Until now, the Board of Directors of Eksportfinans has not laid down any guidelines in this area. The proposed statement, which the Board of Directors is invited to adopt, is a synthesis of the Administration's view of what is and has been the Board's policy on this point. The statement will thus be considered a formalisation of current practice.

In Eksportfinans, the Shareholders' Committee appoints the managing director. Under common principles of interpretation, the Shareholders' Committee is therefore authorised to determine pay and other forms of remuneration.

With respect to the question of what body is to prepare the statement, the new section 6-16a of the Public Limited Liability Companies Act is relatively clear. The Act places responsibility for this on the Board of Directors. However, it may be decided, by amendment to the Articles of Association, that the statement shall be prepared by another body.

The Administration will not propose an amendment to the Articles of Association to the effect that the Shareholders' Committee would prepare the statement. In order to avoid a situation where the Shareholders' Committee could maintain that its authority had been curtailed, the Administration proposes that the statement of the Board of Directors shall be forwarded to the Shareholders' Committee for comment, in the same way as the Board of Directors submits the accounts to the Shareholders' Committee.

Persons comprised by the statement. Competencies

The statement shall apply to "the executive management". Pursuant to the preparatory works of the Act, "executive management" comprises the general manager and other members of the executive management. Ot. prp. [*Proposition to the Odelsting*] no. 55 (2005/2006) refers to the Norwegian Accounting Act's definition of "executive management". The Administration proposes that no precise delimitation of this term should be made in connection with the statement.

The Board of Directors is responsible for adopting the elements to be included in the executive management's compensation plans.

The Board of Directors is responsible for adopting guidelines for the determination of the actual annual compensation (the amount of the various elements of the plan).

With respect to the general manager's annual compensation, and which body in Eksportfinans would best be qualified to determine this, the Administration proposes that the Board of Directors should clarify this with the chairman of the Shareholders' Committee.

The Board of Directors is hereby invited to make the following statement on the determination of pay and other remuneration of the executive management:

General points

In these guidelines compensation plan means a pay package that may include the following elements: fixed and/or variable pay, benefits in kind, a pension plan and severance pay.

Special agreements negotiated with the Board of Directors on severance pay in connection with the termination of service of the general manager and/or a member of the executive management, and where he/she waives the provisions relating to employment protection rights under the Norwegian Working Environment Act, may contain termination payments and other financial benefits and benefits in kind.

To ensure access to qualified executives, the management's compensation plans shall be competitive and on a par with the pay of positions in the owner banks with which it would be natural to compare the company's management positions.

The management's compensation plans shall not unfavourably affect the company or damage its reputation.

The Board of Directors shall assess each element of the compensation plan jointly, as a whole.

The Board of Directors shall annually be given an overview of the aggregate value of the agreed remuneration of the executive management.

Members of the executive management shall not receive any special remuneration for board appointments in his/her own company or other companies in the Group.

Agreements on remuneration entered into before these guidelines came into force shall be upheld.

Components

Fixed pay

The main element of the company's compensation plan shall be the fixed base pay.

Options and share programmes

As long as the ownership provisions in the company's current Articles of Association are not amended, share options or share programmes shall not be used in any form as an element of the management's compensation plans.

Variable pay

When variable pay is used as one of the elements of the executives' compensation plans, the following principles shall be observed.

There must be a clear connection between the targets on which the variable pay is based and the company's objectives.

Variable pay must be based on objective, definable and measurable criteria.

The criteria shall be based on circumstances the executive may influence.

Several target criteria shall be used and all shall be relevant.

The variable pay element must be transparent and easy to understand. When giving an account of the plan, an essential objective must be to clarify the anticipated and maximum payment of each executive.

The plan shall be limited in time.

Total variable pay in one year shall normally not exceed 6 months' fixed pay.

Pension plan

To secure access to qualified executives, pension benefits shall be based on the pension benefits of other employees, but shall be on a par with the pay of positions in the owner banks with which it would be natural to compare the company's executive positions.

The Board of Directors shall obtain an overview of the total costs of the pension plan before any agreement is signed.

Any commitments the company undertakes through the management's pension scheme shall, to the extent practicable and reasonable within the framework of current laws and regulations, be covered by entering into a pension insurance agreement with the present life assurance companies.

Severance pay

Where a member of the company's executive management has previously agreed to waive the provisions relating to employment protection rights in the Working Environment Act, an agreement may be made on severance pay. Severance pay shall not normally be used in case of voluntary resignation.

The severance pay shall not exceed 18 months' fixed pay in addition to any pay during the period of notice.

In case of appointment to a new position elsewhere, severance pay shall be reduced by a proportionate amount, calculated on the basis of the new annual income. Such reduction may only be made after expiry of the ordinary period of notice for the position.

In connection with workforce reduction processes, severance pay may be agreed in case of voluntary resignation, and the above-mentioned upper limit of 18 months' fixed pay may be exceeded. This applies if the calculation of the executive's severance pay is made pursuant to the rules applying to the severance pay of other employees. Nor shall a reduction due to such income as mentioned in the above paragraph be made if this is not required under the general rules.

Severance pay may be withheld if the terms for summary dismissal are present.

Benefits in kind

The nature and value of benefits in kind shall be on a par with what is customary for executives in the company's line of business.