

## Norges Bank Investment Management (NBIM) Performance results

NBIM has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The numbers presented and the methodology implemented for the purpose of this report are consistent with that of NBIM's quarterly and annual reports. However, this report presents year-by-year performance numbers currently not presented in the quarterly and annual reports.

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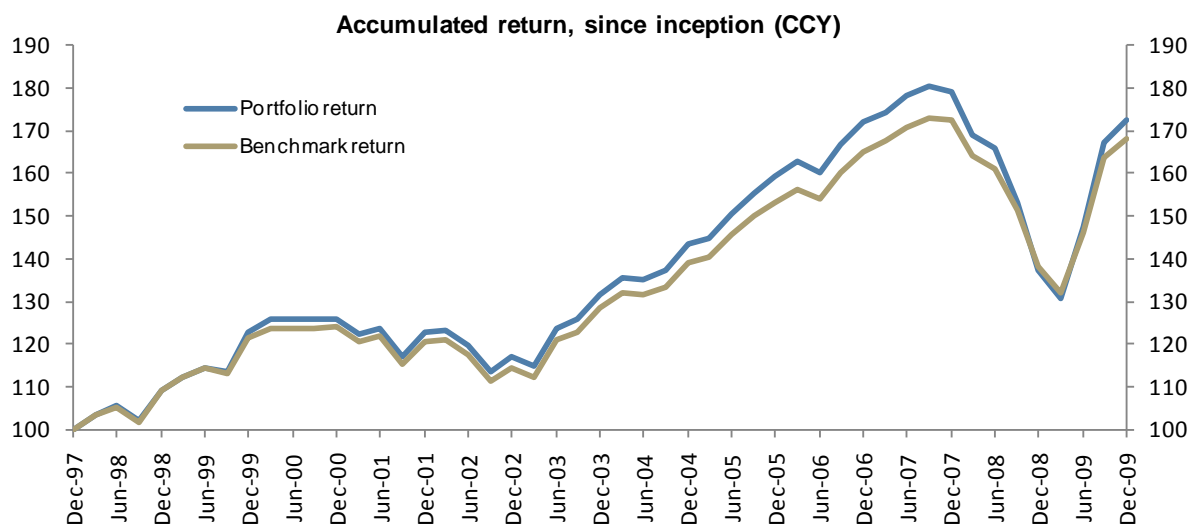
## Performance results: Government Pension Fund Global 31 December 1997 – 31 December 2009

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1998	9.26	9.08	0.18	1	171 832	61.54	279 205
1999	12.44	11.21	1.23	2	222 408	68.03	326 946
2000	2.49	2.22	0.27	2	386 450	76.72	503 715
2001	-2.47	-2.62	0.15	2	613 686	83.92	731 262
2002	-4.74	-5.04	0.30	2	609 007	85.28	714 138
2003	12.59	12.04	0.55	2	845 306	84.49	1 000 524
2004	8.94	8.38	0.55	2	1 016 402	83.65	1 215 050
2005	11.09	10.03	1.07	2	1 399 050	86.11	1 624 733
2006	7.92	7.78	0.14	2	1 783 683	88.15	2 023 386
2007	4.26	4.50	-0.24	2	2 018 643	89.82	2 247 316
2008	-23.30	-19.92	-3.38	2	2 275 426	91.93	2 475 234
2009	25.62	21.52	4.10	2	2 640 043	92.81	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	25.62	0.15	3.79	3.47	4.66
Benchmark return % (CCY)	21.52	0.56	3.82	3.31	4.41
Relative return % (CCY)	4.10	-0.41	-0.03	0.17	0.25
Standard deviation portfolio return %	12.57	12.27	9.77	7.90	7.63
Tracking error, ex post	1.13	1.56	1.23	0.90	0.84
Information ratio	3.64	-0.26	-0.02	0.18	0.30



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the Government Pension Fund Global is 31 December 1997.
4. The Ministry of Finance has set limits for how much risk NBIM may take in its active management of the fund. The most important limit is expressed as expected tracking error (relative volatility) and puts a ceiling on how much the return on the fund may be expected to deviate from the return on the benchmark portfolio. The expected tracking error limit is 150 basis points, or 1.5 percentage points. The Executive Board has put further risk restrictions relating to the fund, amongst other relating to maximum allowed leverage (see note 5). NBIM aims to invest new capital in the markets at the lowest possible cost and to manage the invested capital to maintain the market portfolio cost-effectively. We seek to increase returns through active investment decisions and through active ownership. Our active management seeks to generate a higher return than the benchmark portfolio, adding value for future generations. It involves management of the market portfolio and fundamentally based active strategies. Managing the market portfolio involves active decisions, such as when the fund should buy securities that are due to be included in the benchmark portfolio and whether the fund should participate in initial public offerings. This kind of management helps us secure favourable asset prices. It also ensures cost-effective management of the fund's capital. Active investment decisions are made when we use fundamental strategies to invest in companies. Our portfolio managers analyse individual issuers of securities – both equities and debt – to find and exploit assets that are perceived to be mispriced. Knowledge of specific industries and companies is an important part of this strategy. The fund's long-term investment outlook allows us to invest in mispriced assets expected to yield solid returns over time.
5. Derivatives  
 NBIM's access to the use of financial derivatives is regulated as part of the provisions on the management of the Government Pension Fund Global laid down by the Norwegian Ministry of Finance and available on their web site. Specifically, derivatives that are naturally related to equity and fixed-income securities may be used. In accordance with this investment mandate, the fund makes use of exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps in order to achieve the lowest possible transaction cost, take advantage of pricing imperfections between markets and individual instruments (arbitrage), and to rebalance the portfolio without affecting active mandates. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below. For options the exposure is delta adjusted.

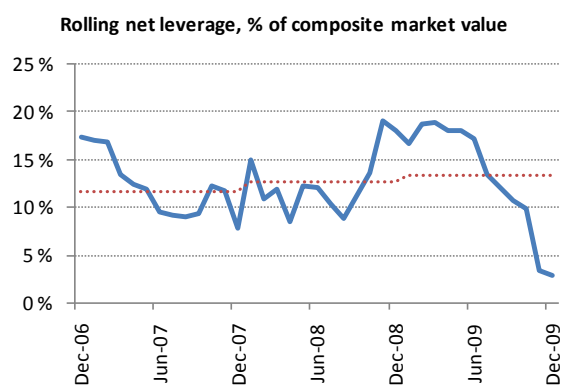
Financial derivatives (NOK MLN)	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	10,662	-	41,757	-	61,402	-	148	28	-152
Exchange traded futures	Common	23,890	22,655	108,334	116,600	119,875	147,379	-288	768	-247
Equity swaps	Equity	1,747	83	19,708	8,310	30,473	15,775	172	-6,265	-594
Interest-rate swaps	Fixed income	62,351	109,385	617,619	592,507	813,119	747,671	-5,299	-33,354	1,876
Total return swaps	Fixed income	-	-	12,802	4	24,140	18,497	-	41	-43
Credit-default swaps	Fixed income	32,193	19,299	150,134	82,675	166,715	50,889	-1,022	1,394	510
Swap options and FX options	Fixed income	33,859	20,986	89,020	75,884	193,858	107,620	434	1,068	744

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

## Leverage

The use of leverage is not regulated in the current provisions on the management of the Government Pension Fund Global. However, restrictions are laid down as part of the CEO investment mandate issued by Norges Bank's Executive Board in 2008 (ref. <http://www.nbim.no/en/About-us/nbim-organisation/nbim-governance/>). Historically, leverage has predominantly been used within the fixed-income composite to exploit differences in rates or credit spreads by combining derivatives, forward contracts and repurchase agreements. This activity is reflected in the pension fund's balance sheet when the gross value of its bonds exceeds the market value of the fixed-income composite. Leverage as described above was scaled back in the second half of 2009 due to changes in market conditions and a reorganization of NBIM's fixed-income management in 2008 and 2009. Within the equity segment leverage is mainly used to efficiently handle fund management activities and has historically not been material. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year.



Net leverage is defined as the net sum of cash

- NBIM uses external managers to handle parts of the portfolio. We award management mandates to organizations with expertise in clearly defined investment areas. The fund's externally managed mandates had a market value of 316 billion kroner at the end of 2009. That's equivalent to 12 percent of the fund's total market value, compared with 13 percent a year earlier. There were a total of 75 mandates managed by 45 different organisations, 70 of which were equity mandates. A complete list of all the managers as of 31 December 2009 can be found on page 36 and 37 in the Annual Report.

7. From Q2 2000 and up to Q4 2002, a tactical allocation fund was included in the numbers for the Government Pension Fund Global but not at asset class level. Its mandate was to invest across asset classes using quantitative analysis and had average total assets under management of NOK 4 billion in the period.

8. Strategic benchmark changes:

	Advise from Norges Bank	Decision by Ministry of Finance	Implementation finalized by NBIM
<b>Capital Allocation</b>			
From 40% to 60 % Equities	10.02.2006	30.06.2007	June 2009
<b>Equity</b>			
Inclusion of Emerging Markets			
Brazil, Mexico, Greece, Turkey, Taiwan and South Korea	30.08.2000	31.01.2001	January 2001
All Emerging Markets in FTSE All Cap	05.02.2008	30.06.2008	December 2008
Changed regions weights			
From 3 to 2 regions <sup>1)</sup>	11.04.2002	20.09.2003	February 2005
From 2 to 3 regions <sup>1)</sup>	22.08.2005	14.03.2006	September 2006
Inclusion of Equity Small Cap	11.04.2003	30.06.2007	March 2008
<b>Fixed income</b>			
Inclusion of non Government Bonds	15.03.2001	31.01.2002	December 2003
Inclusion of Inflation Index Bonds	06.09.2004	13.12.2004	September 2005

1) 3 Regions meaning separate strategic weights for America, Europe and Pacific

2 Regions meaning separate strategic weights for Europe and America/Pacific

9. The strategic benchmark portfolio is defined by the fixed weights set by the Ministry of Finance for regions and asset classes, normally referred to as the strategic weights. Market capitalisation weights are used for each country and currency within each region. These are the initial weights in the actual benchmark portfolio that the fund's management follows and is measured against. Divergent price movements in the different asset classes and regions will over time lead to weight changes in the actual benchmark portfolio. For example, a stronger increase in equity prices will push the equities portion above 60 percent. As a result, the actual benchmark portfolio may deviate from the strategic long-term benchmark portfolio. Rebalancing is the process of bringing the weights in the actual benchmark portfolio back in line with the strategic weights by buying or selling assets. With the exception of deviations due to active management, NBIM will follow the actual benchmark portfolio in its management of the fund. This means that when the weights in the actual benchmark portfolio are changed through rebalancing, NBIM will normally make the same changes to the actual portfolio. Rebalancing results in transaction costs from buying and selling assets. If the rebalancing frequency is too low, the portfolio may stray away from the strategic weights, while a high rebalancing frequency will result in high transaction costs. The Ministry of Finance has set rules for full rebalancing back to the strategic weights. These specify the maximum permitted deviation between the weights in the actual benchmark portfolio and the strategic benchmark portfolio before the fund must be rebalanced.

The benchmark of the Government Pension Fund Global is a market weighted custom benchmark composed of an equity benchmark and a fixed income benchmark compiled by the FTSE Group and Barclays Capital respectively. The actual weights of the benchmark were as follows as of 31 December 2009:

Region	Actual benchmark weights, fixed income		Actual benchmark weights, equity	
	Share of total benchmark	Share of fixed income benchmark	Share of total benchmark	Share of equity benchmark
America	13.50 %	35.82 %	21.85 %	35.06 %
Europe	22.31 %	59.21 %	31.47 %	50.51 %
Asia	1.87 %	4.97 %	8.99 %	14.43 %
<b>Sum</b>	<b>37.69 %</b>	<b>100.00 %</b>	<b>62.31 %</b>	<b>100.00 %</b>

10. The benchmark return is adjusted for taxes on dividends.
11. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
12. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.
13. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.14%. The table below from the annual report for 2009 shows the different components of the total management costs.

	2009		2008	
	NOK thousands	Percent	NOK thousands	Percent
Internal costs	779 520	.	658 423	.
Custody and settlement costs	289 279	.	341 135	.
Minimum fees to external managers	431 931	.	420 376	.
Performance-based fees to external managers	1 401 762	.	486 859	.
Other costs	325 488	.	258 430	.
<b>Total management costs</b>	<b>3 227 979</b>	<b>0.14</b>	<b>2 165 223</b>	<b>0.11</b>
<b>Total management costs excluding performance-based fees</b>	<b>1 826 217</b>	<b>0.08</b>	<b>1 678 364</b>	<b>0.08</b>

14. Error correction in accordance with Global Investment Performance Standards (GIPS®)

#### **Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

15. Additional information is available upon request.

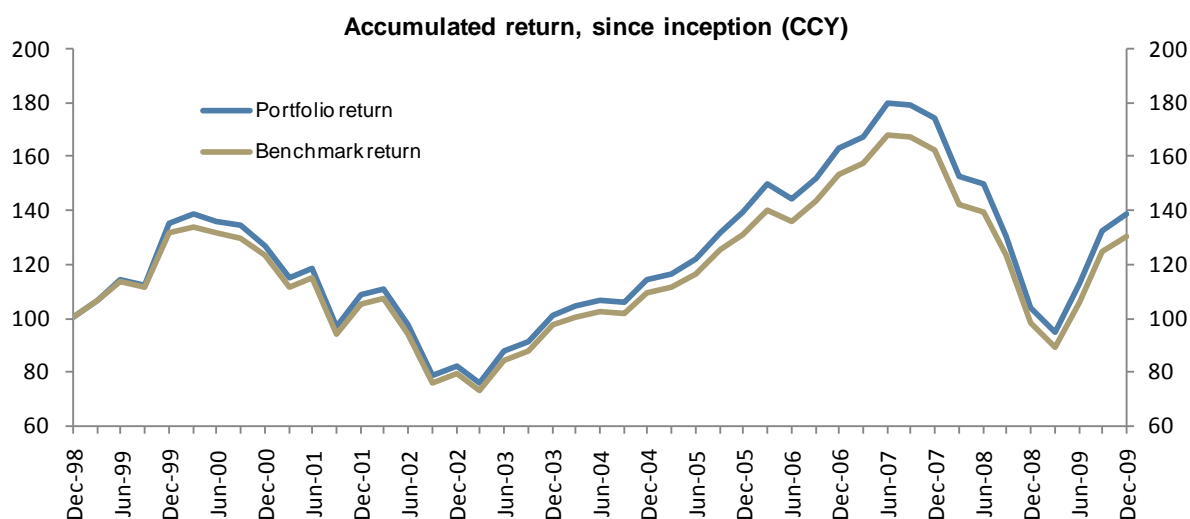
## Performance results: Government Pension Fund Global, equity 31 December 1998 – 31 December 2009

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1999	34.81	31.32	3.49	1	93 651	28.64	326 946
2000	-5.82	-6.31	0.49	1	152 829	30.34	503 715
2001	-14.60	-14.66	0.06	1	246 412	33.70	731 262
2002	-24.39	-24.47	0.07	1	230 993	32.35	714 138
2003	22.84	22.33	0.51	1	361 165	36.10	1 000 524
2004	13.00	12.19	0.81	1	416 298	34.26	1 215 050
2005	22.49	20.31	2.18	1	582 305	35.84	1 624 733
2006	17.04	17.14	-0.09	1	725 922	35.88	2 023 386
2007	6.82	5.67	1.15	1	957 895	42.62	2 247 316
2008	-40.70	-39.54	-1.16	1	1 128 937	45.61	2 475 234
2009	34.27	32.46	1.80	1	1 644 106	57.80	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	34.27	-5.25	4.05	0.29	3.02
Benchmark return % (CCY)	32.46	-5.41	3.58	-0.12	2.40
Relative return % (CCY)	1.80	0.16	0.46	0.40	0.62
Standard deviation portfolio return %	20.97	20.85	17.16	16.19	16.04
Tracking error, ex post	0.37	1.13	1.05	0.93	0.95
Information ratio	4.93	0.14	0.44	0.44	0.65



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the Government Pension Fund Global, equity is 31 December 1998. During 1998, the equity part of the Pension Fund was established as part of a transition process. In this process, large cash inflows and subsequent large asset purchases were incurred. No return numbers or market values are reported for 1998. Irrespective of this, the equity portfolio's market value is included in the total Pension Fund's assets and the Firm's assets as of 31 December 1998.
4. The investment strategy for equity management has been relatively stable throughout its history with enhanced indexing and specialised sector management as the core strategy.
5. Derivatives

NBIM's access to the use of financial derivatives is regulated as part of the provisions on the management of the Government Pension Fund Global laid down by the Norwegian Ministry of Finance and available on their web site. Specifically, derivatives that are naturally related to equity and fixed-income securities may be used. In accordance with this investment mandate, NBIM may use exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps to achieve sought-after exposure and appropriate diversification. Within the equity asset class the use of derivatives has been limited to exchange traded futures and equity swaps and have been used for efficient portfolio management. Historically the sizes have not been of any meaningful size. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below.

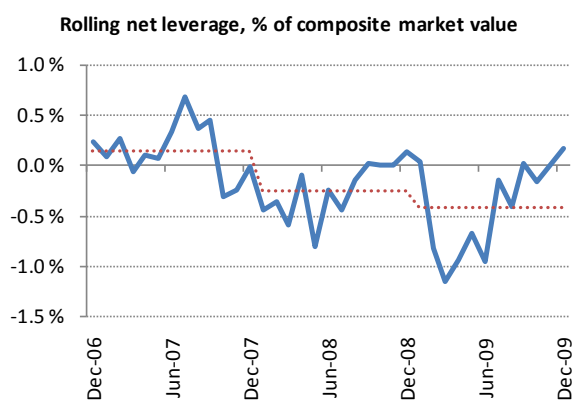
Financial derivatives (NOK MLN)	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	10,662	-	41,757	-	61,402	-	148	28	-152
Exchange traded futures	Common	23,890	22,655	108,334	116,600	119,875	147,379	-288	768	-247
Equity swaps	Equity	1,747	83	19,708	8,310	30,473	15,775	172	-6,265	-594
Interest-rate swaps	Fixed income	62,351	109,385	617,619	592,507	813,119	747,671	-5,299	-33,354	1,876
Total return swaps	Fixed income	-	-	12,802	4	24,140	18,497	-	41	-43
Credit-default swaps	Fixed income	32,193	19,299	150,134	82,675	166,715	50,889	-1,022	1,394	510
Swap options and FX options	Fixed income	33,859	20,986	89,020	75,884	193,858	107,620	434	1,068	744

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

### Leverage

The use of leverage is not regulated in the current provisions on the management of the Government Pension Fund Global. However, restrictions are laid down as part of the CEO investment mandate issued by Norges Bank's Executive Board in 2008 (ref. <http://www.nbim.no/en/About-us/nbim-organisation/nbim-governance/>). Within the equity segment leverage is mainly used to efficiently handle fund management activities and has historically not been material. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year. A negative value means the composite is unlevered.



Net leverage is defined as the net sum of cash

6. NBIM uses external managers to handle parts of the portfolio. We award management mandates to organizations with expertise in clearly defined investment areas. The fund's externally managed equity mandates had a market value of 284 billion kroner at the end of 2009. That's equivalent to 17 percent of the fund's equity market value. There were a total of 70 mandates managed by 44 different organisations, A complete list of all the managers as of 31 December 2009 can be found on page 36 and 37 in the Annual Report.

### 7. Strategic benchmark changes:

	Advise from Norges Bank	Decision by Ministry of Finance	Implementation finalized by NBIM
<b>Equity</b>			
Inclusion of Emerging Markets			
Brazil, Mexico, Greece, Turkey, Taiwan and South Korea	30.08.2000	31.01.2001	January 2001
All Emerging Markets in FTSE All Cap	05.02.2008	30.06.2008	December 2008
Changed regions weights			
From 3 to 2 regions <sup>1)</sup>	11.04.2002	20.09.2003	February 2005
From 2 to 3 regions <sup>1)</sup>	22.08.2005	14.03.2006	September 2006
Inclusion of Equity Small Cap	11.04.2003	30.06.2007	March 2008

1) 3 Regions meaning separate strategic weights for America, Europe and Pacific

2 Regions meaning separate strategic weights for Europe and America/Pacific

8. The benchmark of the Government Pension Fund Global, equity, is a market weighted custom benchmark compiled by the FTSE Group. The actual weights of the benchmark were as follows as of 31 December 2009:

	<b>Actual benchmark weights, equity</b>	
<b>Region</b>	<b>Share of total benchmark</b>	<b>Share of equity benchmark</b>
America	21.85 %	35.06 %
Europe	31.47 %	50.51 %
Asia	8.99 %	14.43 %
<b>Sum</b>	<b>62.31 %</b>	<b>100.00 %</b>

9. The benchmark return is adjusted for taxes on dividends.
10. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
11. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.
12. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.14%.
13. Error correction in accordance with Global Investment Performance Standards (GIPS®)

**Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

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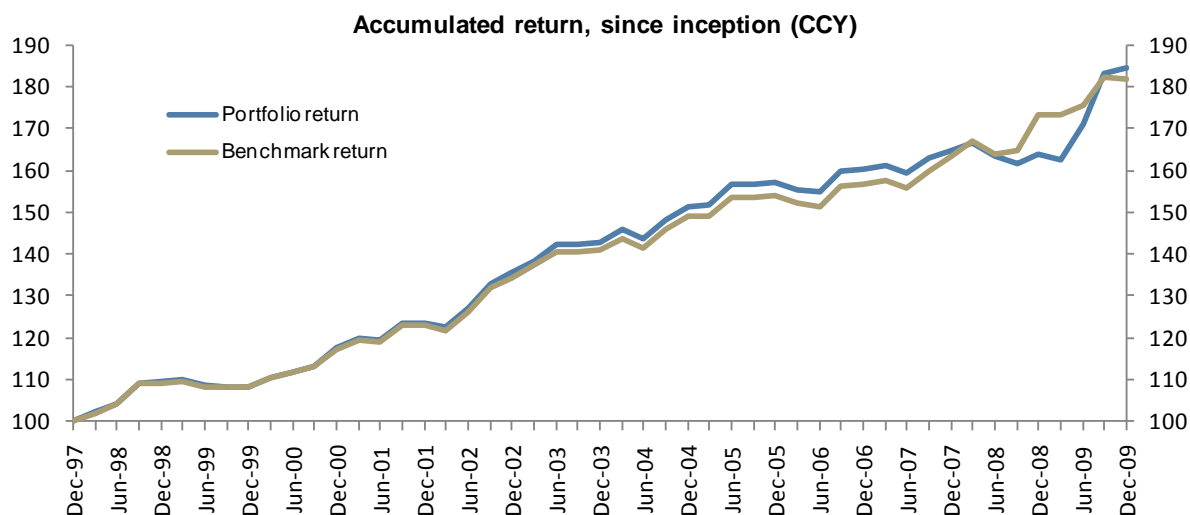
## Performance results: Government Pension Fund Global, fixed income 31 December 1997 – 31 December 2009

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1998	9.31	9.10	0.21	1	102 300	36.64	279 205
1999	-0.99	-1.00	0.01	1	128 751	39.38	326 946
2000	8.41	8.34	0.07	1	227 323	45.13	503 715
2001	5.04	4.96	0.08	1	362 945	49.63	731 262
2002	9.90	9.41	0.49	1	378 014	52.93	714 138
2003	5.26	4.77	0.48	1	484 141	48.39	1 000 524
2004	6.10	5.73	0.37	1	600 104	49.39	1 215 050
2005	3.82	3.46	0.36	1	816 746	50.27	1 624 733
2006	1.93	1.68	0.25	1	1 057 761	52.28	2 023 386
2007	2.96	4.26	-1.29	1	1 060 749	47.20	2 247 316
2008	-0.52	6.08	-6.60	1	1 146 489	46.32	2 475 234
2009	12.49	5.13	7.36	1	995 937	35.01	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	12.49	4.83	4.04	5.47	5.23
Benchmark return % (CCY)	5.13	5.15	4.11	5.36	5.12
Relative return % (CCY)	7.36	-0.32	-0.06	0.11	0.11
Standard deviation portfolio return %	4.90	5.01	4.19	3.80	3.67
Tracking error, ex post	2.41	2.53	1.95	1.38	1.27
Information ratio	3.05	-0.12	-0.03	0.08	0.09



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the Government Pension Fund Global, fixed income is 31 December 1997.
4. The investment strategy for fixed income management was until 2008 to exploit liquidity and credit premiums in different sectors of the fixed income market. This was in part supported by the use of OTC derivatives and leverage. The investment strategy was to implement many such trades strategies in a market neutral way. The fixed income management has been re-organized through 2008 and 2009. The least liquid holdings were at the start of 2009 separated from the rest of the portfolio, which was kept relatively close to the benchmark index. The portfolio was reintegrated at the end of the year and will now be managed with a more fundamentally based strategy, including reduced leverage, less use of derivatives and increased focus on analysing issuers.

5. Derivatives

NBIM's access to the use of financial derivatives is regulated as part of the provisions on the management of the Government Pension Fund Global laid down by the Norwegian Ministry of Finance and available on their web site. Specifically, derivatives that are naturally related to equity and fixed-income securities may be used. In accordance with this investment mandate, the fund makes use of exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps in order to achieve the lowest possible transaction cost, take advantage of pricing imperfections between markets and individual instruments (arbitrage), and to rebalance the portfolio without affecting active mandates. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below. For options the exposure is delta adjusted.

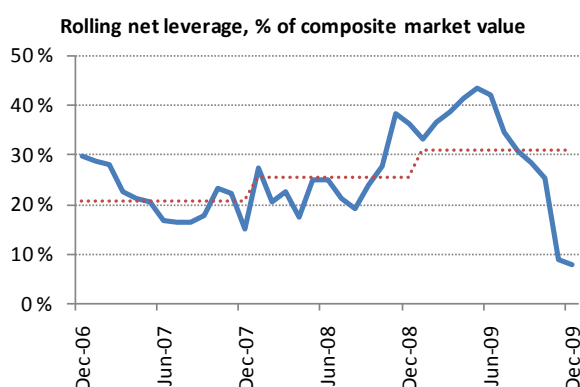
Financial derivatives (NOK MLN)	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	10,662	-	41,757	-	61,402	-	148	28	-152
Exchange traded futures	Common	23,890	22,655	108,334	116,600	119,875	147,379	-288	768	-247
Equity swaps	Equity	1,747	83	19,708	8,310	30,473	15,775	172	-6,265	-594
Interest-rate swaps	Fixed income	62,351	109,385	617,619	592,507	813,119	747,671	-5,299	-33,354	1,876
Total return swaps	Fixed income	-	-	12,802	4	24,140	18,497	-	41	-43
Credit-default swaps	Fixed income	32,193	19,299	150,134	82,675	166,715	50,889	-1,022	1,394	510
Swap options and FX options	Fixed income	33,859	20,986	89,020	75,884	193,858	107,620	434	1,068	744

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

### Leverage

The use of leverage is not regulated in the current provisions on the management of the Government Pension Fund Global. However, restrictions have come into force as part of the CEO investment mandate issued by Norges Bank's Executive Board in late 2008 (ref. <http://www.nbim.no/en/About-us/nbim-organisation/nbim-governance/>). Historically, leverage has predominantly been used within the fixed-income composite to exploit differences in rates or credit spreads by combining derivatives, forward contracts and repurchase agreements. This activity is reflected in the pension fund's balance sheet when the gross value of its bonds exceeds the market value of the fixed-income composite. Leverage as described above was scaled back in the second half of 2009 due to changes in market conditions and a reorganization of NBIM's fixed-income management in 2008 and 2009. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year.



Net leverage is defined as the net sum of cash

6. NBIM uses external managers to handle parts of the portfolio. We award management mandates to organizations with expertise in clearly defined investment areas. The fund's externally managed fixed income mandates had a market value of 32 billion kroner at the end of 2009. That's equivalent to 3 percent of the fund's fixed income market value. The number of external fixed income mandates has been gradually reduced following a restructuring of the fund's fixed income management in 2008 and 2009. NBIM had five external fixed income mandates at the end of 2009, down from 14 at the end of 2008 and 38 in 2007. All were specialist mandates and mainly in US mortgage bonds. A complete list of all the managers as of 31 December 2009 can be found on page 36 and 37 in the Annual Report.
7. Strategic benchmark changes:

	Advise from Norges Bank	Decision by Ministry of Finance	Implementation finalized by NBIM
<b>Fixed income</b>			
Inclusion of non Government Bonds	15.03.2001	31.01.2002	December 2003
Inclusion of Inflation Index Bonds	06.09.2004	13.12.2004	September 2005

8. The benchmark of the Government Pension Fund Global, fixed income, is a market weighted custom benchmark compiled by Barclays Capital. The actual weights of the benchmark were as follows as of 31 December 2009:

	<b>Actual benchmark weights, fixed income</b>	
<b>Region</b>	<b>Share of total benchmark</b>	<b>Share of fixed income benchmark</b>
America	13.50 %	35.82 %
Europe	22.31 %	59.21 %
Asia	1.87 %	4.97 %
<b>Sum</b>	<b>37.69 %</b>	<b>100.00 %</b>

9. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
10. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.
11. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.14%.
12. Error correction in accordance with Global Investment Performance Standards (GIPS®)

#### **Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

13. Additional information is available upon request.

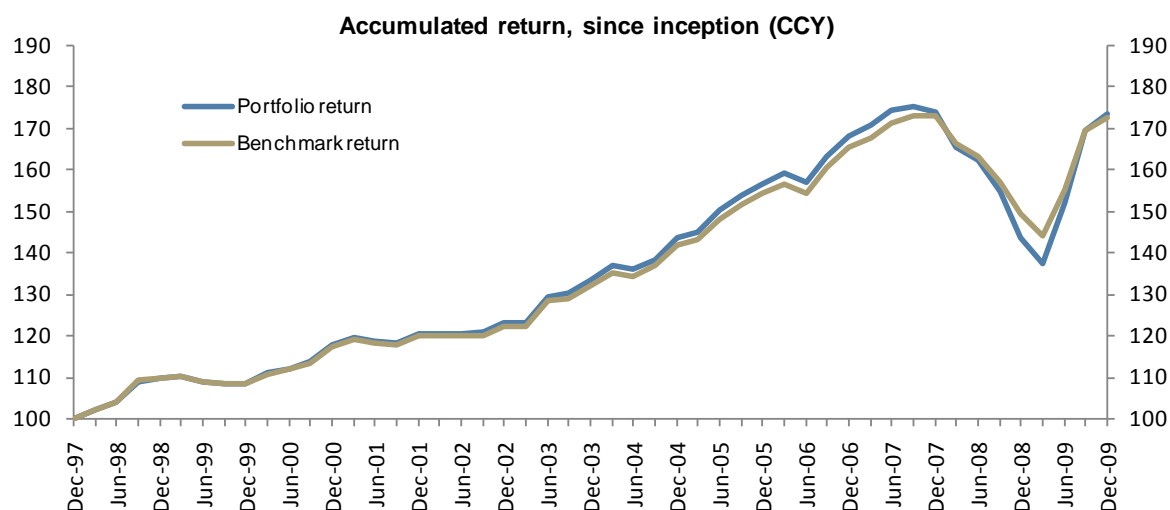
## Performance results: The investment portfolio of Norges Bank's foreign exchange reserves 31 December 1997 – 31 December 2009

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1998	9.78	9.86	-0.08	1	96 466	34.55	279 205
1999	-1.14	-1.26	0.13	1	94 550	28.92	326 946
2000	8.49	8.37	0.12	1	106 445	21.13	503 715
2001	2.44	2.30	0.14	1	106 402	14.55	731 262
2002	2.17	1.80	0.37	2	93 623	13.11	714 138
2003	8.28	7.74	0.54	2	142 337	14.23	1 000 524
2004	7.75	7.65	0.10	2	185 170	15.24	1 215 050
2005	9.08	8.74	0.34	2	211 486	13.02	1 624 733
2006	7.30	7.18	0.12	2	224 517	11.10	2 023 386
2007	3.37	4.59	-1.22	2	213 986	9.52	2 247 316
2008	-17.47	-13.51	-3.96	2	178 892	7.23	2 475 234
2009	21.06	15.45	5.60	2	185 444	6.52	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	21.06	1.08	3.87	4.82	4.71
Benchmark return % (CCY)	15.45	1.46	4.01	4.77	4.67
Relative return % (CCY)	5.60	-0.38	-0.15	0.05	0.05
Standard deviation portfolio return %	10.17	9.69	7.75	5.81	5.42
Tracking error, ex post	1.62	1.85	1.43	0.97	0.94
Information ratio	3.45	-0.20	-0.10	0.05	0.05



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the investment portfolio of Norges Bank's foreign exchange reserves is 31 December 1997.
4. NBIM is by mandate from Norges Bank's Executive Board responsible for the management of the investment portfolio. The investment portfolio is part of the Norges Bank's foreign exchange reserves. The management of the portfolio is based on the same overall processes and procedures as the management for the Government Pension Fund, albeit different investment mandates. The investment portfolio is managed with a view to achieving the highest possible return relative to the applicable benchmark portfolio. The Executive Board has set limits for how much risk NBIM may take in its active management of the fund. The most important limit is expressed as expected tracking error (relative volatility) and puts a ceiling on how much the return on the fund may be expected to deviate from the return on the benchmark portfolio. The expected tracking error limit is 150 basis points, or 1.5 percentage points. The Executive Board has put further risk restrictions relating to the fund, amongst other relating to maximum allowed leverage. We seek to increase returns through active investment decisions and through active ownership within the limits set by the mandate.

5. Derivatives

Norges Bank legally owns the Foreign Exchange Reserves Fund. The Executive Board of Norges Bank has laid down guidelines for the fund's investments. These guidelines state that all derivatives where the underlying instruments belong to the equity asset class or the fixed-income asset class are permitted. In accordance with this investment mandate, the fund makes use of exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps in order to achieve the lowest possible transaction cost, take advantage of pricing imperfections between markets and individual instruments (arbitrage), and to rebalance the portfolio without affecting active mandates. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below. For options the exposure is delta adjusted.

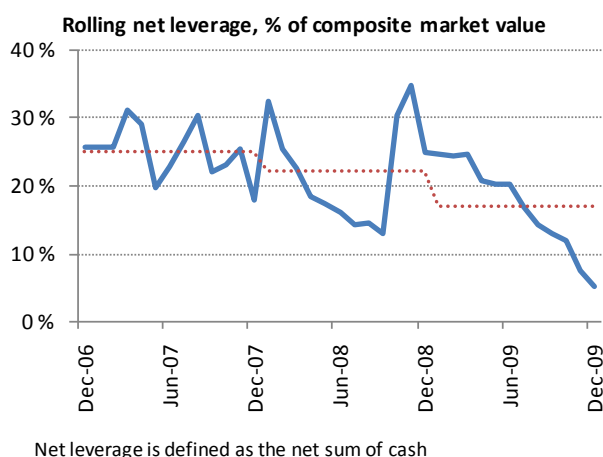
	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
Financial derivatives (NOK MLN)		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	729	-	8,059	-	10,812	-	-1	-25	-10
Exchange traded futures	Common	2,195	4,246	11,334	13,678	15,902	28,233	36	-43	-51
Equity swaps	Equity	67	0	812	74	4,267	1,752	-1	-471	-287
Interest-rate swaps	Fixed income	8,516	5,336	57,538	78,295	92,151	101,239	-59	-3,064	-54
Total return swaps	Fixed income	-	-	2,020	25	4,188	3,183	-	16	6
Credit-default swaps	Fixed income	127	1,022	9,996	6,548	12,645	5,547	-22	240	-15
Swap options and FX options	Fixed income	4,372	1,846	12,902	11,826	22,574	20,352	117	375	-27

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

### Leverage

Historically, leverage has predominantly been used within the fixed-income composite to exploit differences in rates or credit spreads by combining derivatives, forward contracts and repurchase agreements. This activity is reflected in the pension fund's balance sheet when the gross value of its bonds exceeds the market value of the fixed-income composite. Leverage as described above was scaled back the second half of 2009 due to changes in market conditions and a reorganization of NBIM's fixed-income management in 2008 and 2009. Within the equity segment leverage is mainly used to efficiently handle fund management activities and has historically not been material. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year.



- The strategic benchmark portfolio is defined by the fixed weights set by the Executive Board of Norges Bank for regions and asset classes, normally referred to as the strategic weights. Market capitalisation weights are used for each country and currency within each region. These are the initial weights in the actual benchmark portfolio that the fund's management follows and is measured against. Divergent price movements in the different asset classes and regions will over time lead to weight changes in the actual benchmark portfolio. For example, a stronger increase in equity prices will push the equities portion above 40 percent. As a result, the actual benchmark portfolio may deviate from the strategic long-term benchmark portfolio. Rebalancing is the process of bringing the weights in the actual benchmark portfolio back in line with the strategic weights by buying or selling assets. With the exception of deviations due to active management, NBIM will follow the actual benchmark portfolio in its management of the fund. This means that when the weights in the actual benchmark portfolio are changed through rebalancing, NBIM will normally make the same changes to the actual portfolio. Rebalancing results in transaction costs from buying and selling assets. If the rebalancing frequency is too low, the portfolio may stray away from the strategic weights, while a high rebalancing frequency will result in high transaction costs. The rebalancing regime set by the Executive Board of Norges Bank ensures an appropriate rebalancing frequency. The Executive Board has set rules for full rebalancing back to the strategic weights. These specify the maximum permitted deviation between the weights in the actual benchmark portfolio and the strategic benchmark portfolio before the fund must be rebalanced.

The benchmark of the investment portfolio of Norges Bank's foreign exchange reserves is a market weighted custom benchmark composed of an equity benchmark and a fixed income benchmark compiled by the FTSE Group and Barclays Capital respectively. The actual weights of the benchmark were as follows as of 31 December 2009:

Region	Actual benchmark weights, fixed income		Actual benchmark weights, equity	
	Share of total benchmark	Share of fixed income benchmark	Share of total benchmark	Share of equity benchmark
America	18.42 %	33.35 %	15.21 %	33.96 %
Europe	34.28 %	62.08 %	22.68 %	50.63 %
Asia	2.52 %	4.57 %	6.90 %	15.42 %
<b>Sum</b>	<b>55.21 %</b>	<b>100.00 %</b>	<b>44.79 %</b>	<b>100.00 %</b>

7. The benchmark return is adjusted for taxes on dividends.
8. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
9. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.
10. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.09%.
11. Error correction in accordance with Global Investment Performance Standards (GIPS®)

#### **Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

12. Additional information is available upon request.

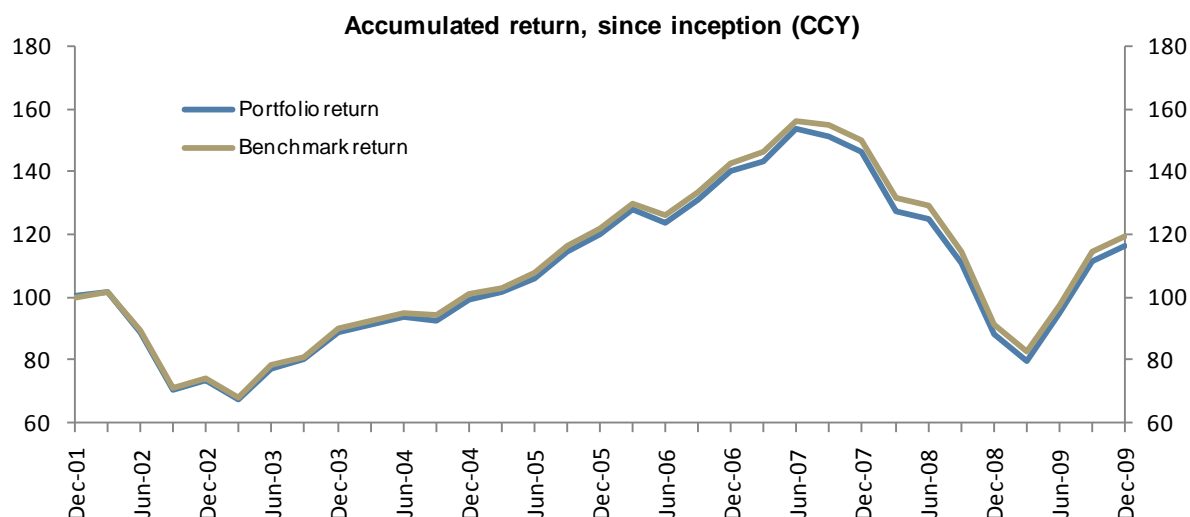
**Performance results: The investment portfolio of Norges Bank's foreign  
exchange reserves, equity  
31 December 2001 – 31 December 2009**

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MM)	In % of firm assets	Firm assets (NOK MM)
2002	-26.36	-25.78	-0.58	1	16 909	2.37	714 138
2003	20.48	21.01	-0.54	1	34 190	3.42	1 000 524
2004	11.85	12.44	-0.59	1	56 134	4.62	1 215 050
2005	20.53	20.36	0.16	1	70 669	4.35	1 624 733
2006	17.03	17.30	-0.27	1	92 143	4.55	2 023 386
2007	4.39	5.26	-0.87	1	88 953	3.96	2 247 316
2008	-39.83	-39.39	-0.44	1	70 552	2.85	2 475 234
2009	31.99	31.04	0.95	1	82 865	2.91	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	Since inception
Portfolio return % (CCY)	31.99	-6.06	3.18	1.88
Benchmark return % (CCY)	31.04	-5.80	3.37	2.22
Relative return % (CCY)	0.95	-0.26	-0.19	-0.34
Standard deviation portfolio return %	20.87	20.35	16.72	16.26
Tracking error, ex post	0.19	0.64	0.51	0.54
Information ratio	4.88	-0.41	-0.38	-0.64



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the investment portfolio of Norges Bank's foreign exchange reserves, equity is 31 December 2001.
4. The investment strategy for equity management has been relatively stable throughout its history with enhanced indexing and specialised sector management as the core strategy.
5. Derivatives

Norges Bank legally owns the Foreign Exchange Reserves Fund. The Executive Board of Norges Bank has laid down guidelines for the fund's investments. These guidelines state that all derivatives where the underlying instruments belong to the equity asset class or the fixed-income asset class are permitted. In accordance with this investment mandate, NBIM may use exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps to achieve sought-after exposure and appropriate diversification. Within the equity asset class the use of derivatives has been limited to exchange traded futures and equity swaps and have been used for efficient portfolio management and historically the sizes have not been of any meaningful size. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below.

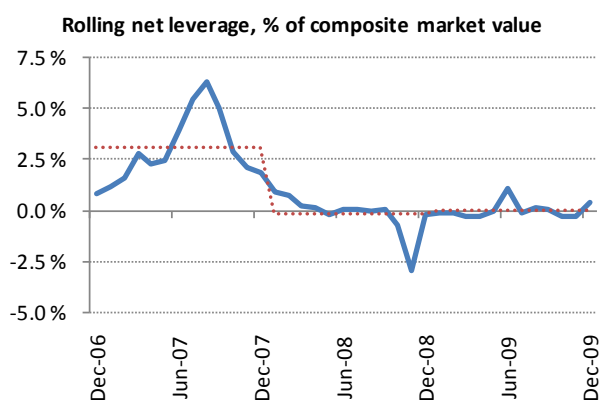
Financial derivatives (NOK MLN)	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	729	-	8,059	-	10,812	-	-1	-25	-10
Exchange traded futures	Common	2,195	4,246	11,334	13,678	15,902	28,233	36	-43	-51
Equity swaps	Equity	67	0	812	74	4,267	1,752	-1	-471	-287
Interest-rate swaps	Fixed income	8,516	5,336	57,538	78,295	92,151	101,239	-59	-3,064	-54
Total return swaps	Fixed income	-	-	2,020	25	4,188	3,183	-	16	6
Credit-default swaps	Fixed income	127	1,022	9,996	6,548	12,645	5,547	-22	240	-15
Swap options and FX options	Fixed income	4,372	1,846	12,902	11,826	22,574	20,352	117	375	-27

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

Leverage

Within the equity segment leverage is mainly used to efficiently handle fund management activities and has historically not been of any meaningful size. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year. A negative value means the composite is unlevered.



Net leverage is defined as the net sum of cash

6. The benchmark of the investment portfolio of Norges Bank's foreign exchange reserves, equity is a market weighted custom benchmark compiled by the FTSE Group. The actual weights of the benchmark were as follows as of 31 December 2009:

Region	Actual benchmark weights, equity	
	Share of total benchmark	Share of equity benchmark
America	15.21 %	33.96 %
Europe	22.68 %	50.63 %
Asia	6.90 %	15.42 %
<b>Sum</b>	<b>44.79 %</b>	<b>100.00 %</b>

7. The benchmark return is adjusted for taxes on dividends.
8. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
9. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.
10. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.09%.

11. Error correction in accordance with Global Investment Performance Standards (GIPS®)

**Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

12. Additional information is available upon request.

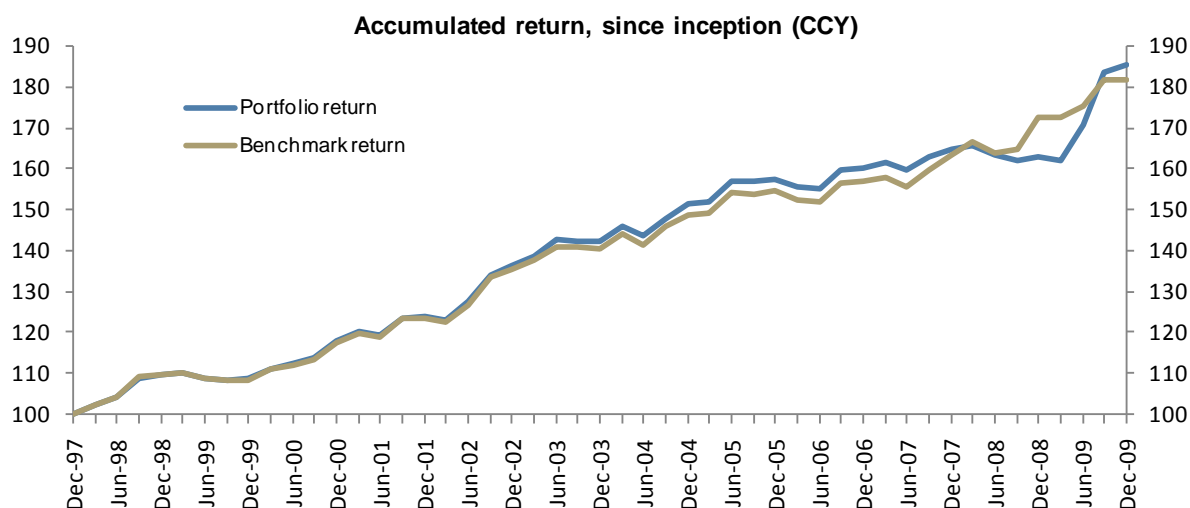
**Performance results: The investment portfolio of Norges Bank's foreign  
exchange reserves, fixed income  
31 December 1997 – 31 December 2009**

Report presented as of: 31 December 2009  
Reporting market value currency: NOK  
Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1998	9.78	9.87	-0.08	1	96 466	34.55	279 205
1999	-1.14	-1.26	0.13	1	94 550	28.92	326 946
2000	8.49	8.37	0.12	1	106 445	21.13	503 715
2001	5.11	4.95	0.16	1	83 414	11.41	731 262
2002	10.14	9.59	0.55	1	76 714	10.74	714 138
2003	4.51	3.97	0.54	1	108 147	10.81	1 000 524
2004	6.15	5.86	0.29	1	129 036	10.62	1 215 050
2005	4.12	3.78	0.34	1	140 817	8.67	1 624 733
2006	1.83	1.49	0.34	1	132 374	6.54	2 023 386
2007	2.68	4.13	-1.45	1	125 033	5.56	2 247 316
2008	-0.95	5.69	-6.65	1	108 340	4.38	2 475 234
2009	13.73	5.29	8.44	1	102 578	3.61	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	13.73	4.97	4.16	5.50	5.28
Benchmark return % (CCY)	5.29	5.03	4.06	5.29	5.10
Relative return % (CCY)	8.44	-0.06	0.10	0.21	0.18
Standard deviation portfolio return %	4.65	4.74	4.01	3.74	3.61
Tracking error, ex post	2.66	2.82	2.17	1.53	1.41
Information ratio	3.18	-0.02	0.05	0.14	0.13



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The inception date of the investment portfolio of Norges Bank's foreign exchange reserves, fixed income is 31 December 1997.
4. The investment strategy for fixed income management was until 2008 to exploit liquidity and credit premiums in different sectors of the fixed income market, this was in part supported by the use of OTC derivatives and leverage. The fixed income management was re-organized in 2008 and the investment strategy was modified to have two main portfolios; one for rebalancing and indexing and one portfolio containing large and illiquid positions.

5. Derivatives

Norges Bank legally owns the Foreign Exchange Reserves Fund. The Executive Board of Norges Bank has laid down guidelines for the fund's investments. These guidelines state that all derivatives where the underlying instruments belong to the equity asset class or the fixed-income asset class are permitted. In accordance with this investment mandate, the fund makes use of exchange traded future and option contracts and over-the-counter (OTC) derivative contracts such as interest-rate swaps, credit-default swaps and equity swaps in order to achieve the lowest possible transaction cost, take advantage of pricing imperfections between markets and individual instruments (arbitrage); achieve leverage and to rebalance the portfolio without affecting active mandates. The segmented net market values and exposure of the financial derivatives for the last three years are shown in a table below. For asymmetrical instruments the exposure is delta adjusted.

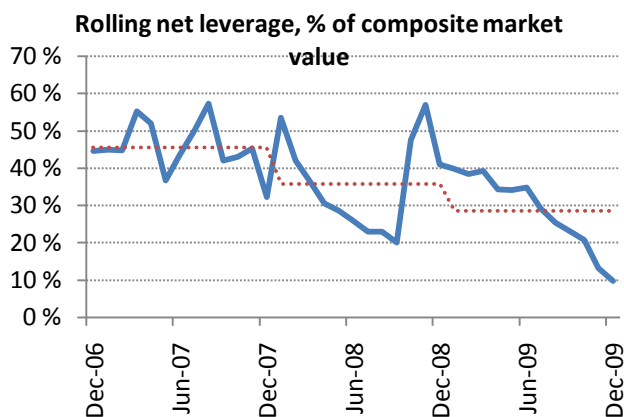
Financial derivatives (NOK MLN)	Asset Class	Average exposure through year						Net market value, year-end**		
		2009		2008		2007*		31.12.2009	31.12.2008	31.12.2007
		Purchased	Sold	Purchased	Sold	Purchased	Sold			
Foreign exchange contracts	Common	729	-	8,059	-	10,812	-	-1	-25	-10
Exchange traded futures	Common	2,195	4,246	11,334	13,678	15,902	28,233	36	-43	-51
Equity swaps	Equity	67	0	812	74	4,267	1,752	-1	-471	-287
Interest-rate swaps	Fixed income	8,516	5,336	57,538	78,295	92,151	101,239	-59	-3,064	-54
Total return swaps	Fixed income	-	-	2,020	25	4,188	3,183	-	16	6
Credit-default swaps	Fixed income	127	1,022	9,996	6,548	12,645	5,547	-22	240	-15
Swap options and FX options	Fixed income	4,372	1,846	12,902	11,826	22,574	20,352	117	375	-27

\*At December 31 2007

\*\*A positive number indicates an asset position. A negative number is a liability position.

### Leverage

Historically, leverage has predominantly been used within the fixed-income composite to exploit differences in rates or credit spreads by combining derivatives, forward contracts and repurchase agreements. This is reflected in the reserves fund's balance sheet when the gross value of its bonds exceeds the market value of the fixed-income composite. Leverage as described above was scaled back in 2009 due to changes in market conditions and a reorganization of NBIM's fixed-income management in 2008 and 2009. Below, the rolling net leverage in percent of the composite's market value is shown for the last three years. Net leverage is defined as the net sum of cash. The red dashed line indicates the average value within a year.



Net leverage is defined as the net sum of cash

6. The benchmark of the investment portfolio of Norges Bank's foreign exchange reserves, fixed income is a market weighted custom benchmark compiled by Barclays Capital. The actual weights of the benchmark were as follows as of 31 December 2009:

	<b>Actual benchmark weights, fixed income</b>	
<b>Region</b>	<b>Share of total benchmark</b>	<b>Share of fixed income benchmark</b>
America	18.42 %	33.35 %
Europe	34.28 %	62.08 %
Asia	2.52 %	4.57 %
<b>Sum</b>	<b>55.21 %</b>	<b>100.00 %</b>

7. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
8. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested. Movements in the NOK do not affect the international purchasing power of the fund.

9. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.09%.

10. Error correction in accordance with Global Investment Performance Standards (GIPS®)

**Missing Disclosure**

In April 2010 NBIM and Ernst & Young became aware of a missing disclosure required under the application of the Global Investment Performance Standards (GIPS®). The missing disclosure regarded the presence, use, and extent of leverage and derivatives, including a sufficient description of the use, frequency, and characteristics of the instruments to identify risks.

The missing disclosure has been treated in accordance with NBIM's error correction guidelines and procedures. The missing disclosure was categorised as material and it was decided that NBIM should correct the presentation with disclosure of the change and make every reasonable effort to provide a correct compliant presentation to third parties that received the initial presentation with the missing disclosure. This disclosure was added to this report May 2010.

11. Additional information is available upon request.

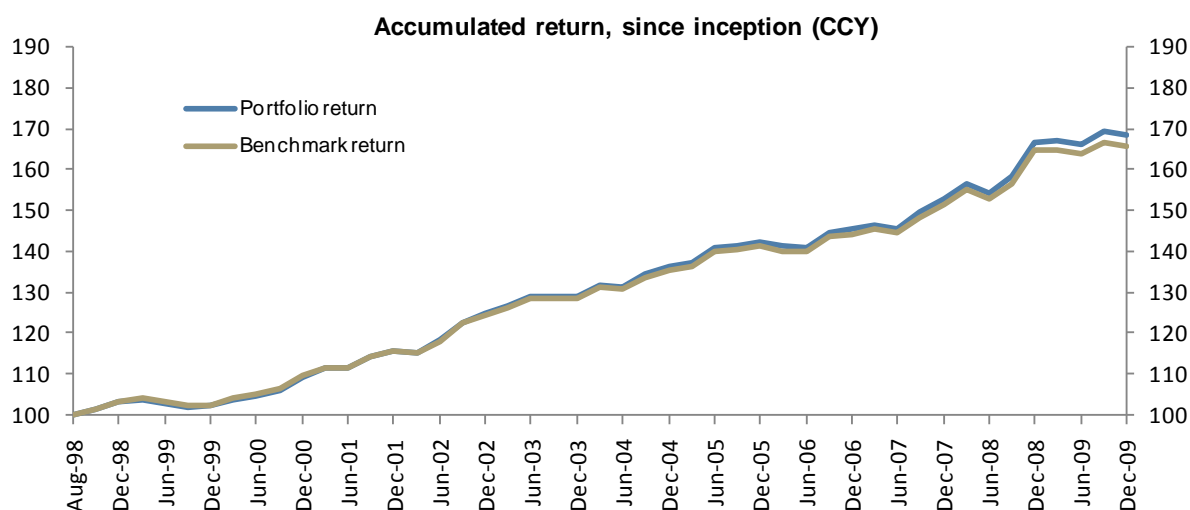
## Performance results: The Government Petroleum Insurance Fund 31 August 1998 – 31 December 2009

Report presented as of: 31 December 2009  
 Reporting market value currency: NOK  
 Reporting return currency: CCY\*

Calendar year	Portfolio return % (CCY)	Benchmark return % (CCY)	Relative return % (CCY)	Number of portfolios	Total assets (NOK MLN)	In % of firm assets	Firm assets (NOK MLN)
1998	3.27	3.38	-0.11	1	10 907	3.91	279 205
1999	-1.06	-0.85	-0.21	1	9 987	3.05	326 946
2000	6.92	6.78	0.15	1	10 820	2.15	503 715
2001	5.68	5.48	0.19	1	11 174	1.53	731 262
2002	7.90	7.74	0.16	1	11 507	1.61	714 138
2003	3.56	3.46	0.10	1	12 881	1.29	1 000 524
2004	5.64	5.42	0.22	1	13 478	1.11	1 215 050
2005	4.28	4.15	0.14	1	14 197	0.87	1 624 733
2006	2.17	2.14	0.03	1	15 187	0.75	2 023 386
2007	5.15	4.97	0.18	1	14 686	0.65	2 247 316
2008	9.08	9.01	0.07	1	20 916	0.85	2 475 234
2009	1.15	0.49	0.65	1	18 962	0.67	2 844 448

\*CCY is International Currency Basket corresponding to the currency composition in the fund's benchmark portfolio.

Key metrics (annualised)	1 Year	3 Years	5 Years	10 Years	Since inception
Portfolio return % (CCY)	1.15	5.08	4.33	5.13	4.71
Benchmark return % (CCY)	0.49	4.77	4.11	4.94	4.57
Relative return % (CCY)	0.65	0.31	0.22	0.19	0.14
Standard deviation portfolio return %	2.74	3.00	2.64	2.50	2.52
Tracking error, ex post	0.18	0.20	0.16	0.13	0.17
Information ratio	3.68	1.52	1.35	1.48	0.81



Notes:

1. NBIM's claim of compliance has been verified up to and including 31 December 2009. A copy of the third party verifier's report is available at our website [www.nbim.no](http://www.nbim.no).
2. NBIM is the investment management division of Norges Bank – the central bank of Norway. NBIM manages the Government Pension Fund Global, the major part of Norges Bank's foreign exchange reserves and the Government Petroleum Insurance Fund. NBIM invests in international equities and fixed income instruments, money market instruments and derivatives.
3. The purpose of the Government Petroleum Insurance Fund is to provide a reserve for payments to cover losses and liability associated with the State's Direct Financial Interest in petroleum activities (SDFI). The Ministry of Petroleum and Energy owns the fund. Pursuant to the Act relating to the Government Petroleum Insurance Fund, Norges Bank is responsible for the operational management of the fund.
4. The inception date of the Government Petroleum Insurance Fund is 31 August 1998.
5. The Ministry has defined a strategic benchmark portfolio for the fund consisting of 50 percent euro, 15 percent pounds sterling and 35 percent US dollars. The benchmark index consists of Barclays Global Aggregate treasury indices for the three currencies and a money market deposit to weight the interest rate risk as measured by modified duration in each currency to 4. During the year, the currency weights in the actual benchmark portfolio fluctuate with market developments. However, at the beginning of July each year, the actual weights are returned to the strategic currency weights. The actual weights of the benchmark were as follows as of 31 December 2009:

<b>Benchmark weights</b>	<b>Actual weights</b>
<b>Currency</b>	<b>Share of total benchmark</b>
EUR	51.00 %
USD	34.50 %
GBP	14.50 %
<b>Sum</b>	<b>100.00 %</b>

6. NBIM implements a time-weighted rate of return methodology in the return calculations. The market value is determined on the day of a large external cash flow and interim returns are geometrically linked.
7. Performance is reported in terms of the international currency basket corresponding to the currency composition of the benchmark portfolio. This measure reflects the true performance of the fund and isolates the effects of the Norwegian kroner (NOK) fluctuating against the currencies in which the benchmark is invested.
8. Performance numbers are gross of management fees and custodial fees but net of all trading expenses (transaction costs). As of 31 December 2009 the annual total expense ratio was 0.06%.
9. Additional information is available upon request.