



GOVERNMENT PENSION FUND GLOBAL **THIRD QUARTER 2010**

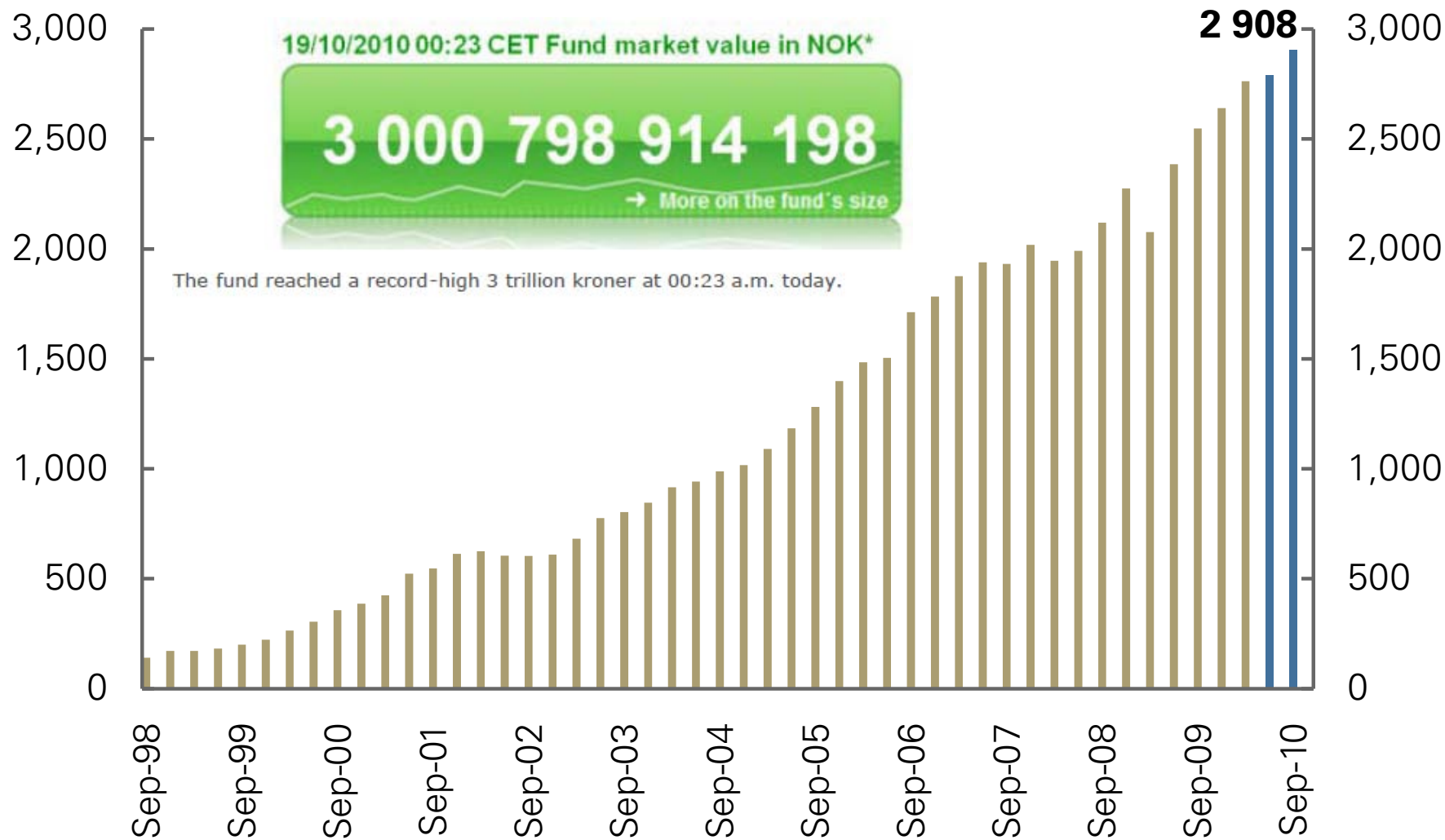
Management of the
Government Pension Fund Global
Third quarter 2010

Press conference

4 November 2010

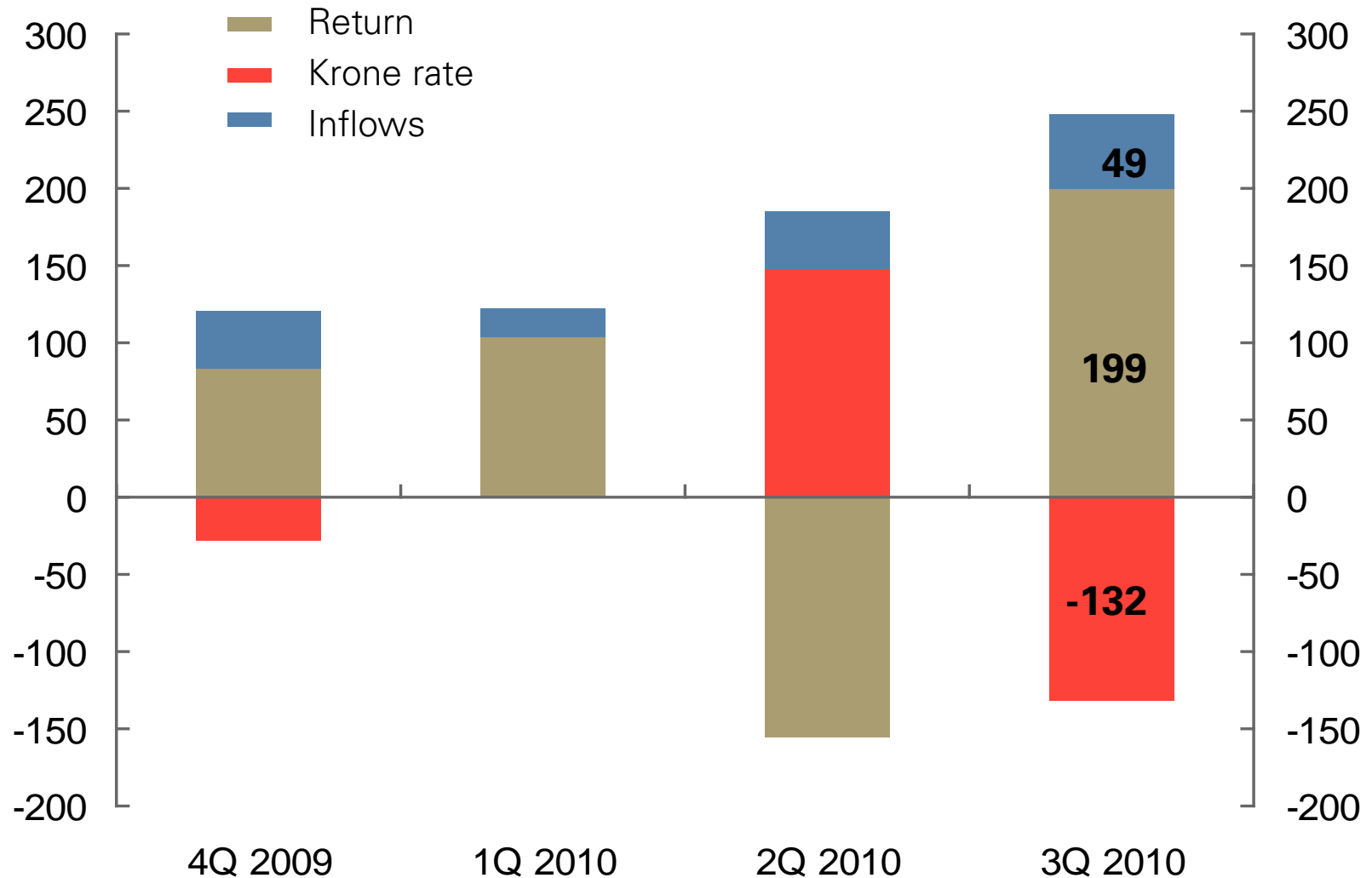
The fund's market value

Quarterly data. Billions of NOK



Changes in the fund's market value

Billions of NOK



Key figures

30.9.2010

30.6.2010

Market value (billions of NOK)

Market value of equity holdings	1 758	1 664
Market value of fixed-income holdings	1 150	1 128
Market value of fund	2 908	2 792

Inflows of new capital	49	35
Return	199	-155
Change due to movements in krone	-132	149

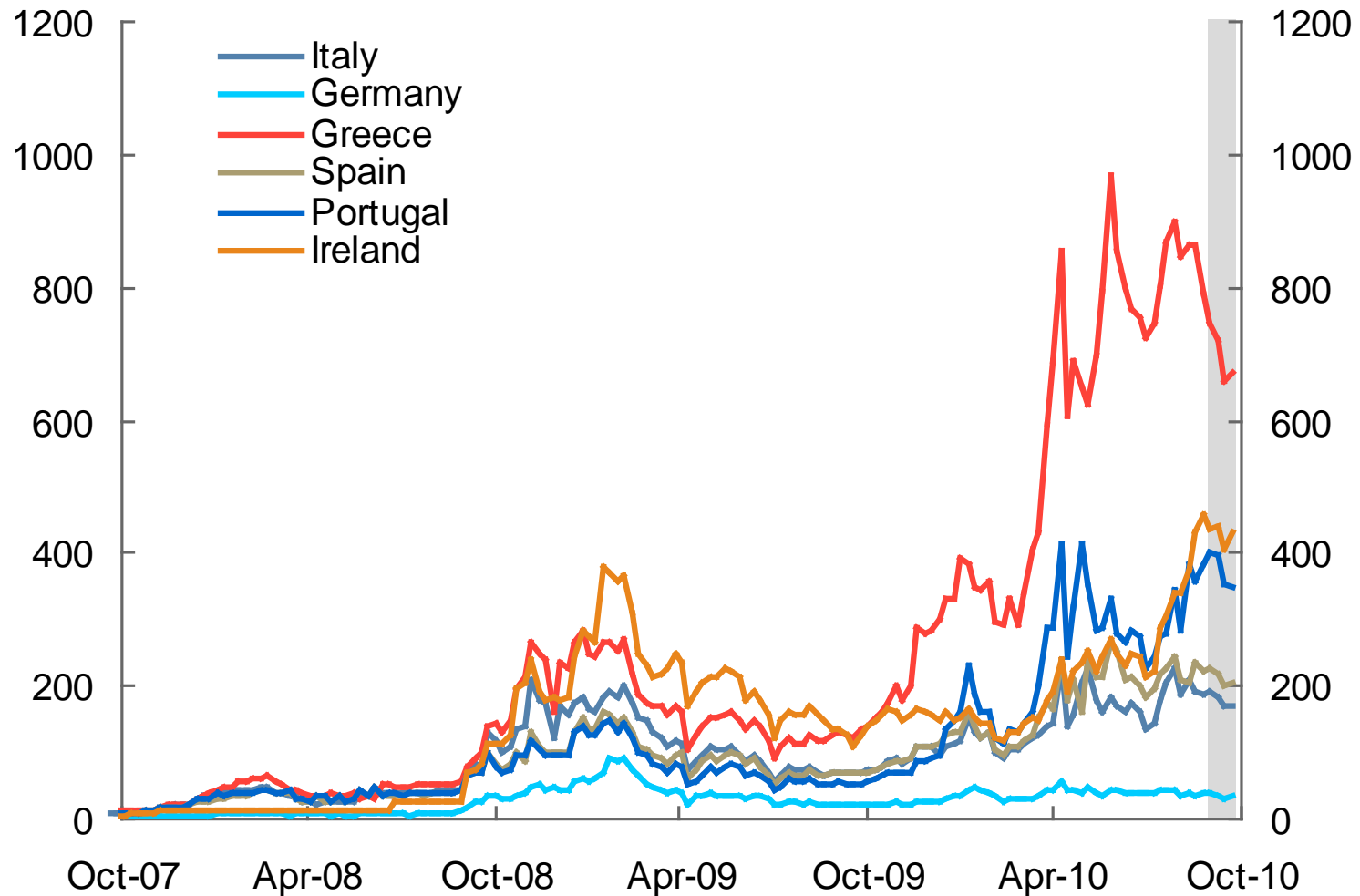
Changes in value since inception (billions of NOK)

Gross inflows of new capital	2 429	2 379
Management costs	15	15
Return	630	430
Change due to movements in krone	-135	-3

Market developments

Premiums for credit insurance

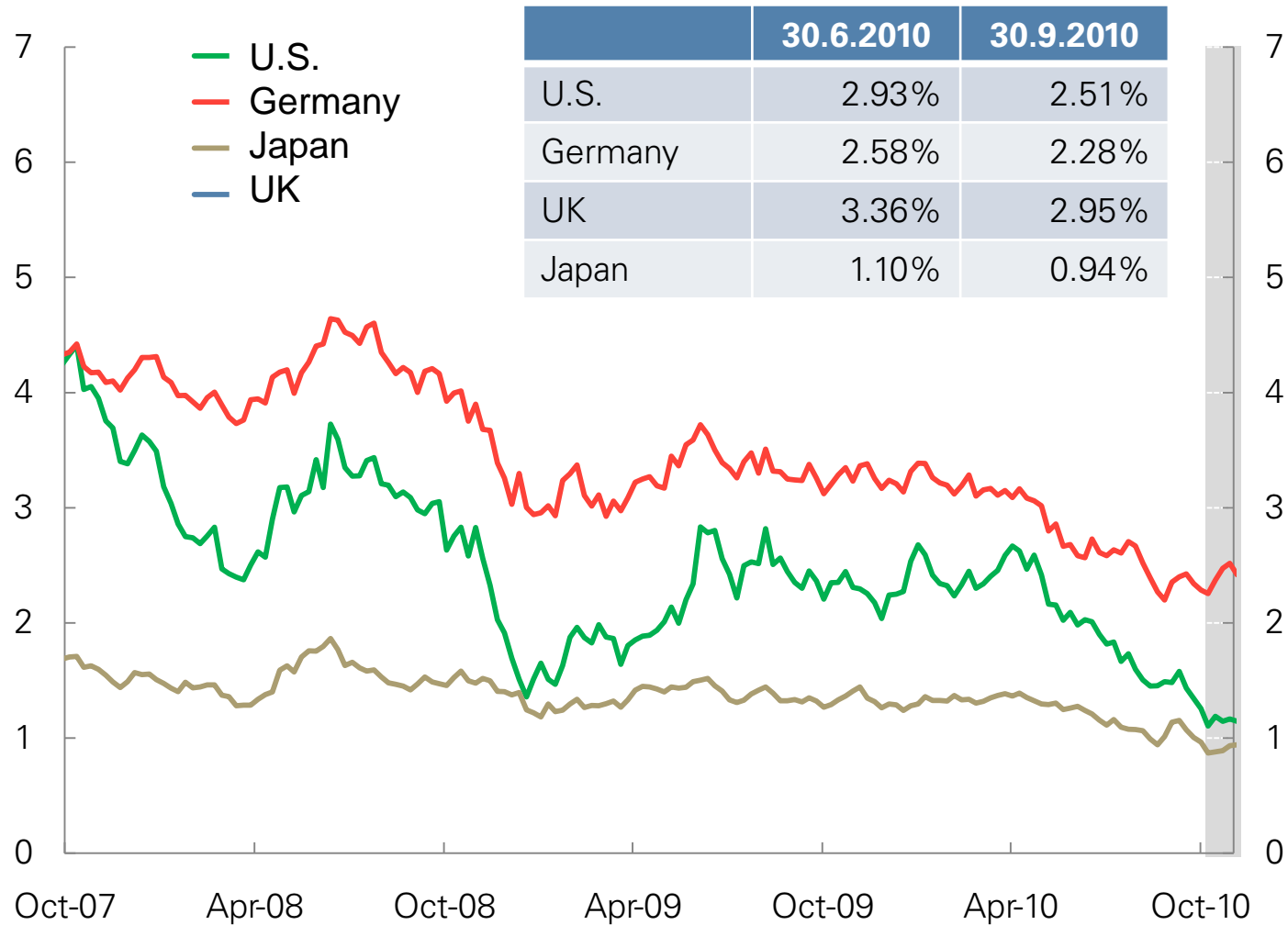
Government debt. Basis points



Source: Bloomberg

Ten-year government bond yields

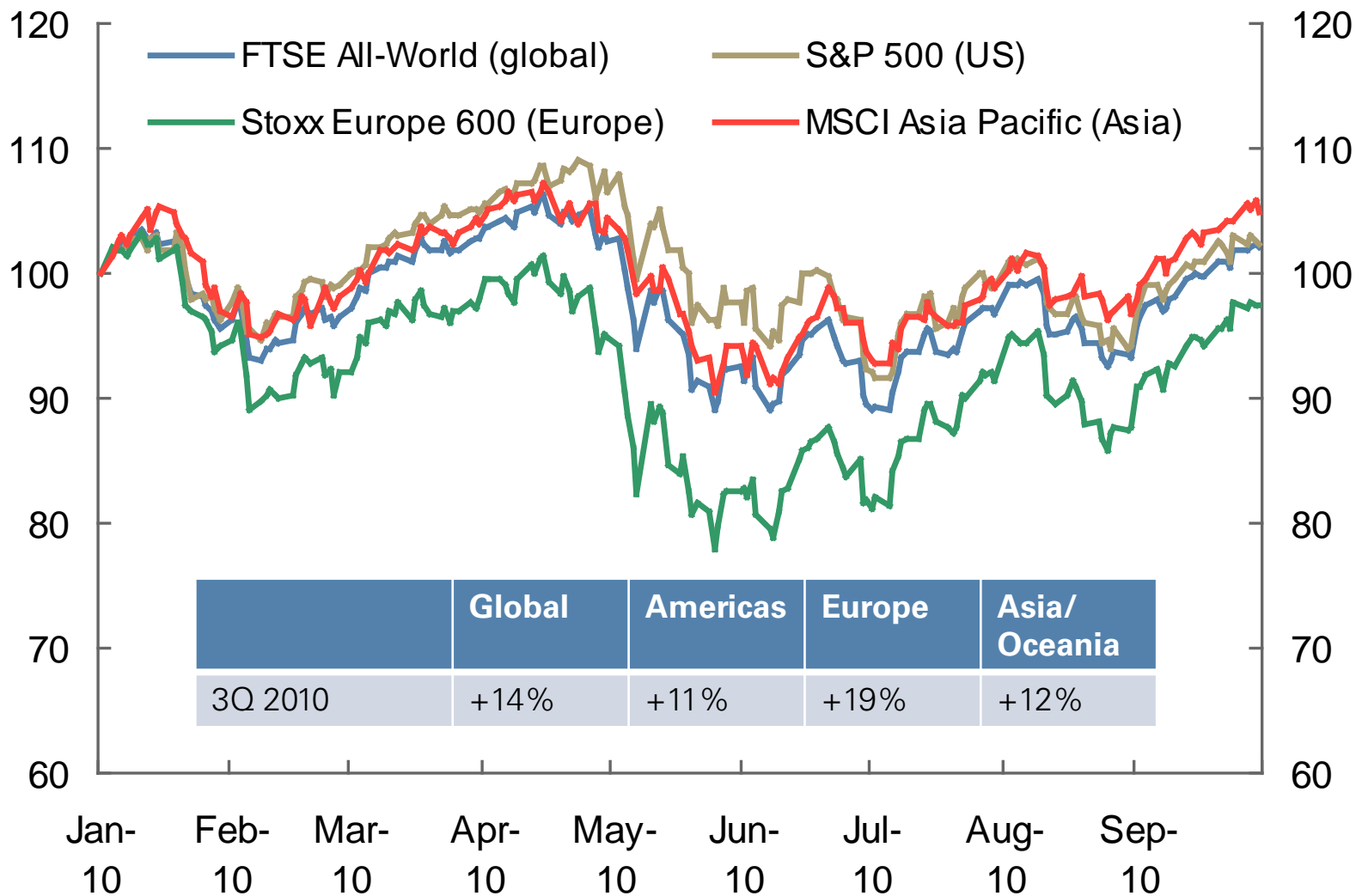
Percent



Source: Bloomberg

Equity market returns

USD. Indexed (1.1.2010 = 100)

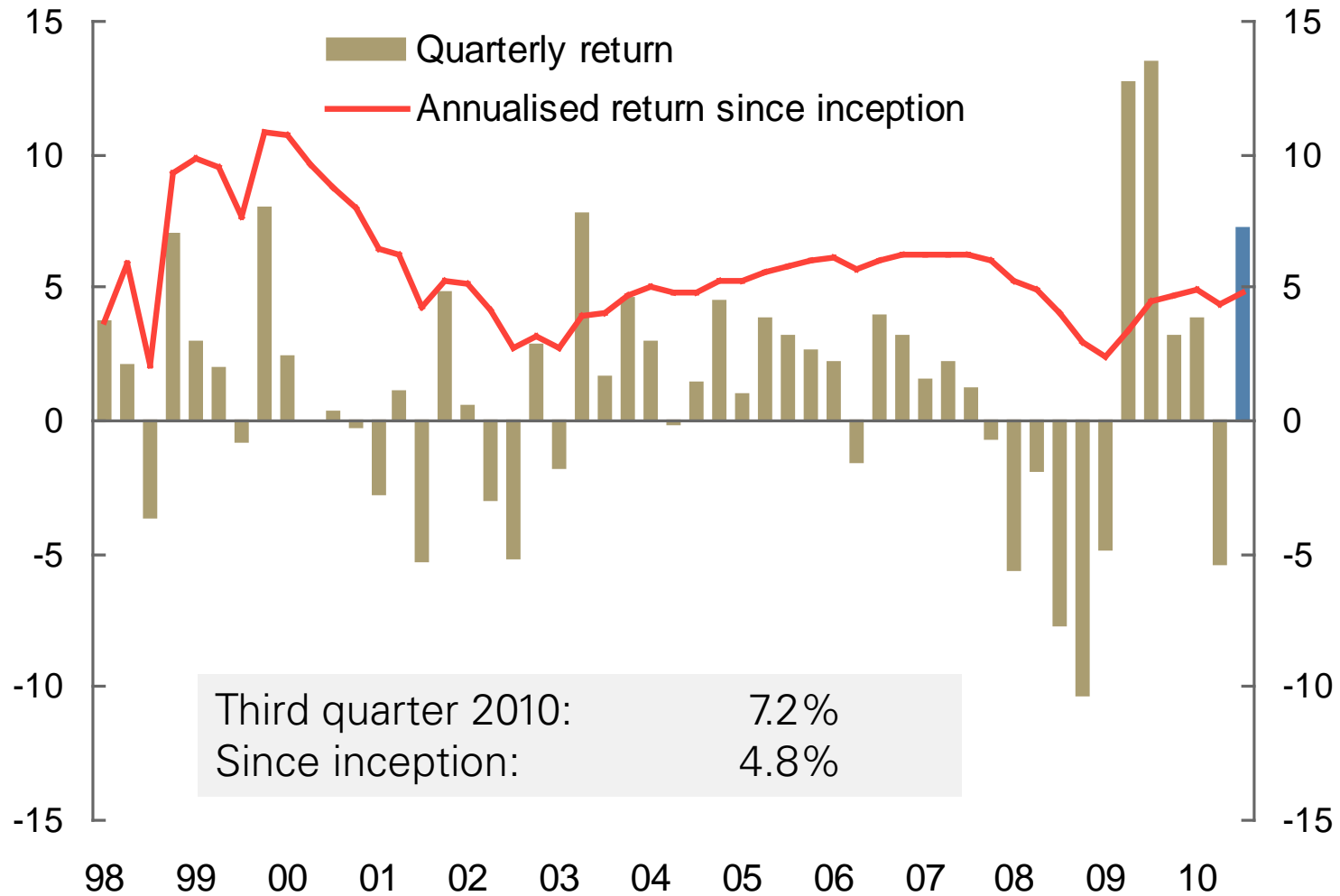


Source: Bloomberg

Management of the fund

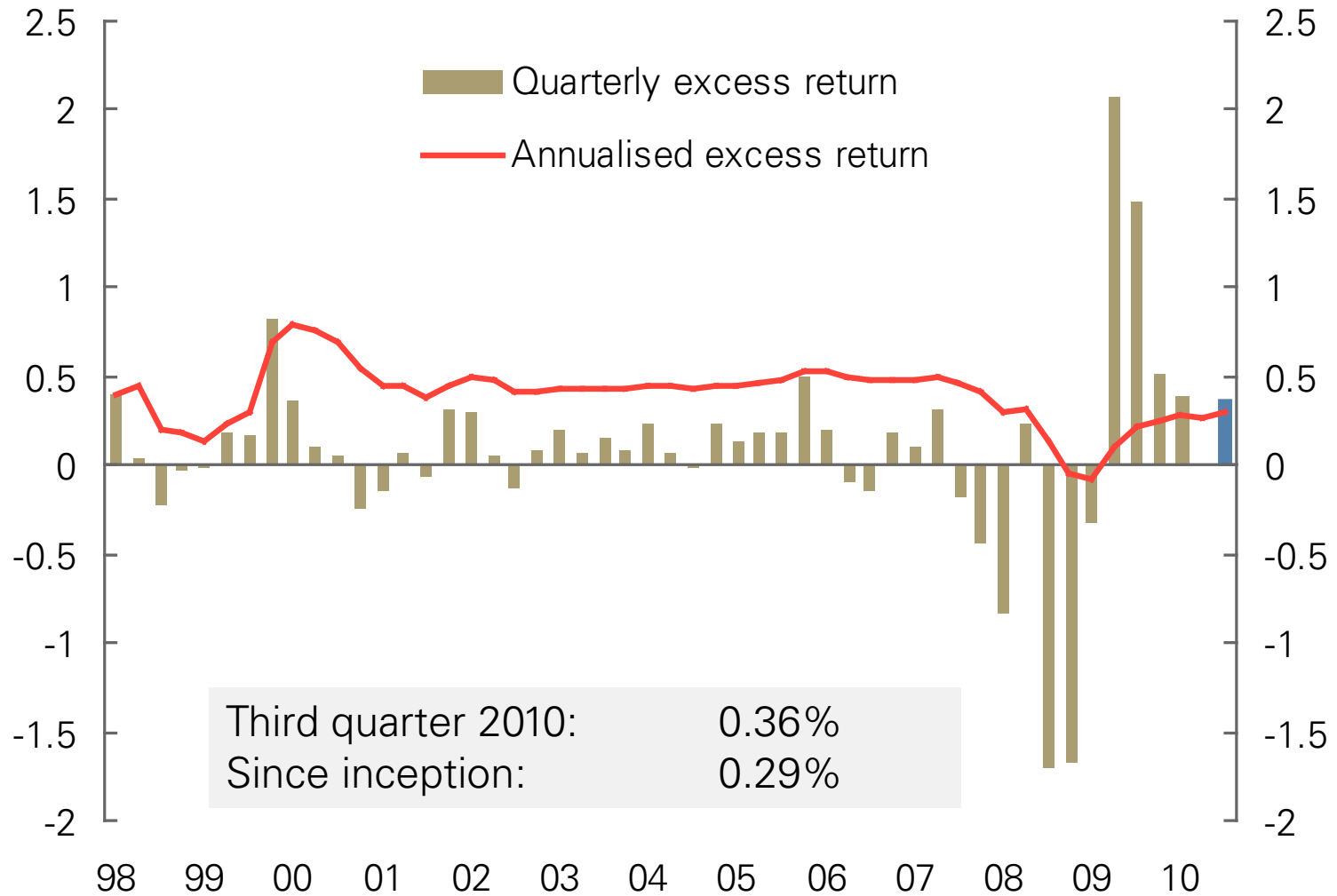
Quarterly return

Percent



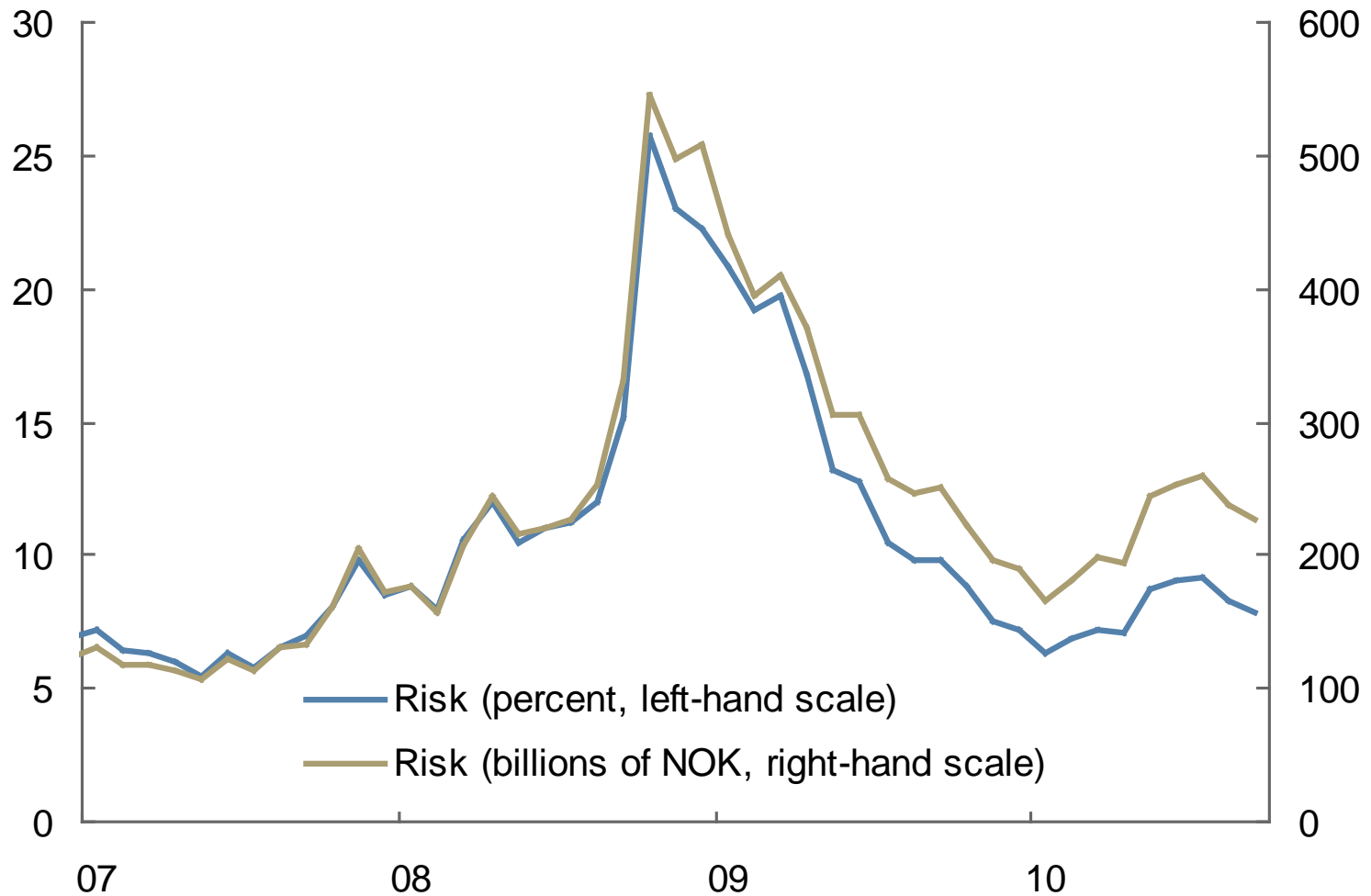
Quarterly excess return

Percentage points



Absolute volatility

Percent and billions of NOK



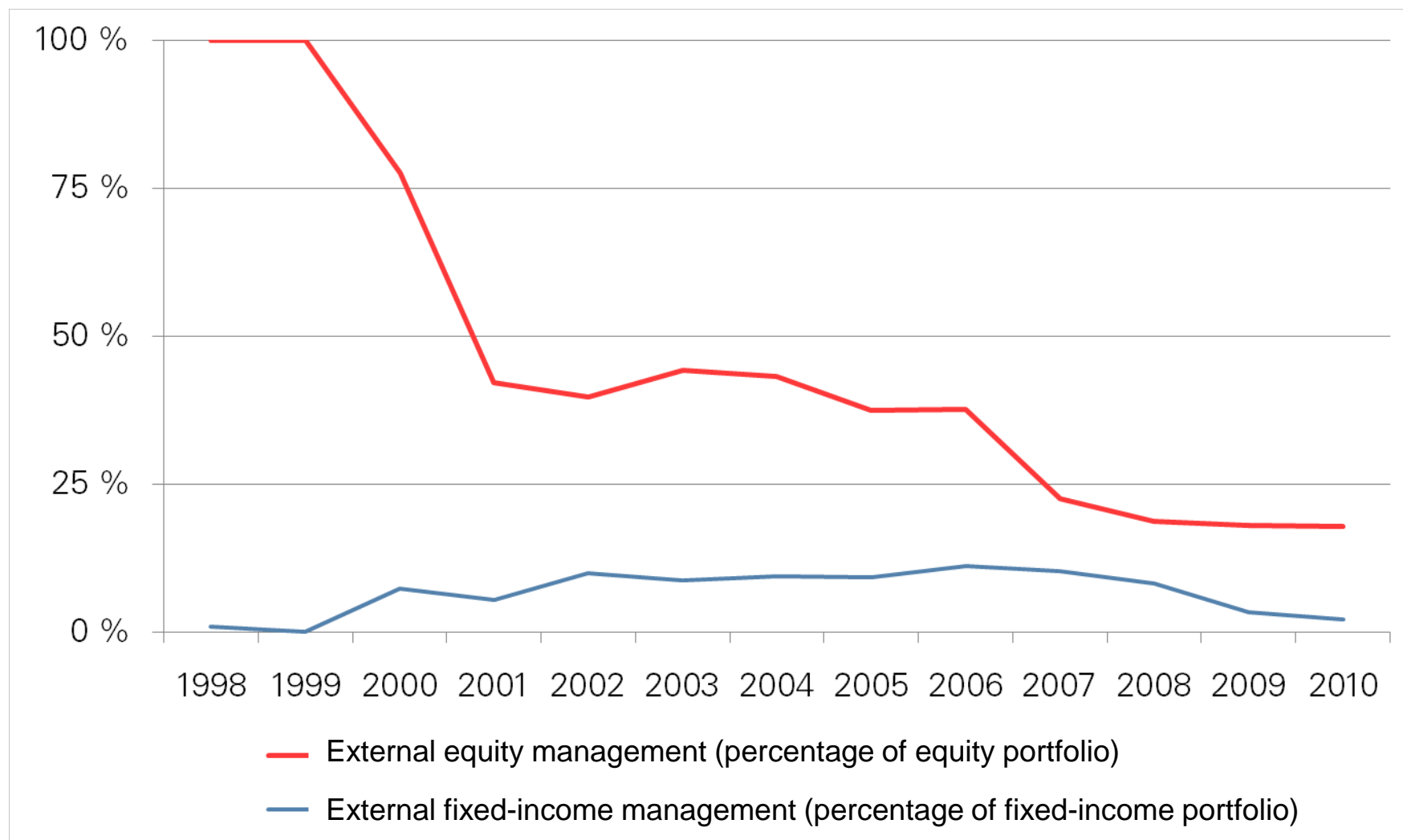
External management

External management – two issues

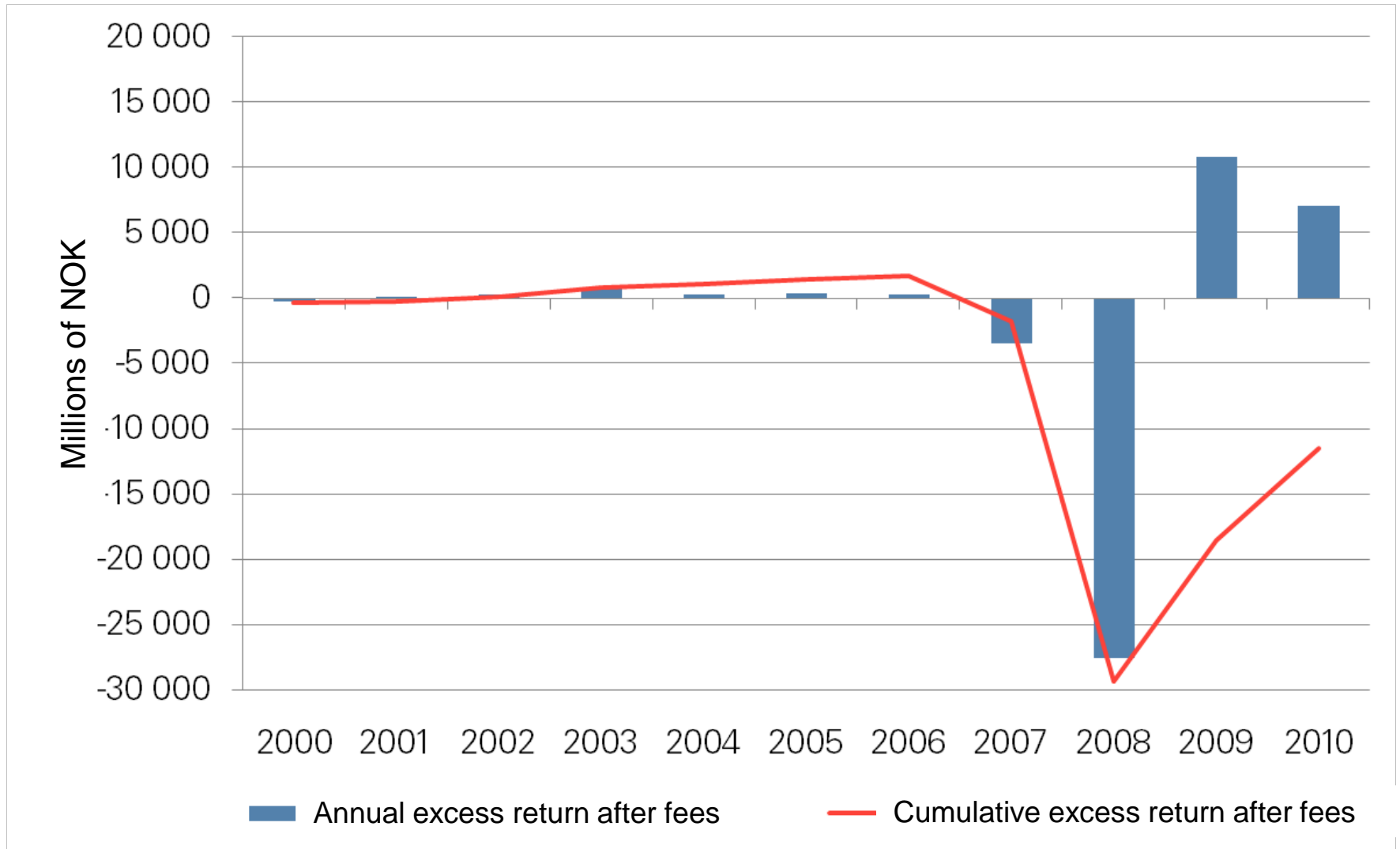
- Costs
 - Has NBIM paid excessive fees to individual managers? Are costs too high overall?
- Ethics
 - Can NBIM have agreements with managers prosecuted or convicted by the supervisory authorities or courts?

External management

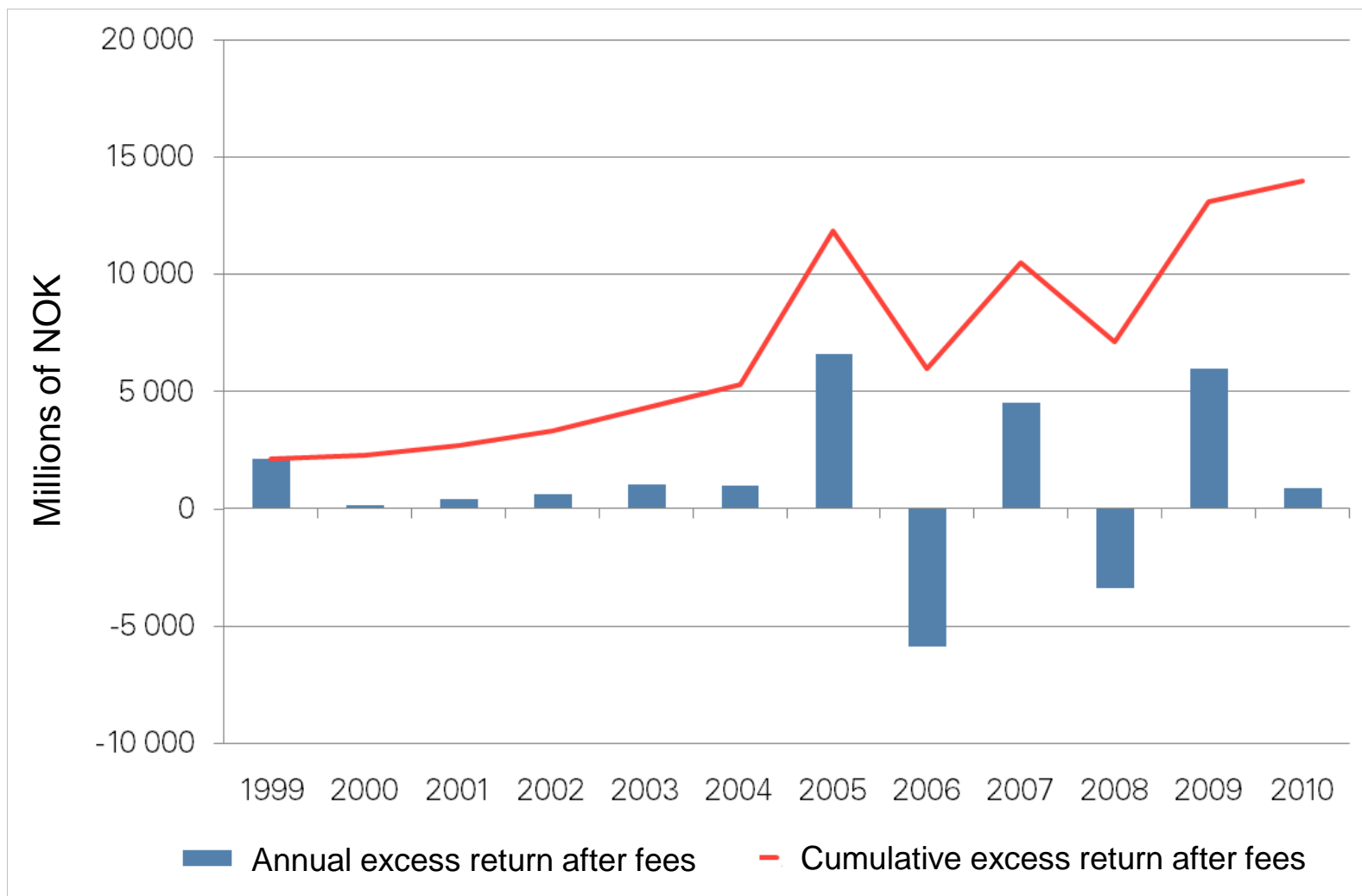
Percentage of fund's equity and fixed-income investments



External fixed income management

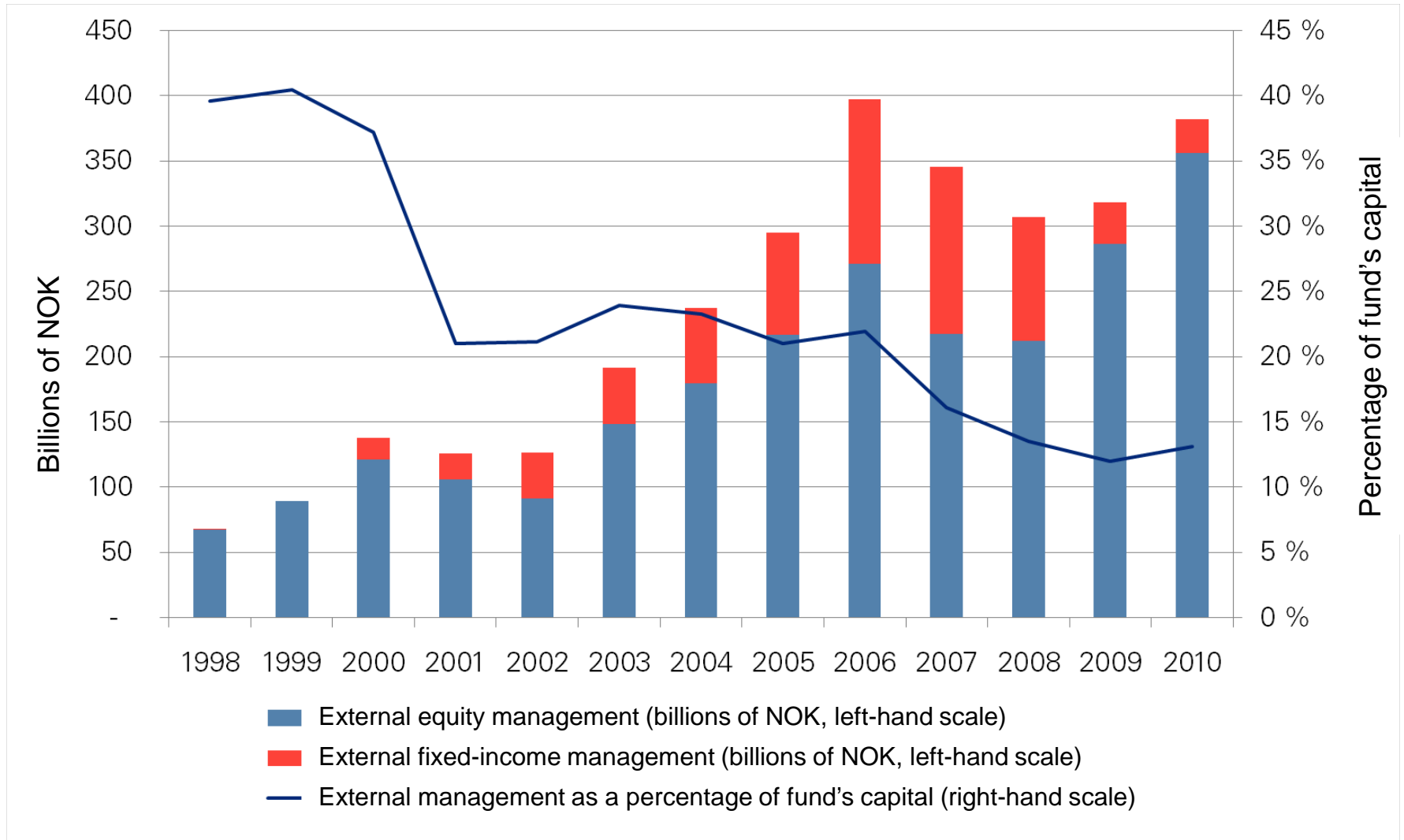


External equity management



Extent of external management

Billions of NOK and percent



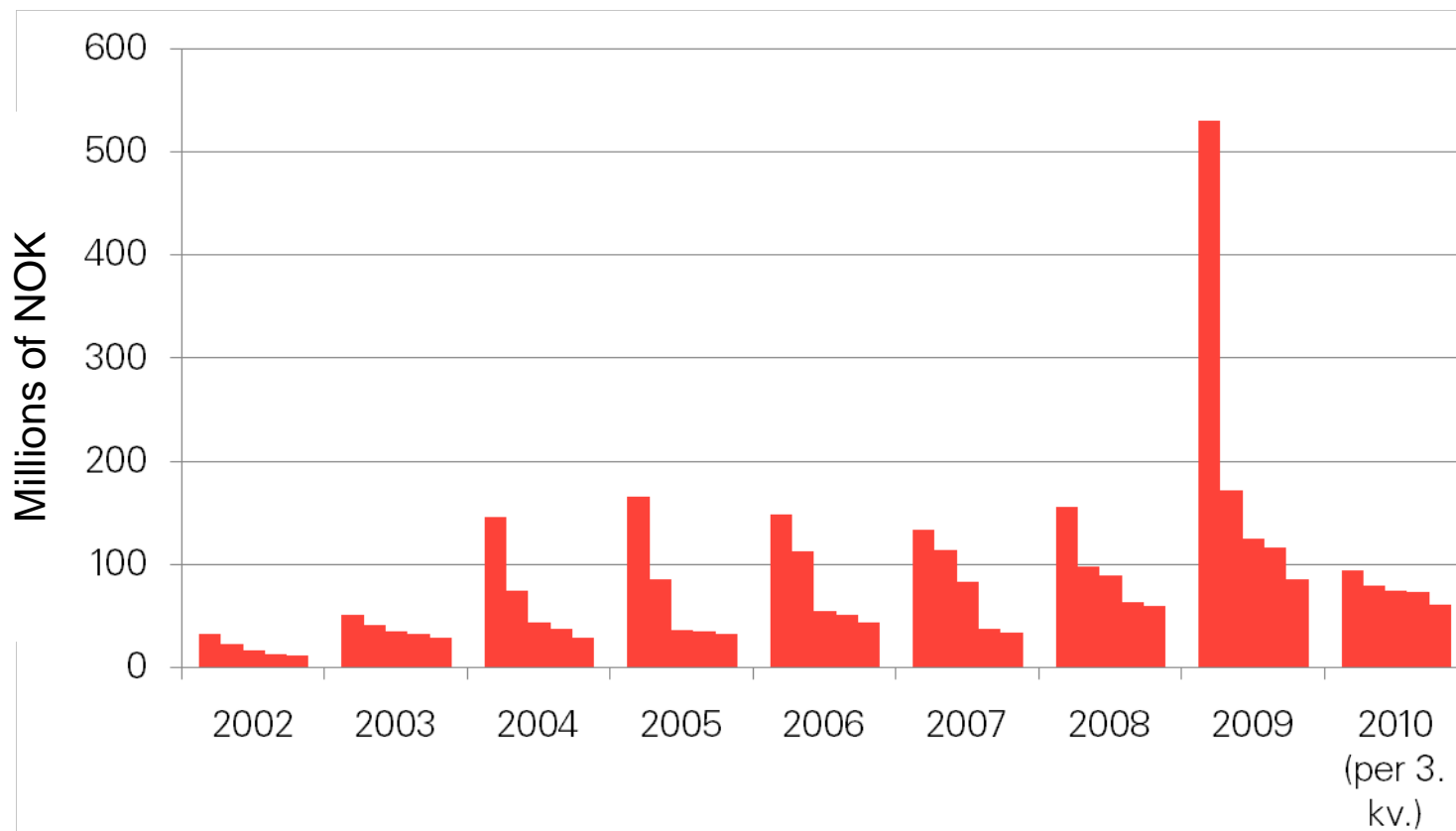
Fees paid to external managers

Annual. Billions of NOK



Highest fees per year

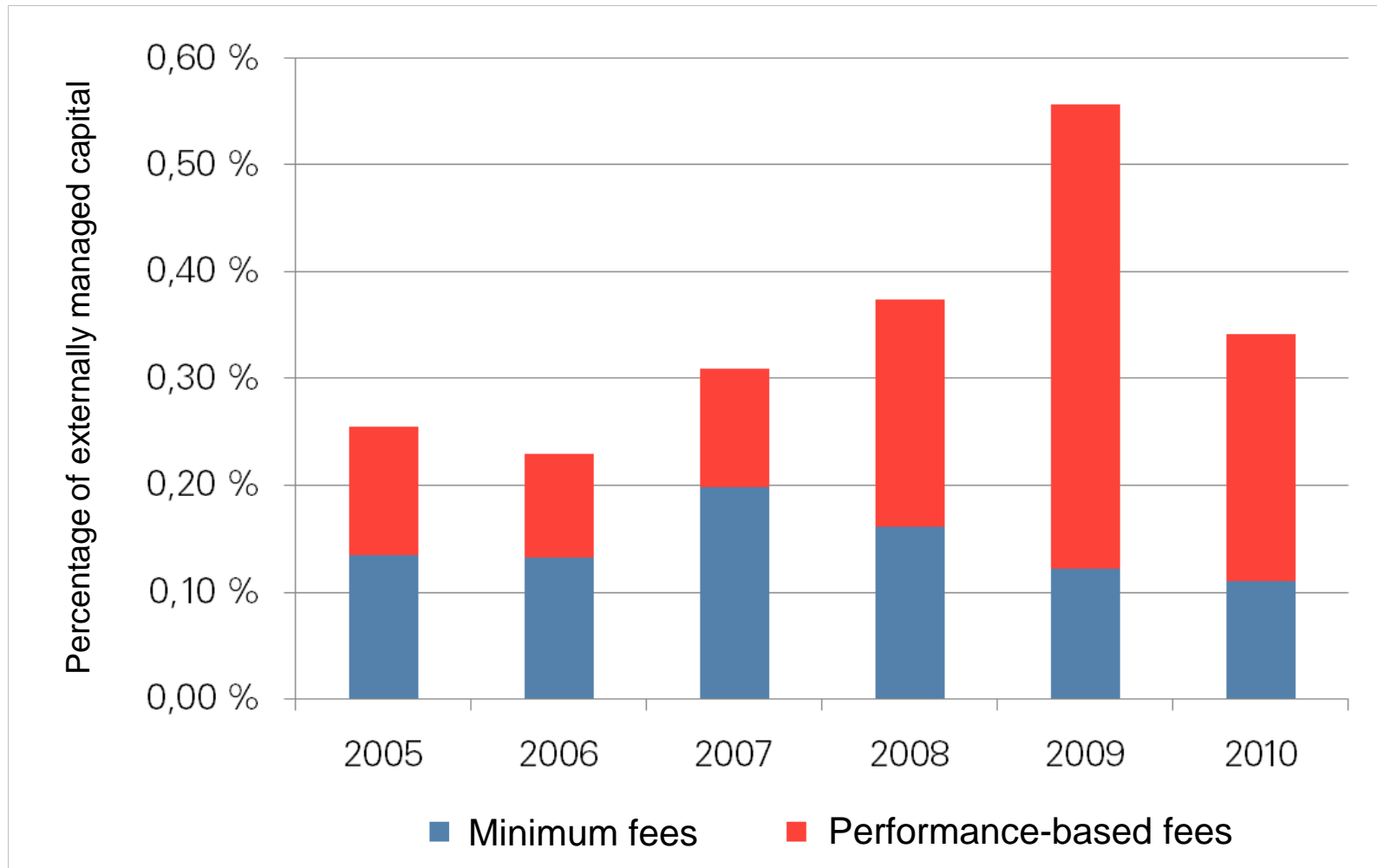
Millions of NOK



Millions of NOK	2002	2003	2004	2005	2006	2007	2008	2009	2010 (3Q)
Highest	32.2	50.4	146.0	165.3	148.1	133.5	155.3	530.1	93.9
Second highest	22.7	40.3	74.4	85.0	111.5	113.1	97.2	171.8	78.6
Third highest	16.4	34.4	43.4	35.6	54.6	82.6	88.5	124.3	73.8
Fourth highest	12.2	32.1	37.6	34.4	50.4	37.3	63.1	115.2	73.3
Fifth highest	11.4	28.6	27.8	31.7	43.4	33.2	59.3	85.3	59.8

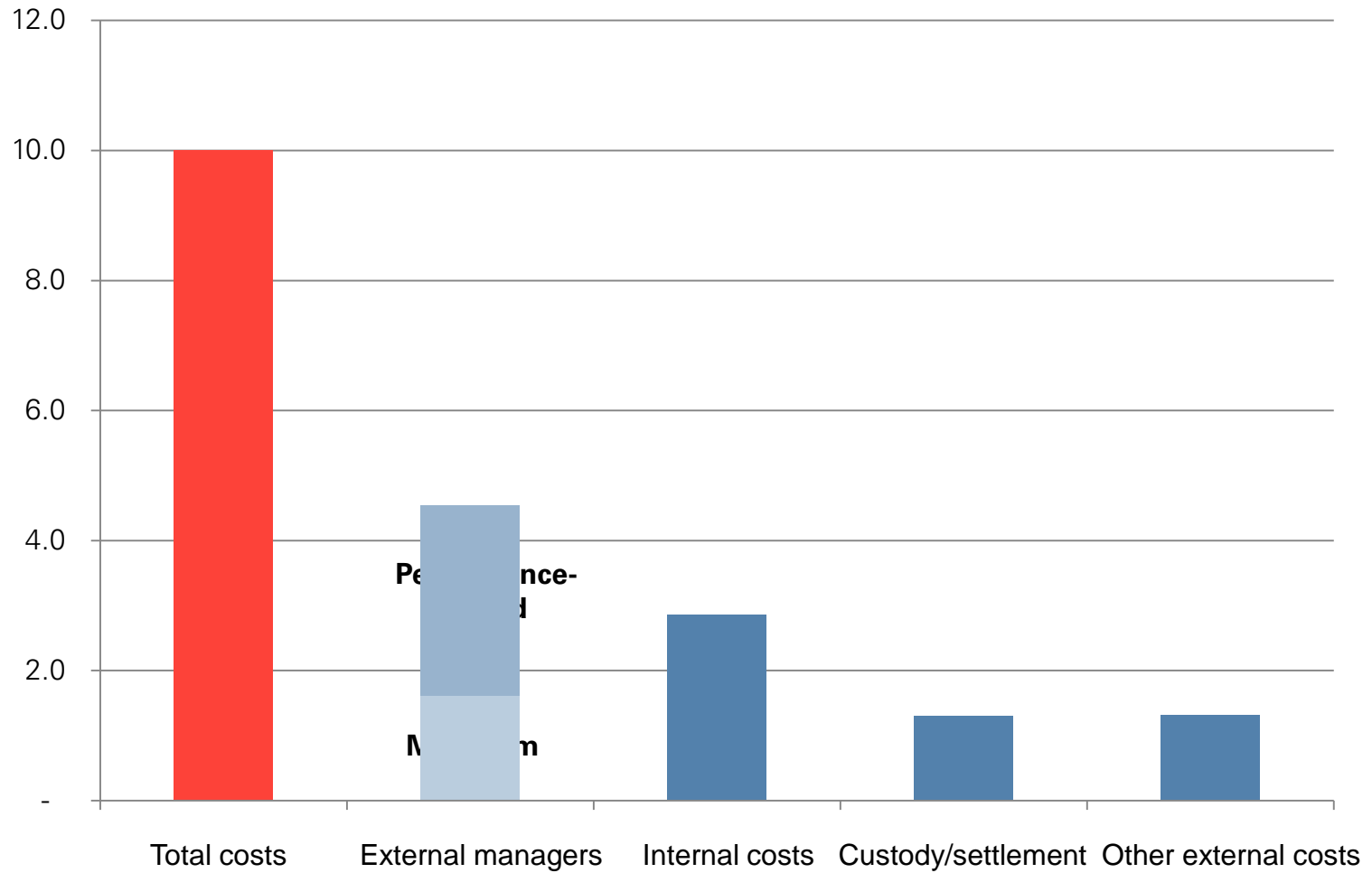
Fees by type

Percentage of externally managed capital



The fund's total costs

January to September 2010. Basis points of the fund's capital



Location of external managers



Requirements for external managers

- NBIM's standard agreement
- Separate accounts in NBIM's name
- Necessary licences from local supervisory authorities
- Extensive processes for selection of manager
- Daily registration of all trades with NBIM's custodian bank
- Extensive annual review of every aspect of mandate and company

Reasons for terminating agreements

- Poor performance over time
- Departure of key personnel
- Investments not in line with agreed mandate
- Serious shortcomings in internal procedures and/or repeated breaches of NBIM's or authorities' rules
- Withdrawal of licence by local regulatory authority

Real estate: First investment

Regent Street: Partnership with The Crown Estate

- The fund's first real estate investment
- 25% stake in Regent Street, London
- Partner/owner: The Crown Estate
- Purchase price about 4.2 billion kroner
- Transaction to be finalised in 1Q 2011



Regent Street: Partnership with The Crown Estate

- 113 buildings on 39 blocks
- Mainly shops and offices
- Crown Estate has plans for further development



Regent Street: Partnership with The Crown Estate

- Properties stretching from Piccadilly Circus to north of Oxford Street



Third quarter of 2010 in brief

- Return of 7.2 percent
 - Equity investments: 9.8%
 - Fixed-income investments: 3.4%
- Excess return of 0.4 percentage point
- Market value up to 2 908 billion kroner



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