

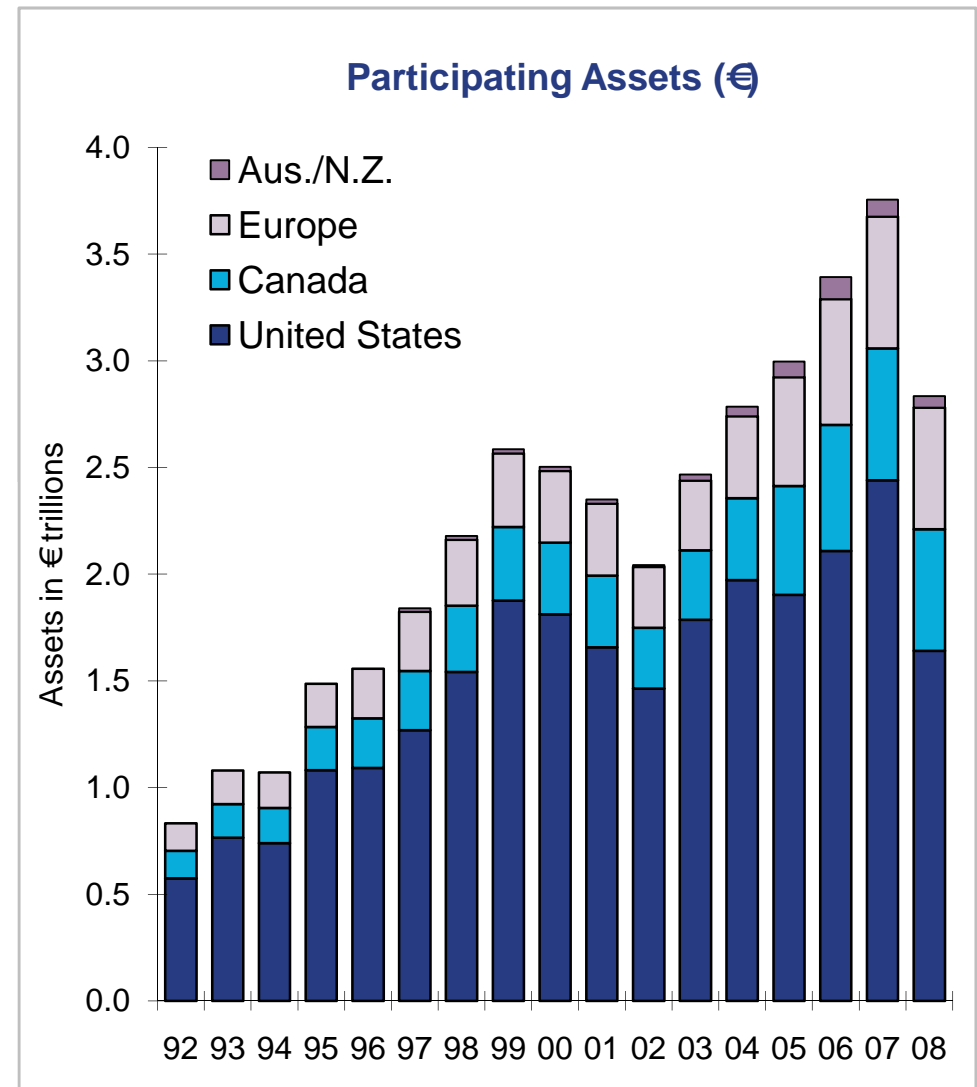
Government Pension Fund - Norway Investment Benchmarking Results

For the 3 year period ending December 2008



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

- 35 European funds participate with aggregate assets of €635 billion. Included are funds from the Netherlands, Norway, Sweden, Finland, France, Denmark and Ireland.
- 182 U.S. funds participate with assets totaling €1,641 billion.
- 84 Canadian funds participate with assets totaling €569 billion.
- 8 Australian/New Zealand funds participate with aggregate assets of €55 billion.

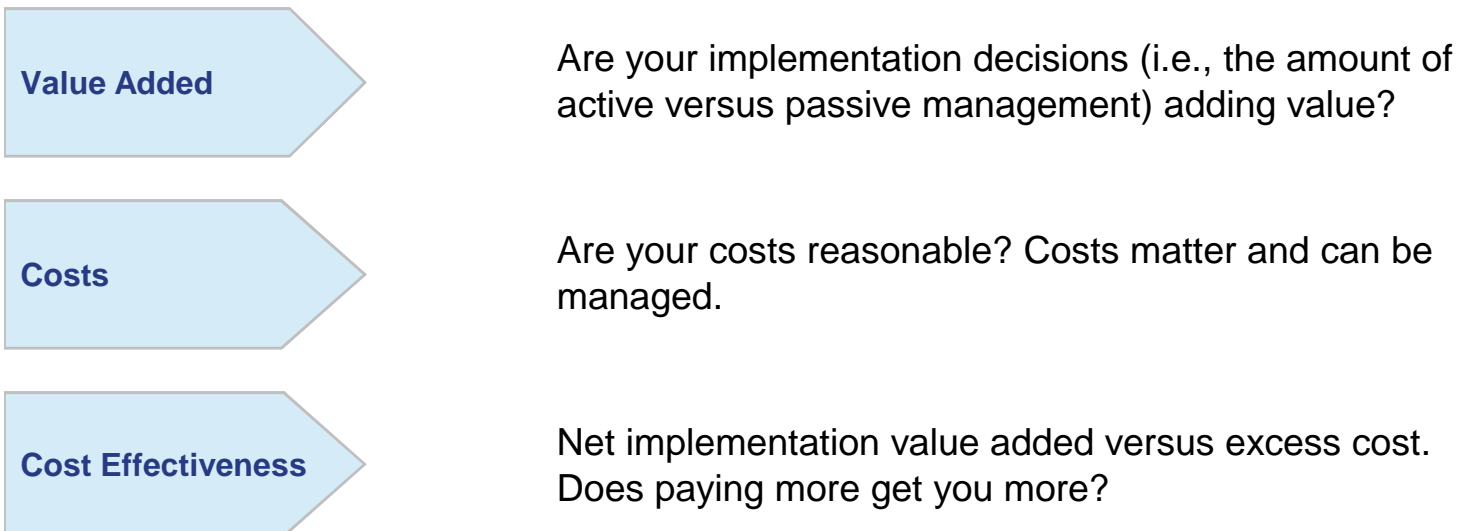


The most valuable comparisons for cost performance are to your custom peer group.

Custom Peer Group for Government Pension Fund - Norway

- 17 International sponsors from €5.7 billion to €155.8 billion
 - Median total fund size €34.2 billion versus your €9.0 billion
 - Median size of internal equity program €6.5 billion versus your €6.8 billion
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- 3 Canadian Funds, 6 European Funds and 8 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 35 participants; 1 Danish, 1 French, 2 Finnish, 1 Irish, 2 Norwegian, 28 Dutch and 2 Swedish. The median size of the European participants is €7 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:



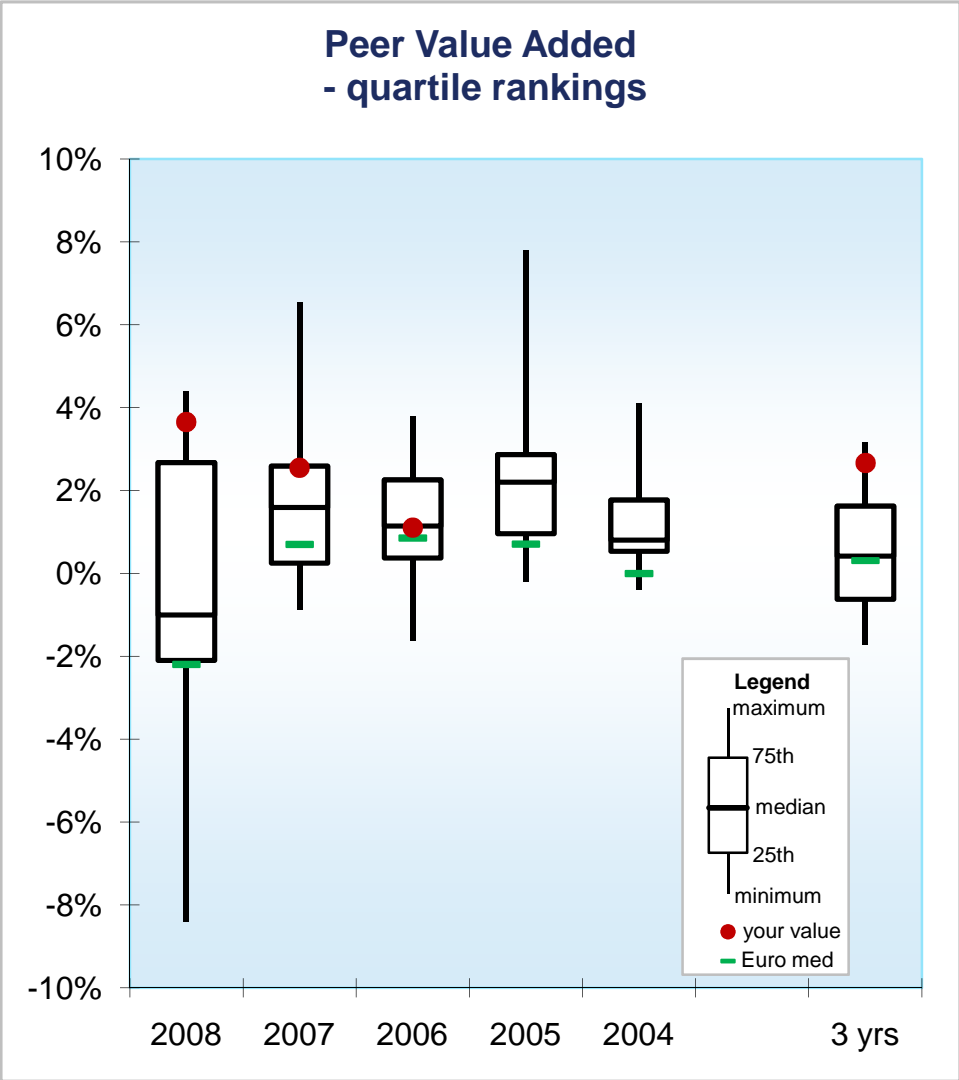
Value Added

Value added is the component of your total return from active management. Your 3-year value added was 2.7%.

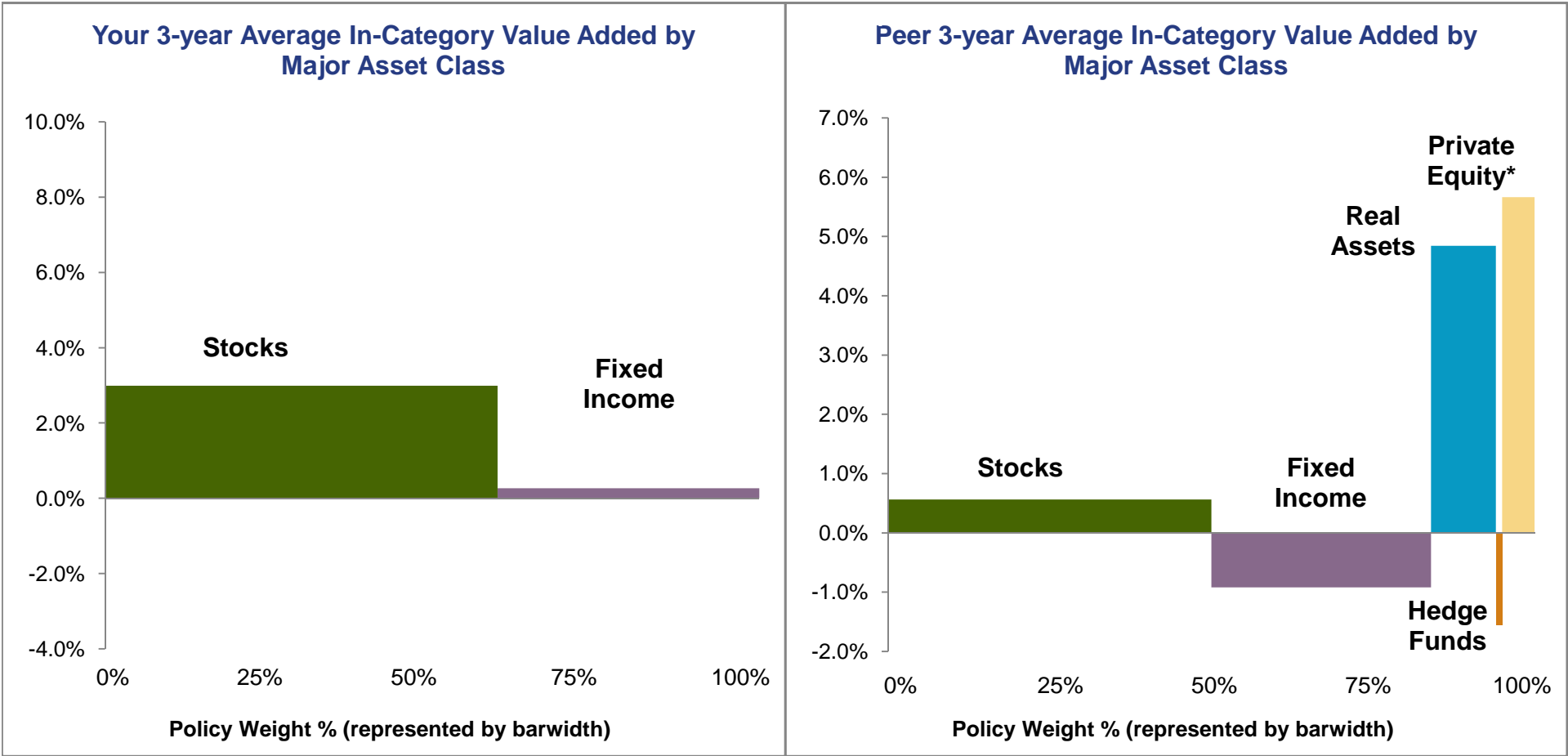
Value added equals your total return minus your policy return.

Government Pension Fund - Norway			
Year	Total return	Policy return	Value added
2008	(25.1)%	(28.8)%	3.7%
2007	9.8%	7.3%	2.6%
2006	11.1%	10.0%	1.1%
3-year	(3.0)%	(5.6)%	2.7%

Your 3-year value added of 2.7% compares to a median of 0.4% for your peers and 0.3% for European funds.



You had positive 3-year in-category value added in Stocks 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 2008 were €9.1 million or 7.6 basis points.

Your Investment Management Costs (€000s)					
	Internal		External		Total
	Passive	Active	Passive	Active: base perform	
Stock - All		3,534			3,534
Fixed Income - All		2,453			2,453
Total Investment Management Costs				5.0bp	5,987

Your Oversight, Custodial and Other Asset Related Costs ¹ (€000s)		
Oversight of the fund		523
Trustee & custodial		310
Consulting and performance measurement		321
Audit		157
Other		1,820
Total oversight, custodial & other costs		2.6bp

Total Asset Management Costs	7.6bp	9,118
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Notes

¹ Excludes non-investment costs, such as preparing checks for retirees.

Benchmark cost analysis suggests that your fund was low cost by 8.7 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 actual asset mix and the median costs that your peers pay for similar services. It represents the cost your peers would incur if they had your actual asset mix.

Your total cost of 7.6 bp was lower than your benchmark cost of 16.3 bp. Thus, your fund's cost savings was 8.7 bp.

	In €000's	Basis Points
Your actual cost	9,118	7.6 bp
<u>Your benchmark cost</u>	<u>19,484</u>	<u>16.3 bp</u>
Your excess cost	(10,366)	(8.7) bp

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

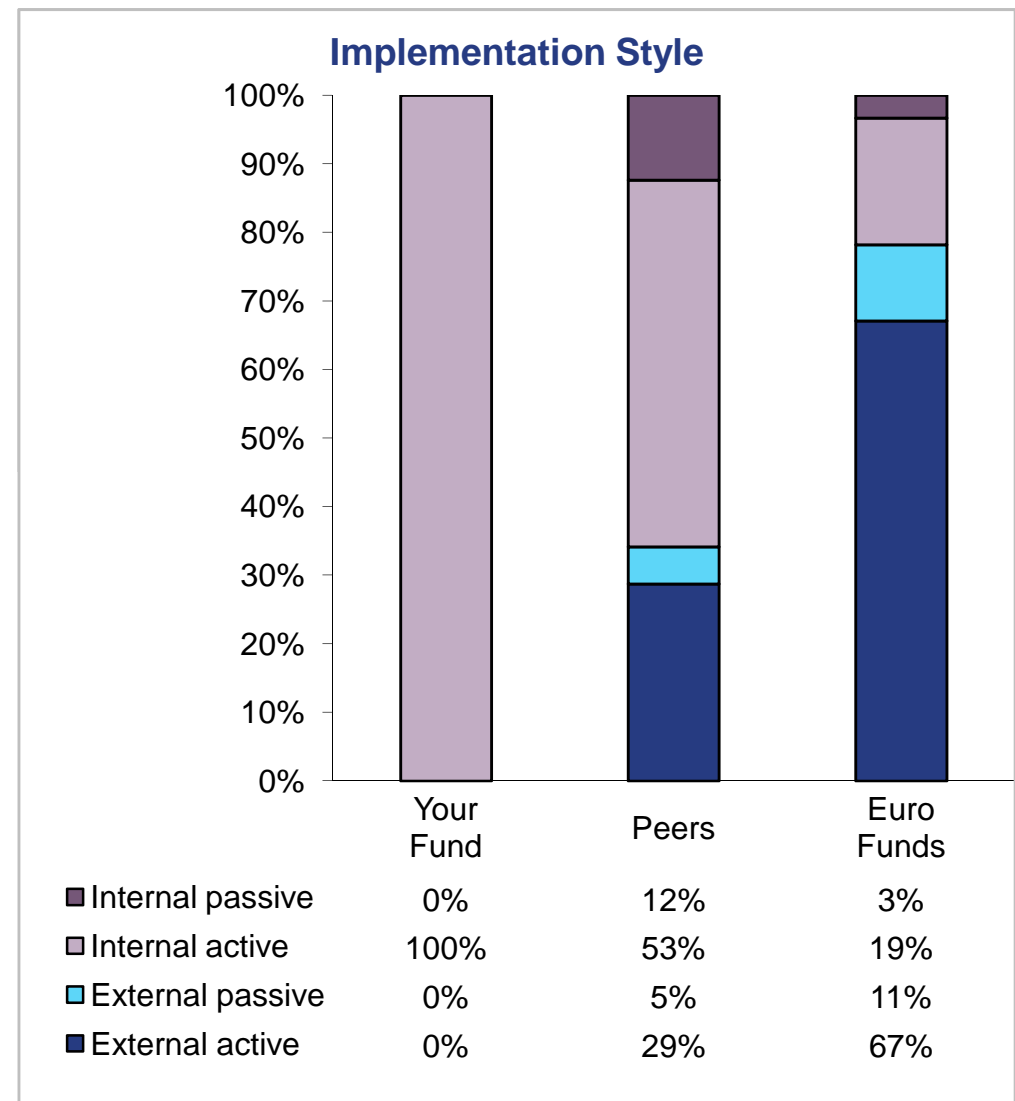
Reasons for Your Low Cost Status			
	Excess Cost/ (Savings)		%
	€000s	bps	
1. Lower cost implementation style			
• Less external active management and more lower cost internal management	(8,976)	(7.5)	
• Lower use of overlays	(814)	(0.7)	
• Other style differences	<u>1,311</u>	<u>1.1</u>	
	(8,479)	(7.1)	82%
2. Paying less than your peers			
• Internal investment management costs	(1,663)	(1.4)	
• Oversight, custodial & other costs	<u>(224)</u>	<u>(0.2)</u>	
	(1,888)	(1.6)	18%
Total Savings	(10,366)	(8.7)	100%

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

Implementation style is defined as the way in which you implement your asset allocation. It includes internal, external, active and passive styles.

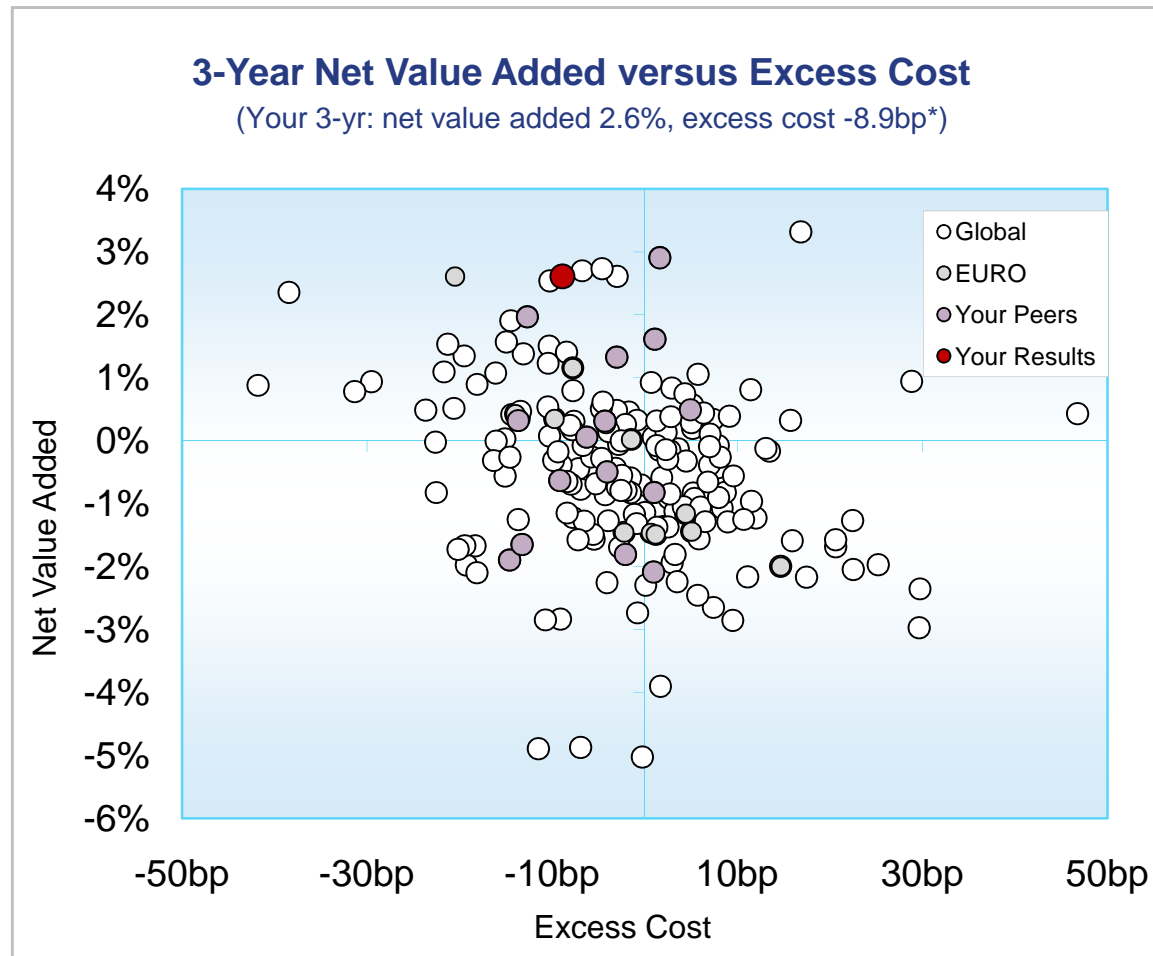
The greatest cost impact is usually caused by differences in:

- External active management because it tends to be much more expensive than internal or passive management. You used less external active management than your peers (your 0% versus 29% for your peers).



5. Cost Effectiveness

Your 3-year performance placed in the positive value added, low cost quadrant.



* Your 3-year net value added of 2.6% equals your 3-year 2.7% gross value added minus your 0.1% 3-year average cost.

In summary:

Value Added

Your 3-year value added was 2.7%. This was above the European median of 0.3% and above the peer median of 0.4%.

Costs

Your actual cost of 7.6 bps was below your Benchmark Cost of 16.3 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 3-year performance placed in the positive value added, low cost quadrant on the cost effectiveness chart.