Press Release

The Executive Board 30 May 2011

The FRR's new strategic asset allocation was adopted at a meeting of its Supervisory Board on 13 December 2010. It reflects the changes in legislation which determine the FRR's liabilities going forward following the reform of the pension system by assigning the FRR two clearly defined objectives: ensuring, on the one hand, that the FRR is certain of honouring its liabilities and, on the other, seeking additional returns through to 2024.

From this perspective, the chosen "liability driven investment" management approach rests on broad coverage of its liabilities employing assets designed for this purpose (hedging portfolio) and on dynamic management of a performance portfolio.

The certainty of the FRR honouring its liabilities is measured by the funding ratio[1]. As at 31 March 2011, this funding ratio stood at 143%. The total value of its net assets was in fact 37.4 Bn euros on this same date and the current value of its liabilities is 26.1 Bn euros.

As at 31 March 2011, the hedging portfolio represents 59.3% of total assets and the performance portfolio, 40.7%.

The return on performance assets, whose long-term objective is an annualized performance of 6%, was 2.6%[2] between 13 December 2010 (reference date for the new strategic allocation) and 31 March 2011.

On this same date, the annualized performance of the FRR's portfolio, net of all expenses, was 3%.

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[1] The funding ratio is the ratio between the market value of the net assets and current value of the liabilities of the FRR.

[2] This figure reflects a slight advance on expected annualised performance of 6%, i.e. 1.8% over the period in question 13 December 2010 to 31 March 2011.