

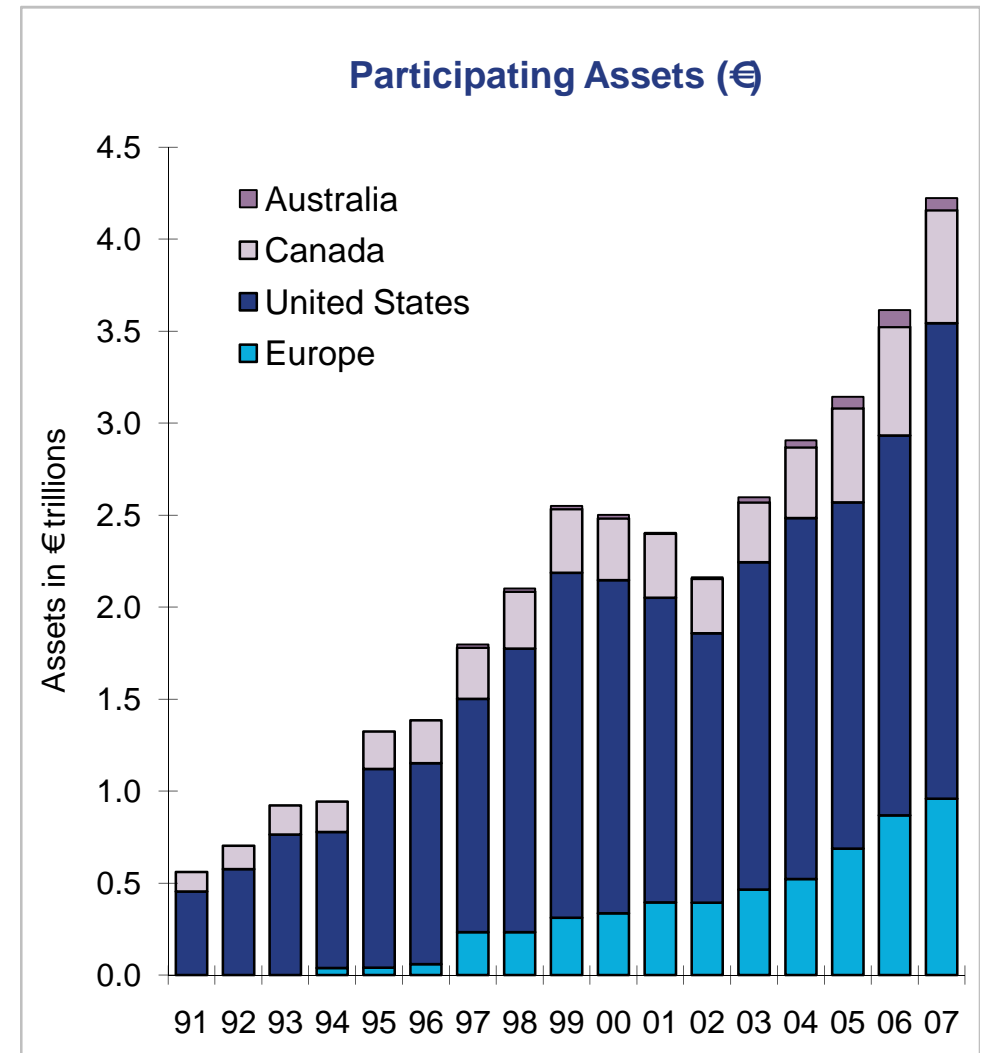
Government Pension Fund - Norway Investment Benchmarking Results

For the 2 year period ending December 2007



This benchmarking report compares your cost and return performance to CEM's extensive pension database.

- 25 European funds participate with aggregate assets of €958 billion. Included are funds from the Netherlands, Norway, Sweden, Finland, France, Denmark and Ireland.
- 185 U.S. pension funds participate. They represent 40% of U.S. defined benefit assets. Total participating U.S. assets were €2.6 trillion.
- 88 Canadian funds participate representing 70% of Canadian defined benefit assets.
- 11 Australian/New Zealand funds participate with aggregate assets of €87 billion.



The most valuable comparisons for cost performance are to your custom peer group.

Custom Peer Group for Government Pension Fund - Norway

- 17 international sponsors from €9.1 billion to €85.3 billion
 - Median total fund size €28.2 billion versus your €14.8 billion
 - Median size of internal equity program was €28.2 billion versus your €14.8 billion
- 3 Canadian Funds, 8 European Funds and 6 US Funds make up the International Peer Group.
 - The size of the internal equity program was chosen as one of the key characteristics of the peer group because it is a major factor in the cost profile of the GPF - Norway.
 - In the report there are also comparisons to all of the European participants. There are 25 participants; 1 Danish, 1 French, 4 Finnish, 1 Irish, 2 Norwegian, 13 Dutch and 3 Swedish. The median size of the European participants is €21 billion.
 - Due to the fact that the GPF- Norway is primarily invested in Norway, return comparisons versus the other funds who invest more on a Global scale are not very meaningful.

What gets measured gets managed, so it is critical that you measure and compare the right things:

Value Added	Are your implementation decisions (i.e., mostly active management) adding value?
Costs	Are your costs reasonable? Costs matter and can be managed.
Cost Effectiveness	Net implementation value added versus excess cost. Does paying more get you more?

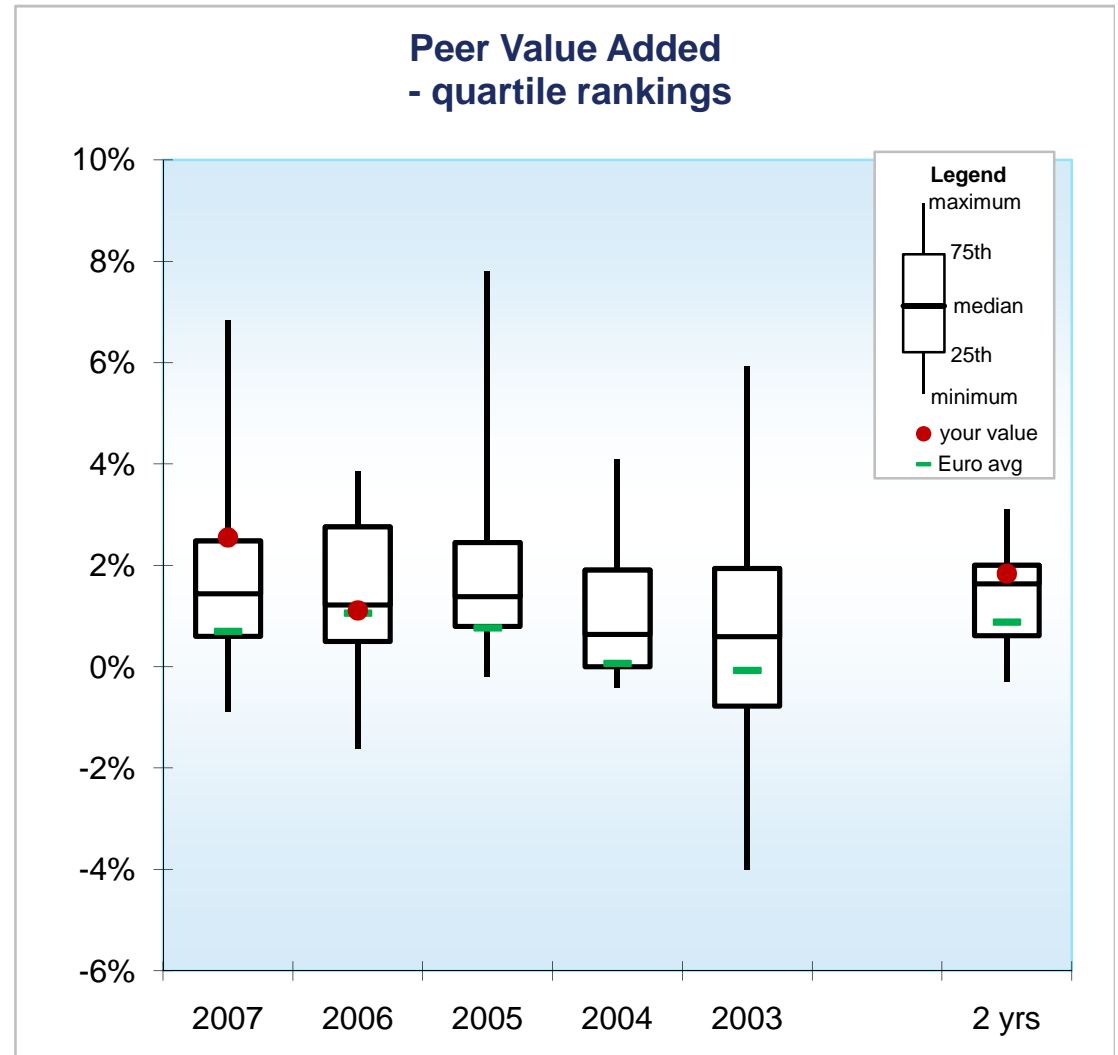
Value Added

Value added is the component of your total return from active management. Your 2-year value added was 1.8%.

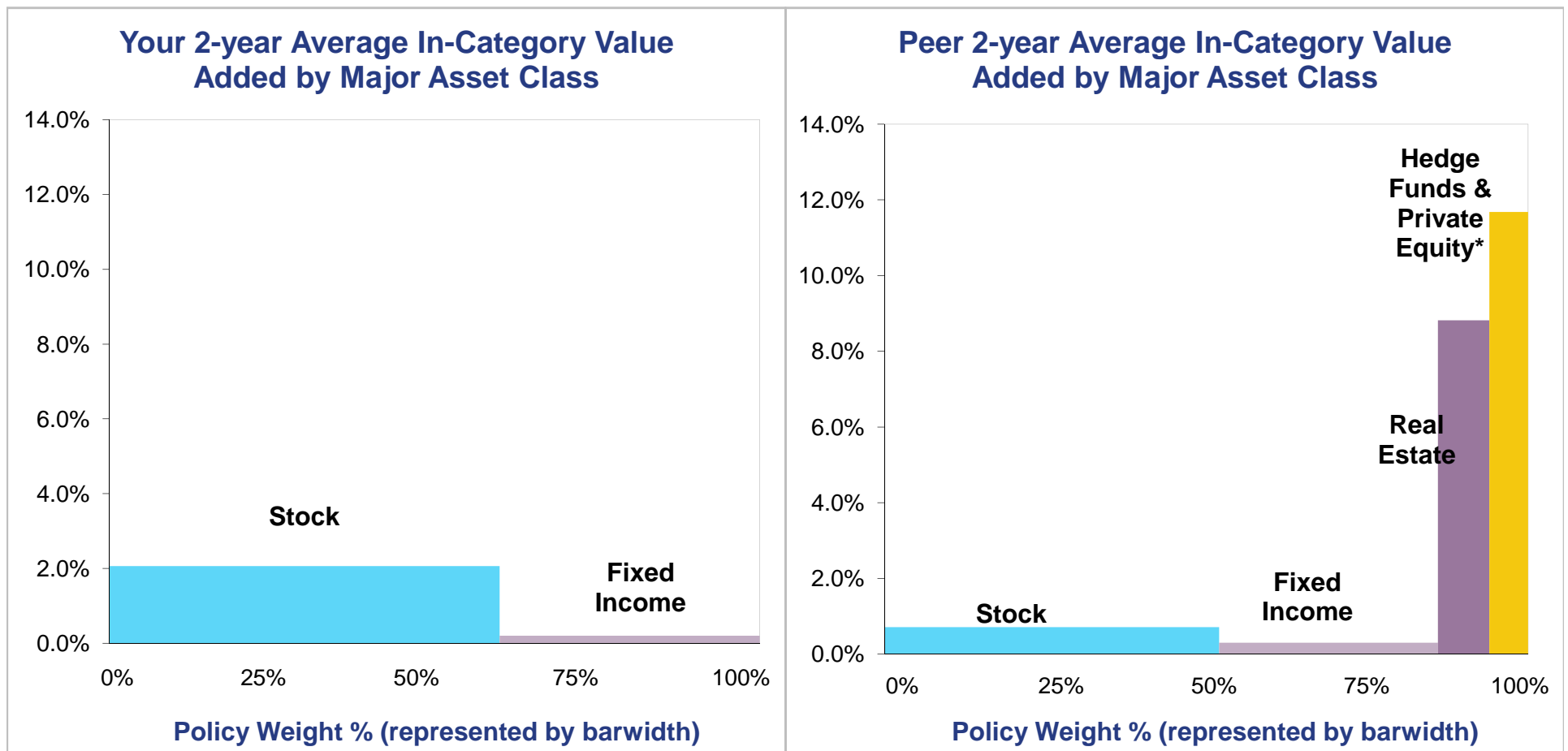
Value added equals your total return minus your policy return.

Government Pension Fund - Norway			
Year	Total return	Policy return	Value Added
2007	9.8%	7.3%	2.6%
2006	11.1%	10.0%	1.1%
2-year	10.4%	8.6%	1.8%

Your 2-year value added of 1.8% compares to a median of 1.6% for your peers and 0.6% for Euro.



You had positive 2-year in-category value added in Stock and Fixed Income



* Comparisons of value added for private equity must be interpreted with caution because the types of investments and benchmarks can be extremely varied.

Costs

Your asset management costs in 2007 were €6.9 million or 4.9 basis points.

- CEM collects investment costs by major asset classes and 4 different implementation styles.
- Oversight, custodial & other costs include all costs associated with the oversight and administration of the investment operation, regardless of how these costs are paid. Costs pertaining to benefit administration, such as preparing checks for retirees, are specifically excluded.

Your Investment Management Costs (€000s)					
	Internal		External		Total
	Passive	Active	Passive	Active: base perform	
Stocks		2,676			2,676
Fixed Income		1,931			1,931
Total Investment Management Costs				3.3bp	4,607

Your Oversight, Custodial and Other Asset Related Costs (€000s)		
Oversight of the fund		1,473
Trustee & custodial		282
Consulting and performance measurement		517
Audit		
Other		
Total oversight, custodial & other costs		1.6bp 2,272

Total asset management costs	4.9bp	6,879
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Benchmark cost analysis suggests that your fund was low cost by 7.9 basis points.

To assess your cost performance, we start by calculating your benchmark cost. Your benchmark cost is an estimate of what your cost would be given your asset mix and the median costs that your peers pay for similar services. It represents the cost your median peer would incur if it had your asset mix.

Your total cost of 4.9 bp was lower than your benchmark cost of 12.9 bp. Thus, your fund's cost savings was 7.9 bp, suggesting that your fund was low cost by this amount.

	In €000's	Basis Points
Your actual cost	6,879	4.9 bp
Your benchmark cost	<u>17,936</u>	<u>12.9 bp</u>
Your excess cost	-11,057	-7.9 bp

You were low cost primarily because you paid slightly less for similar mandates and had a lower cost implementation style.

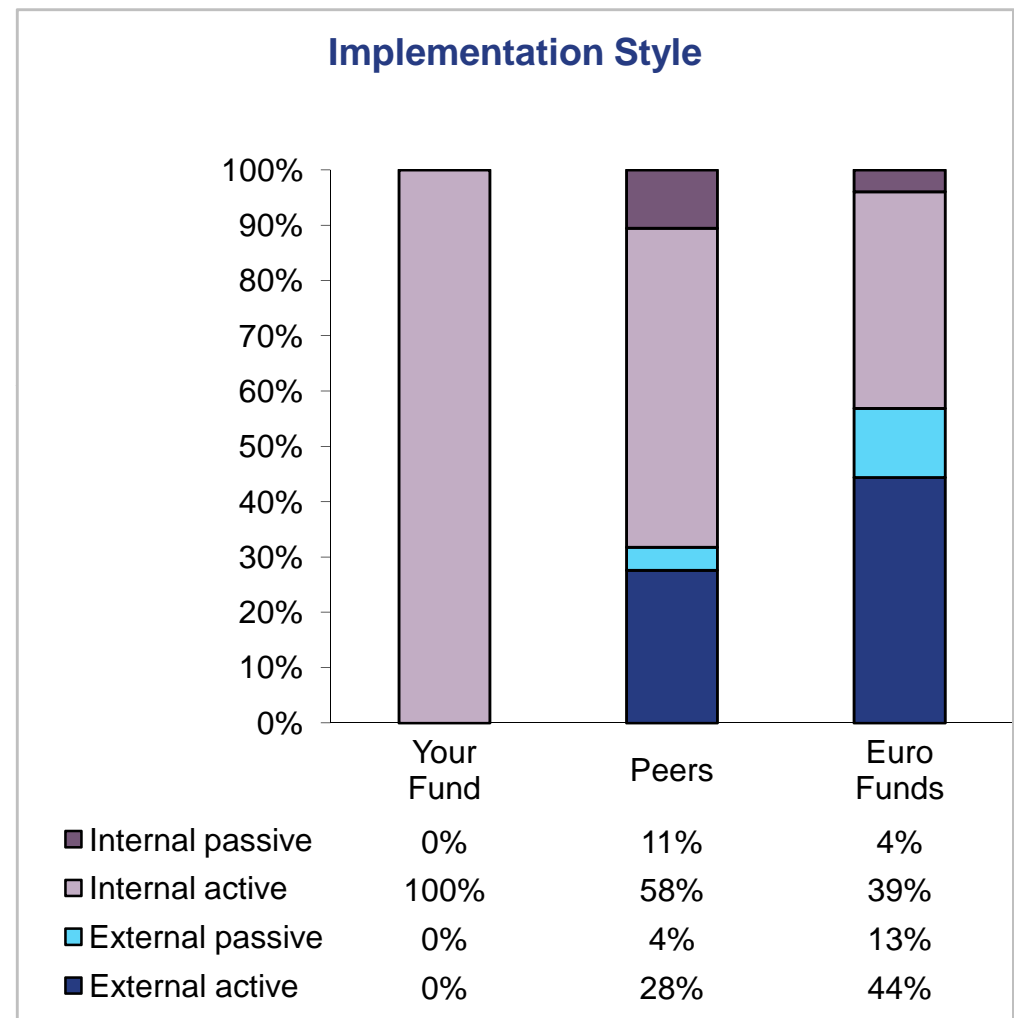
Reasons for Your Low Cost Status		
	<u>Excess Cost/ (Savings)</u>	
	€000s	bps
1. Paying less than your peers for:		
• Internal investment management costs	(1,653)	(1.2)
• Oversight, custodial & other costs	<u>(660)</u>	<u>(0.5)</u>
	(2,313)	(1.7)
2. Lower cost implementation style:		
• Less external active management and more lower cost internal management	(8,569)	(6.2)
• Lower use of overlays	(843)	(0.6)
• Other style differences	<u>668</u>	<u>0.5</u>
	(8,744)	(6.3)
Total Savings	(11,057)	(7.9)

Each of these reasons is examined in detail on the following 5 pages.

Another key cause of differences in cost performance is often differences in implementation style.

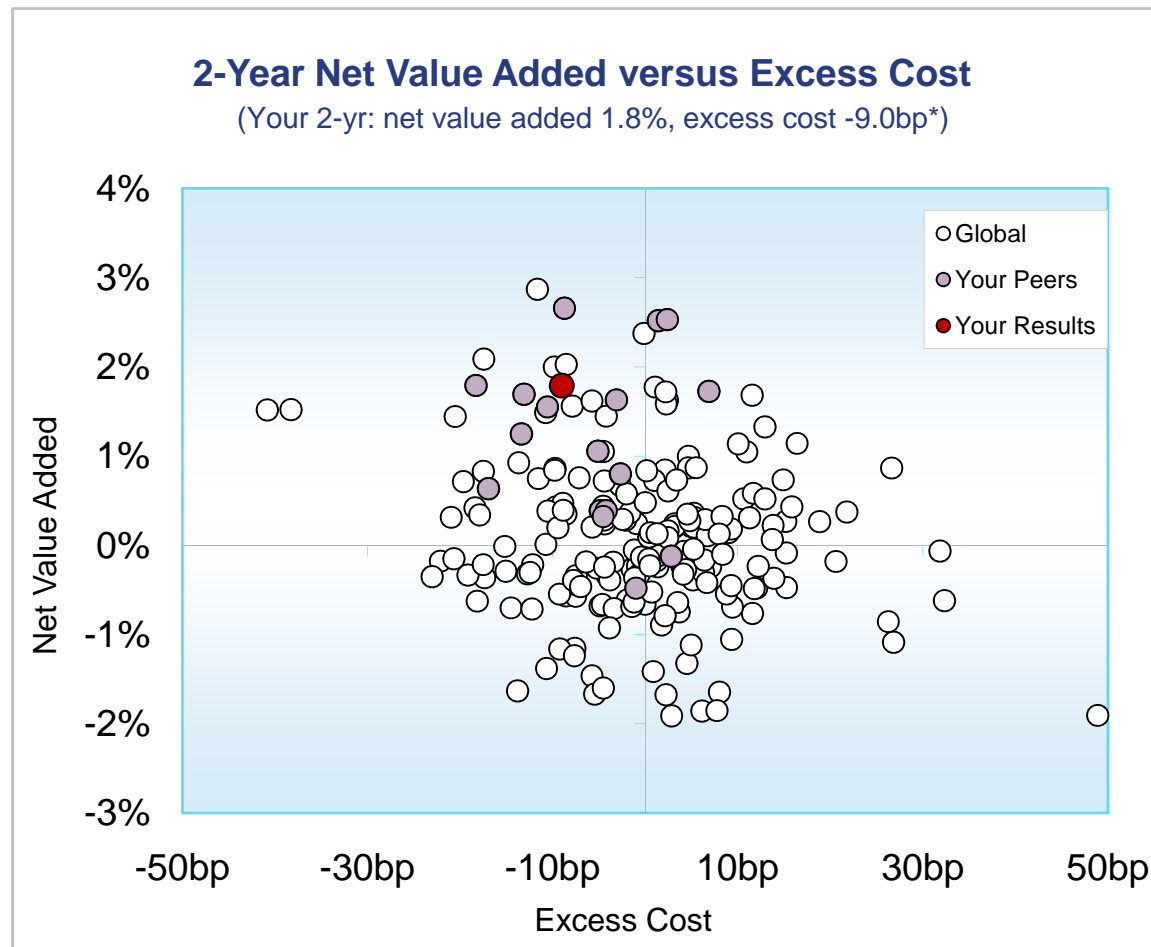
The greatest cost impact is usually caused by differences in:

- External active management because it tends to be much more expensive than either internal management, or passive management. You used less external active management than your peers (your 0% versus 28% for your peers).
- Fund of funds usage for real estate and private equity because it is more expensive than direct fund investment.



Cost
Effectiveness

Your 2-year performance placed you in the positive value added, low cost quadrant.



¹ Your 2-year net value added of 1.8% equals your 1.8% year gross value added minus your 0.0% 5-year average cost.
Your 2-year excess cost of -9.0bp is the average of your excess cost for the past 2 years.

In summary:

Value Added

Your 2-year implementation value added was 1.8%. This compares to the European median of 0.6% and peer median of 1.6%.

Costs

Your actual cost of 4.9 bps was below your Benchmark Cost of 12.9 bps. This suggests that your fund was low cost. You were low cost primarily because you paid slightly less for similar mandates and had a lower cost implementation style.

Cost Effectiveness

Your 2-year performance placed you in the positive value added, low cost quadrant on the cost effectiveness chart.