

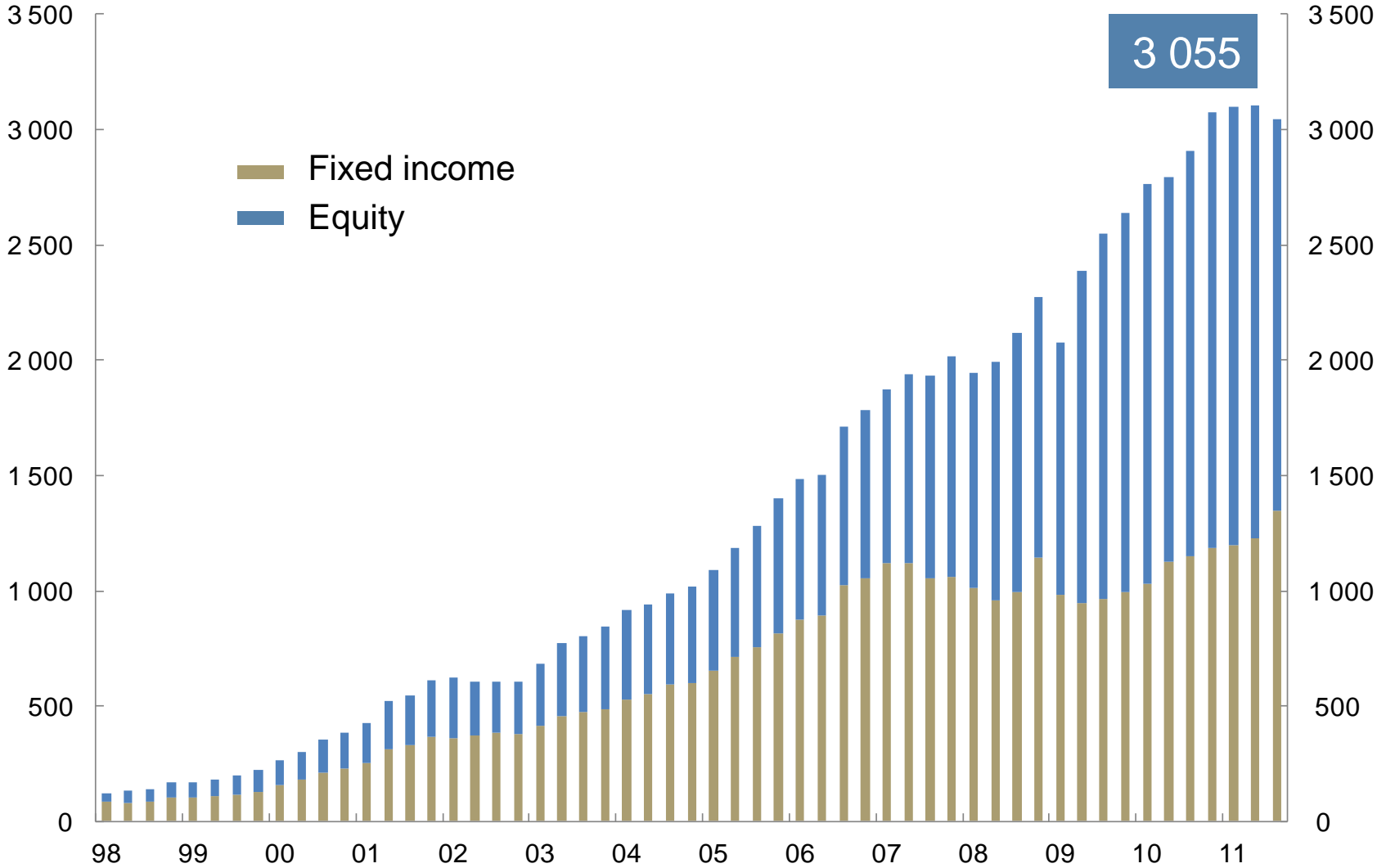
Press Conference
28 October 2011



GOVERNMENT PENSION FUND GLOBAL **THIRD QUARTER 2011**

The fund's market value per quarter

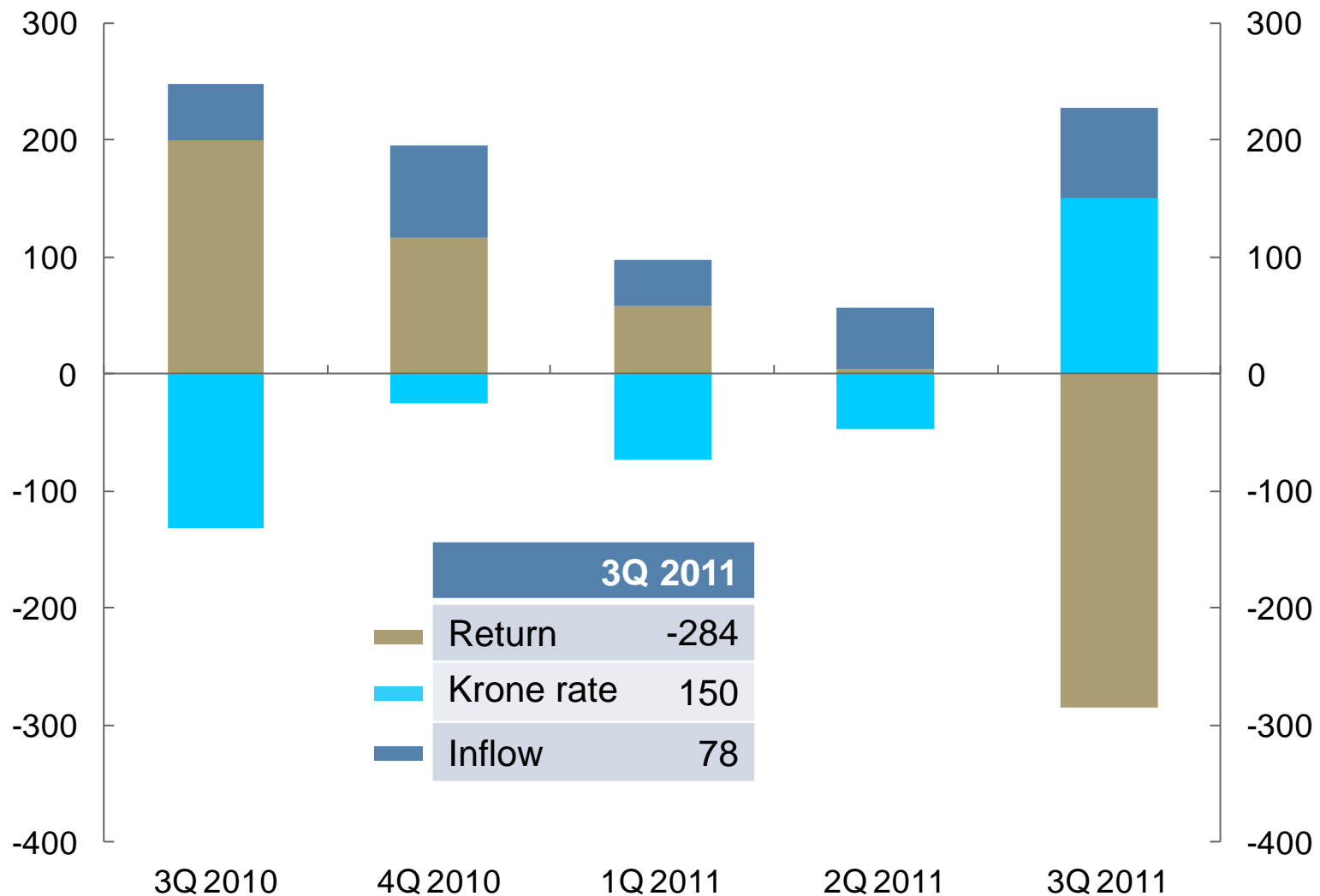
Billions of kroner, as of 30 September 2011



Source: NBIM

Change in market value

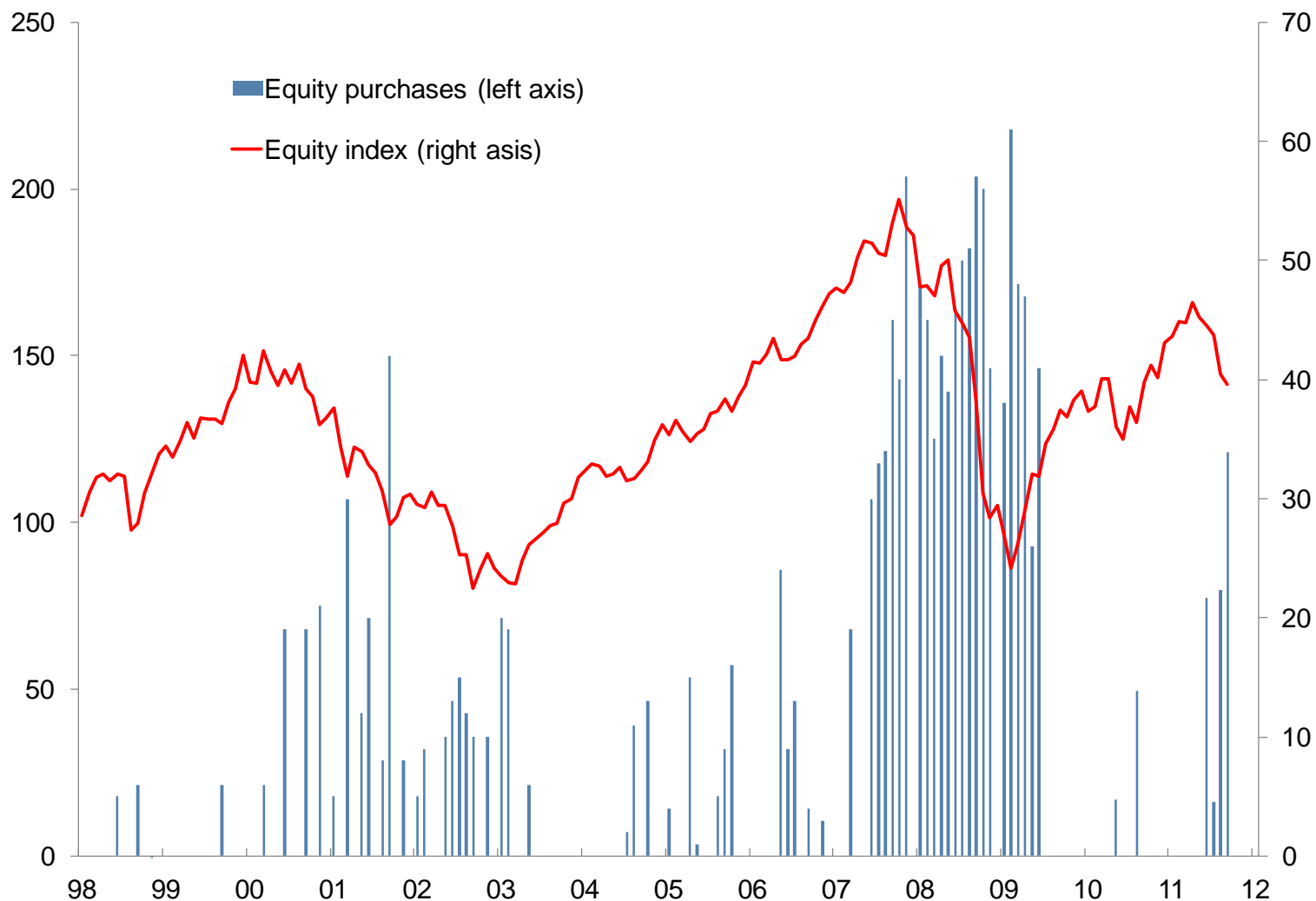
Billions of kroner



Source: NBIM

The fund's equity purchases

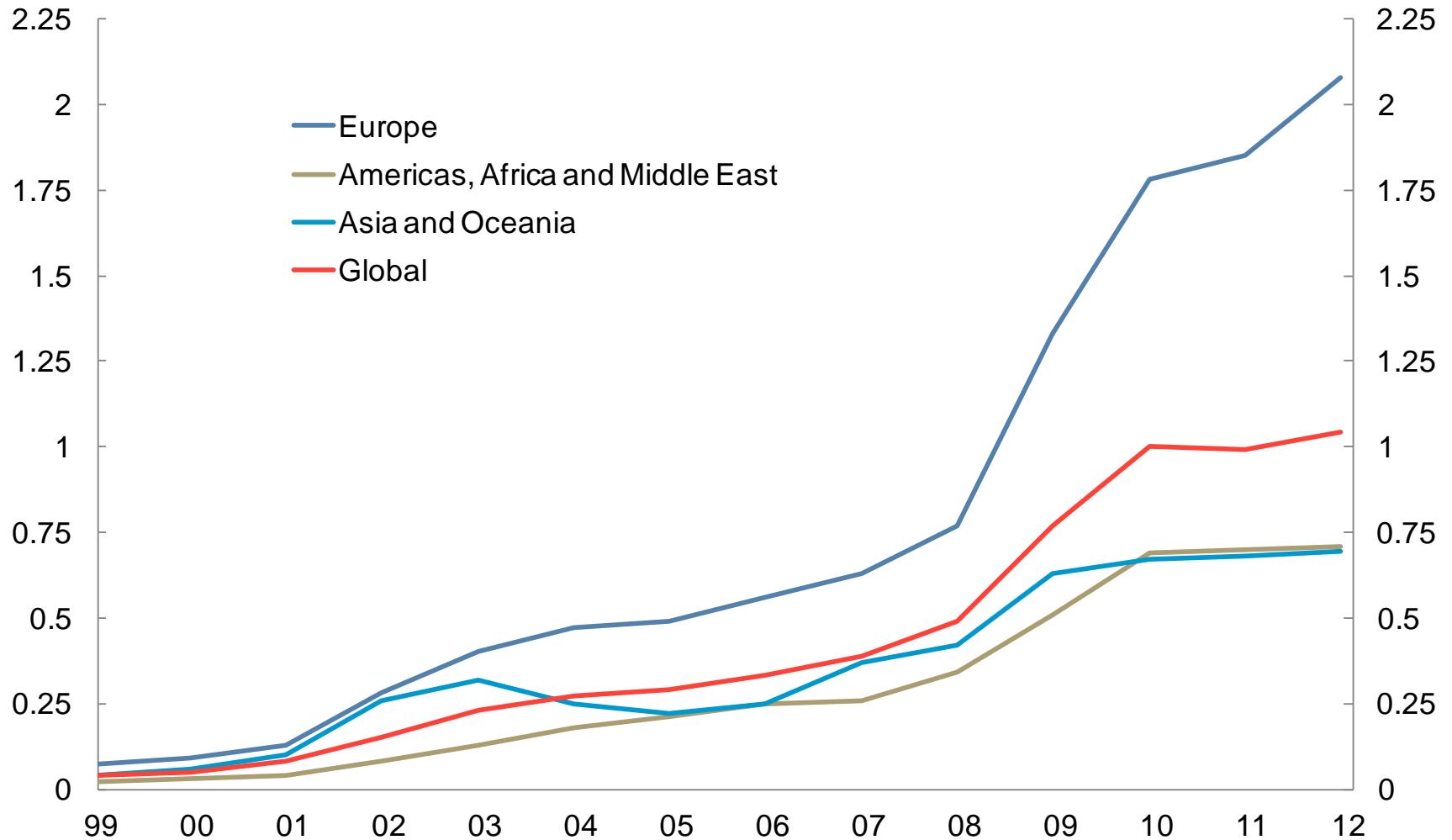
Billions of kroner and equity index (FTSE Global All-Share, 31 December 1997=100)



Source: FTSE, NBIM

Holdings in equity markets

Percent of FTSE All Cap Index's market capitalisation, as of 30 September 2011

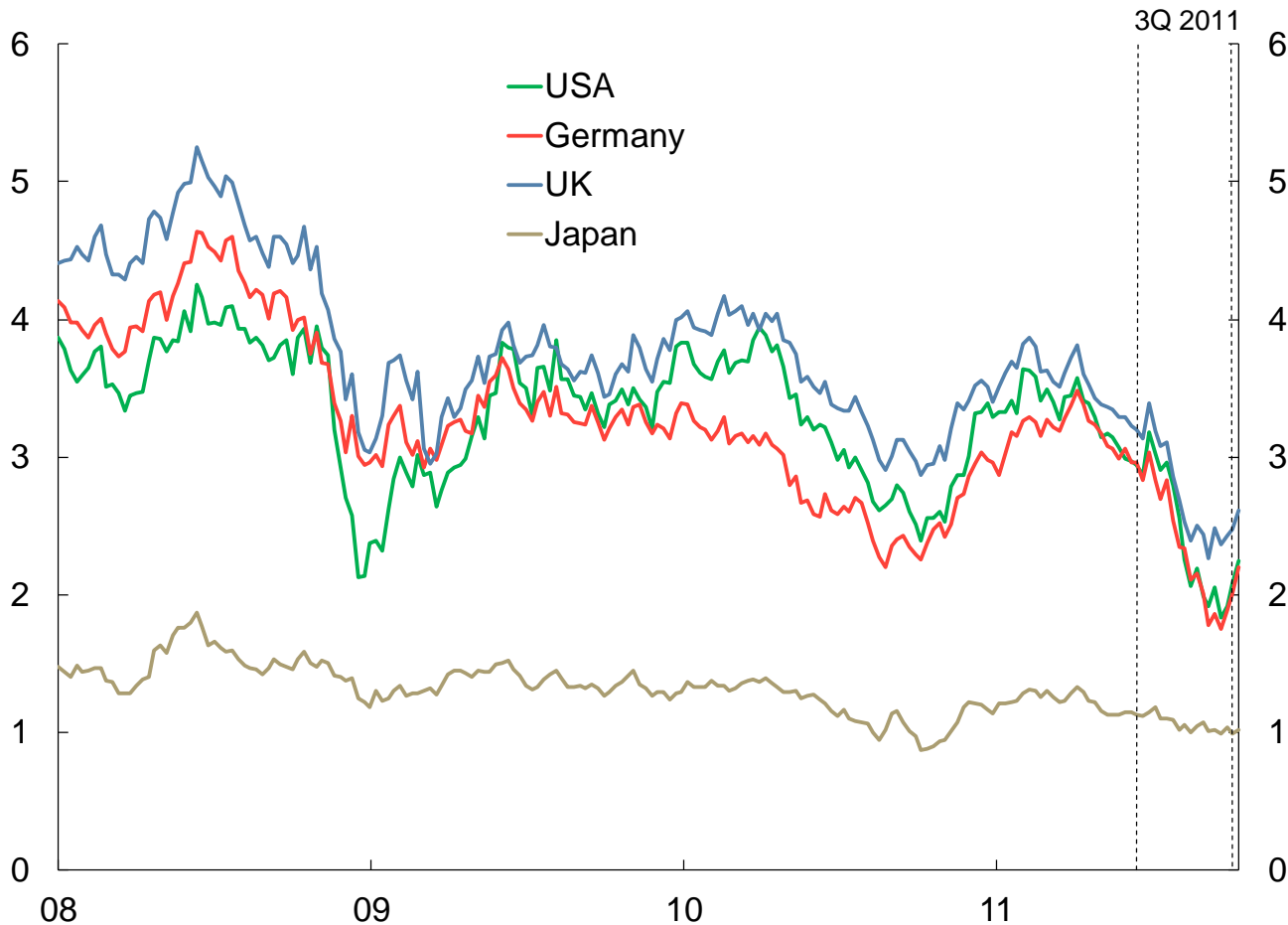


Source: FTSE, NBIM

Market developments

10-year treasury yields

Percent

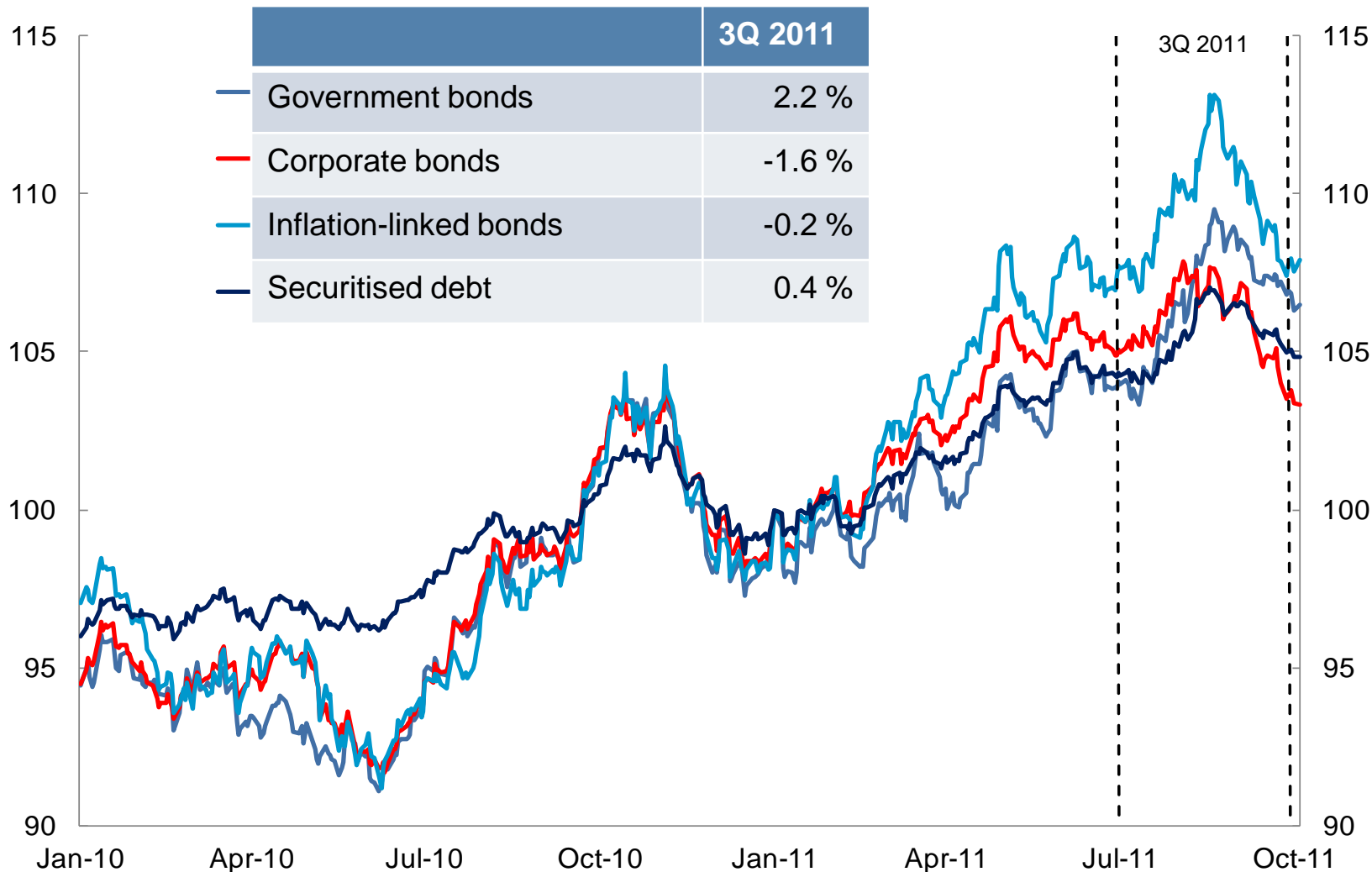


	30 Sep 2011	30 Jun 2011
USA	1.9%	3.2%
Germany	1.9%	3.0%
UK	2.4%	3.4%
Japan	1.0%	1.1%

Source: Bloomberg

Price developments in fixed-income sectors

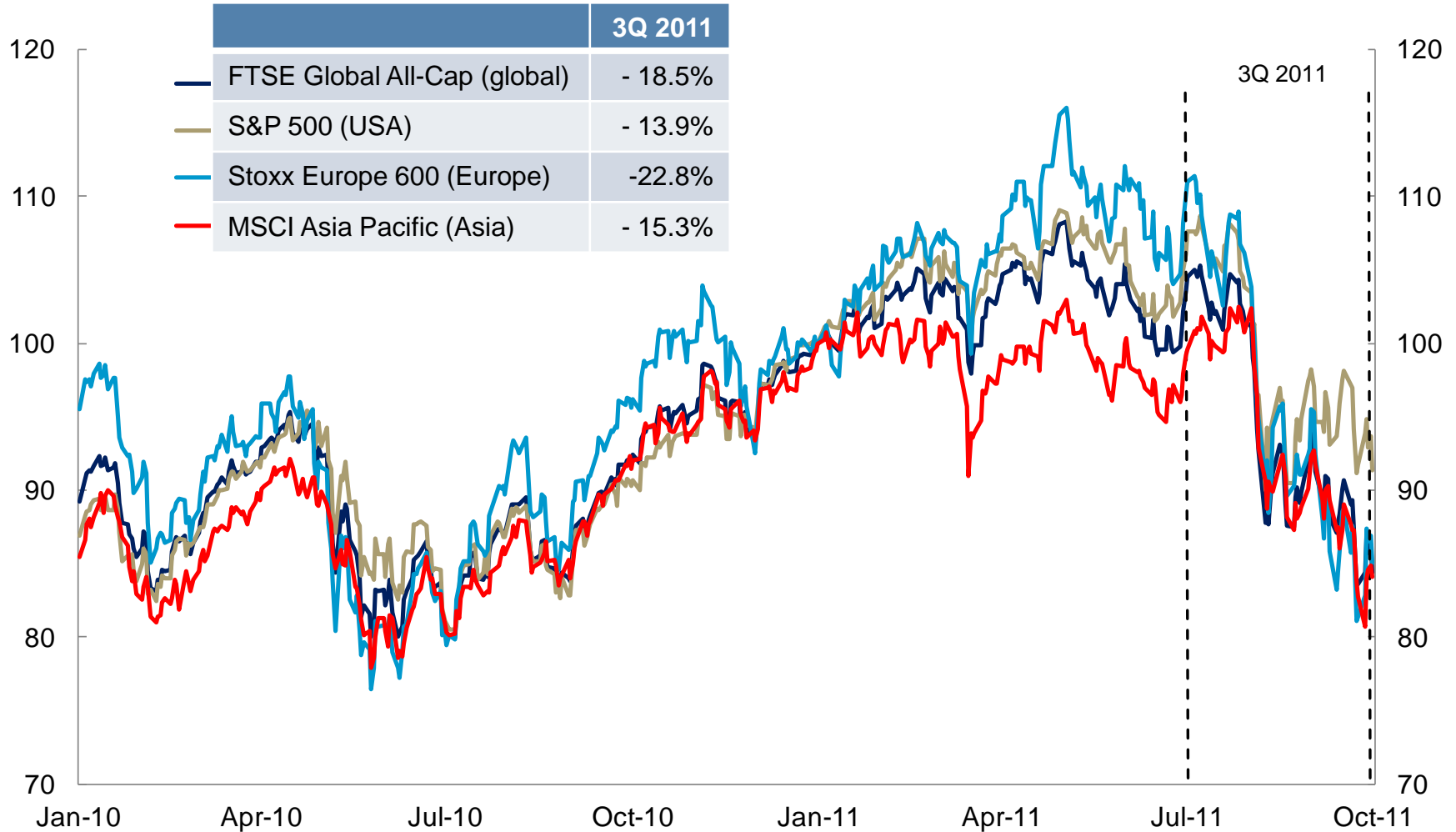
Barclays Global Aggregate Index (31 Dec 2010 = 100)



Source: Barclays Capital

Price developments in regional equity markets

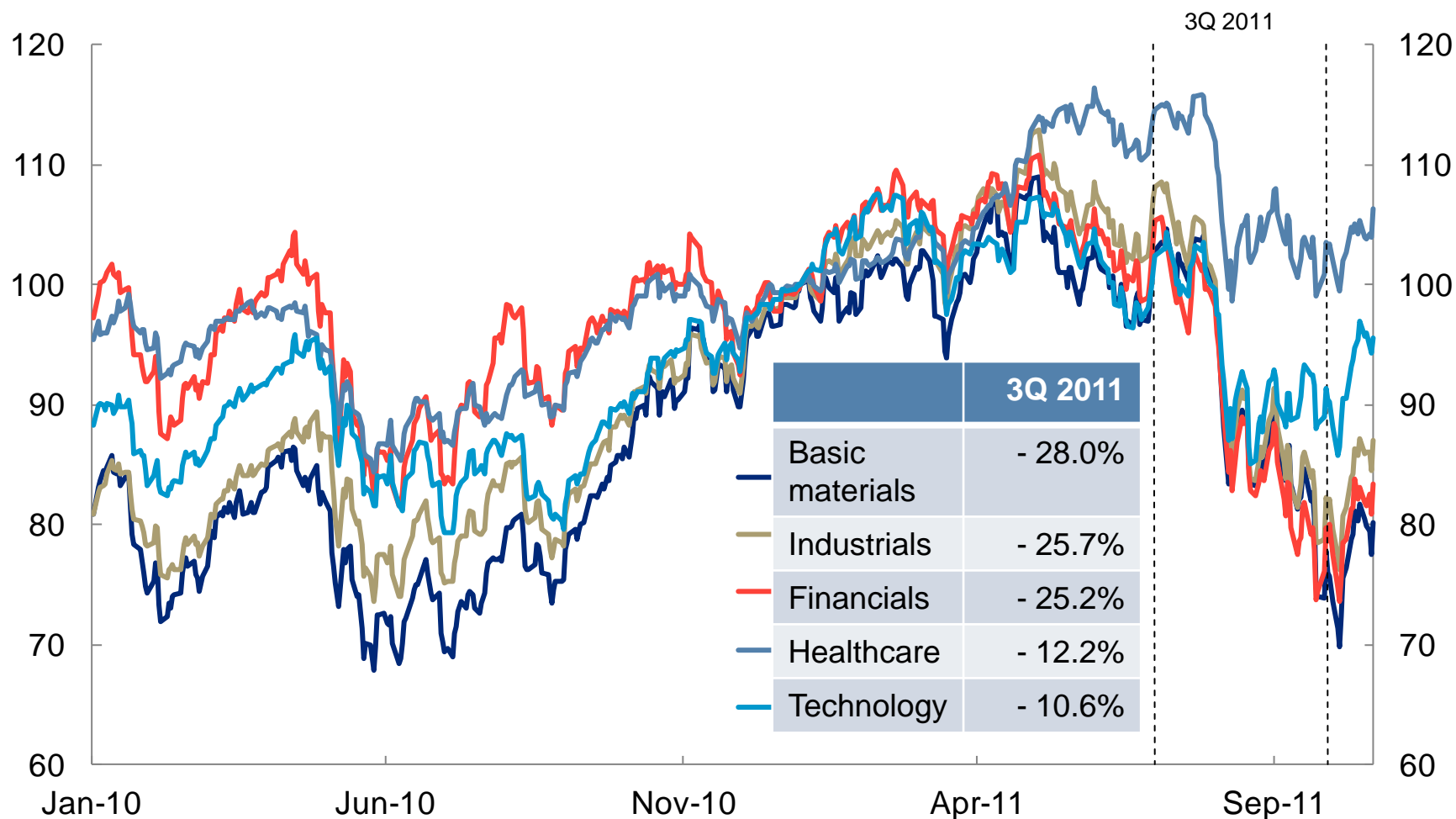
Measured in USD, indexed (31 Dec 2010 = 100)



Source: Bloomberg

Price moves in stock sectors

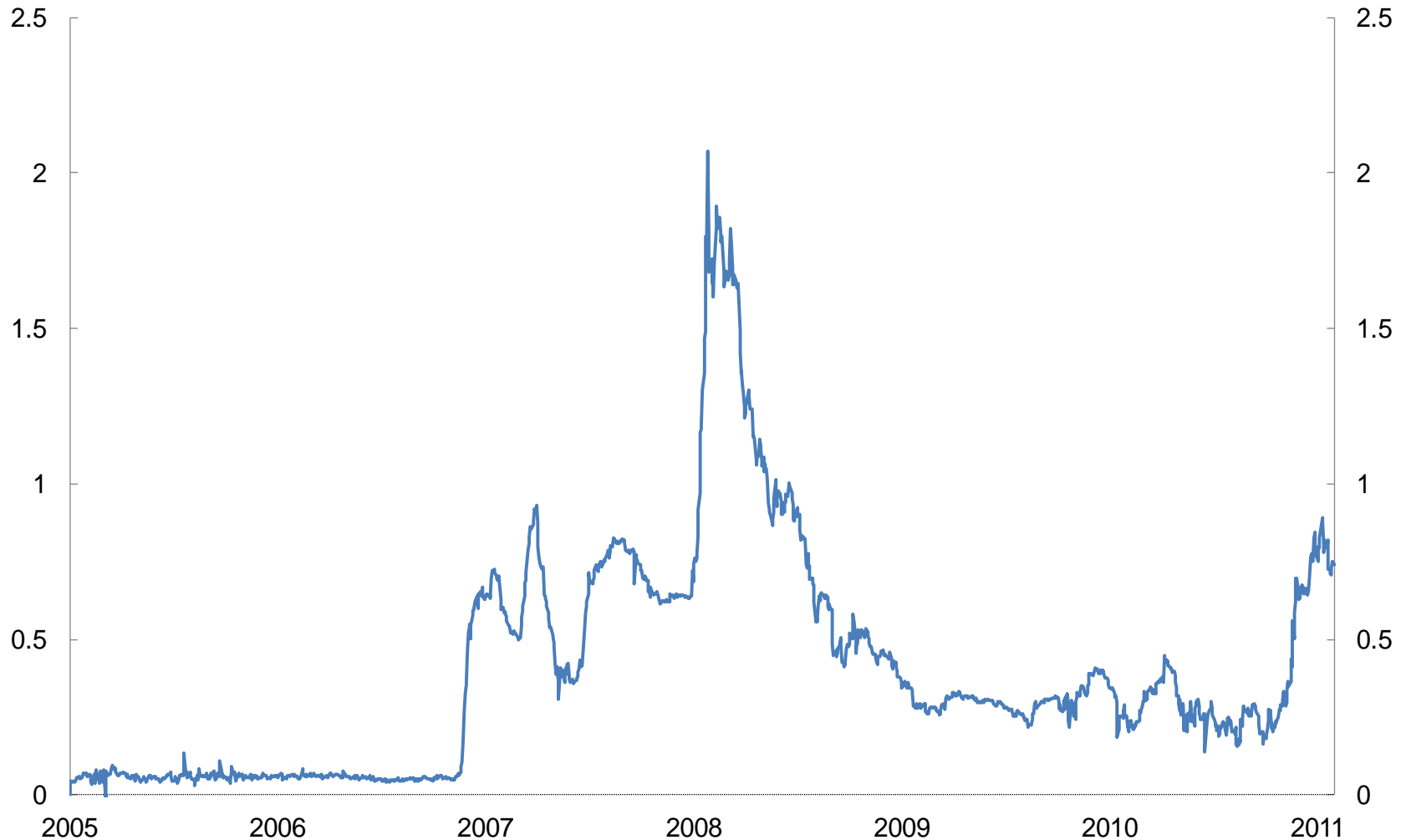
FTSE Global All Cap, measured in USD, indexed (31 Dec 2010 = 100)



Source: FTSE, NBIM

Increasing turmoil in money markets

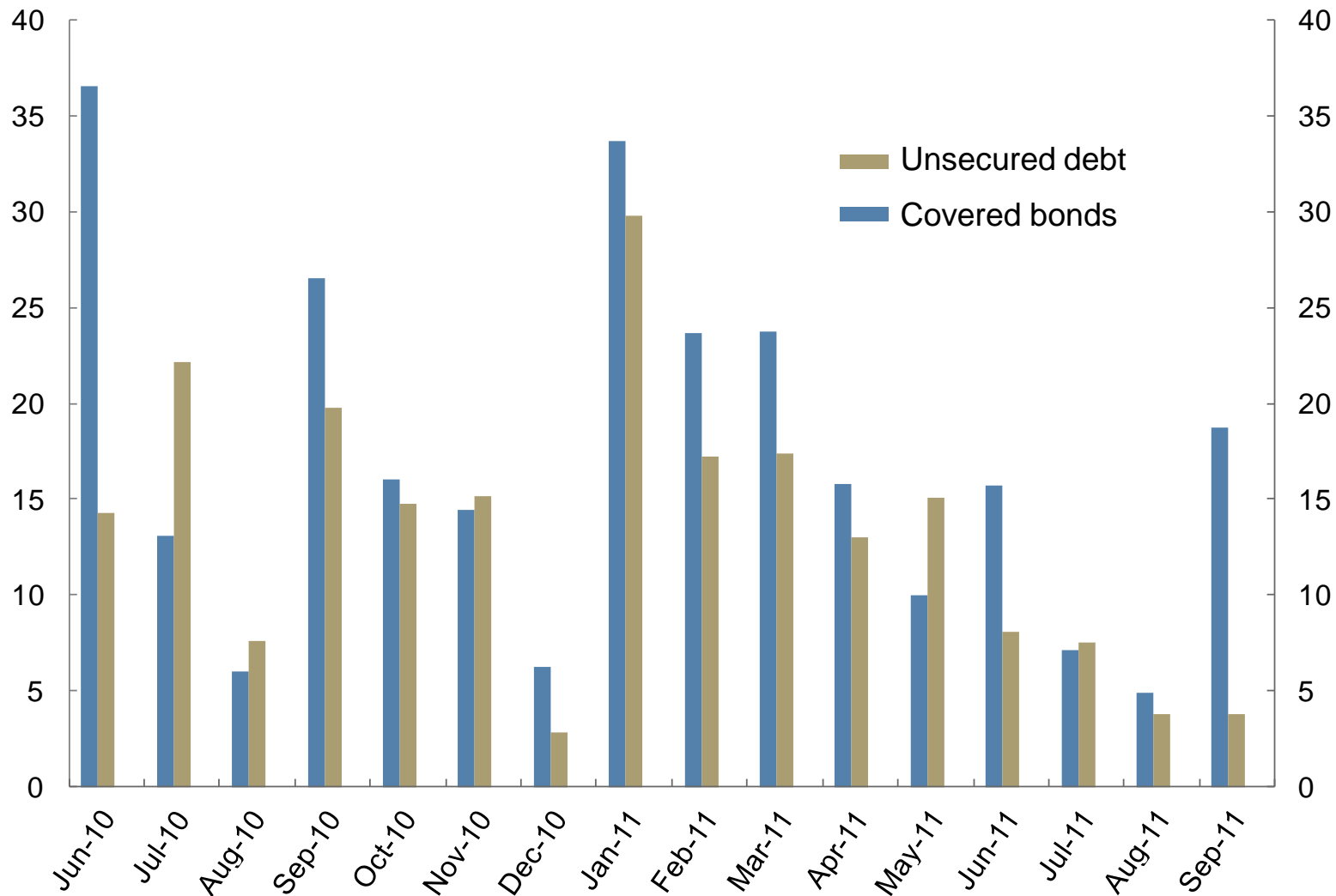
Difference between three-month euro interbank rate (Euribor) and overnight indexed swaps (OIS). Percentage points



Source: NBIM, Bloomberg

Issuance of bonds in Europe

Billions of euros

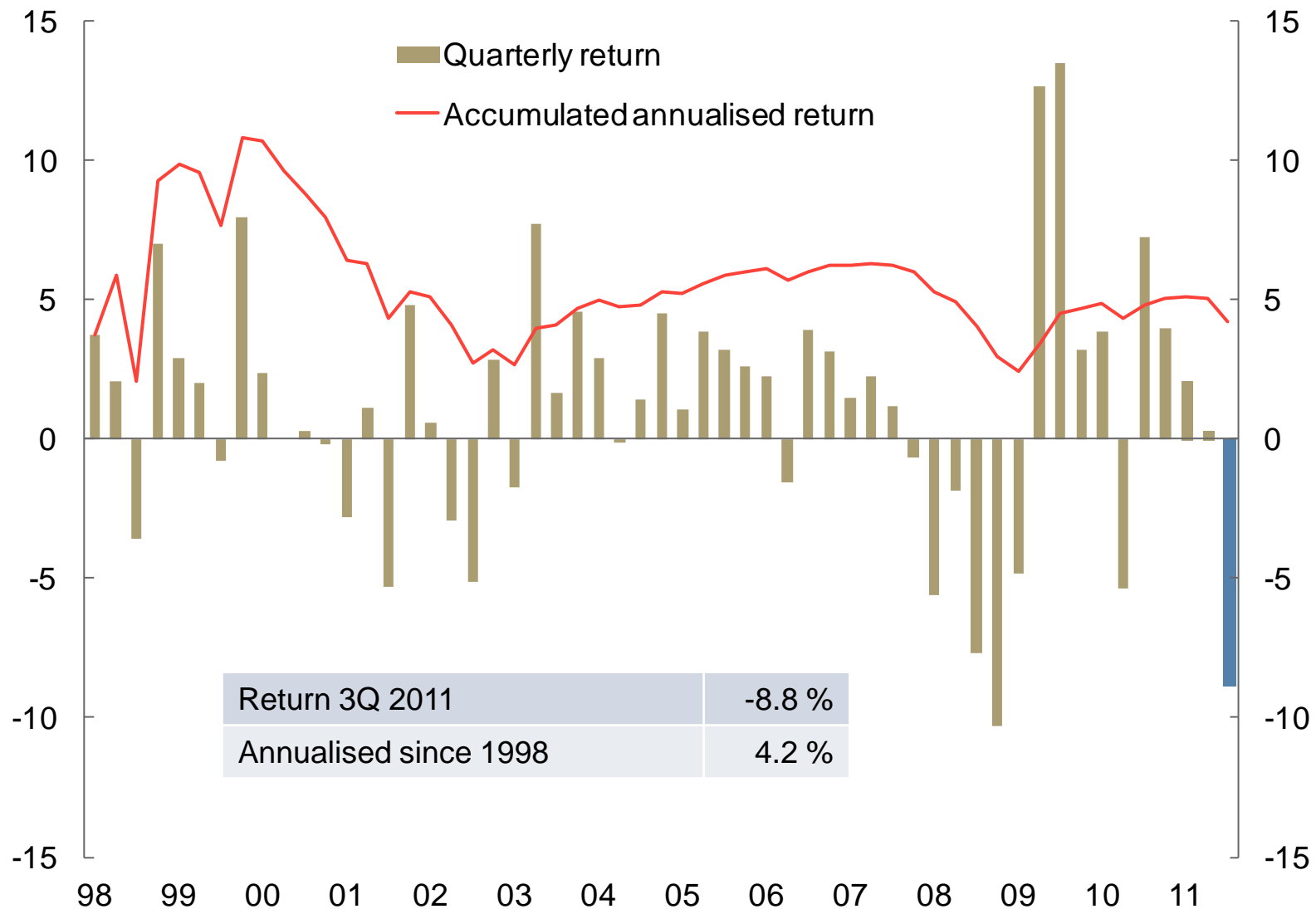


Source: NBIM

Performance

Quarterly and annualised absolute returns

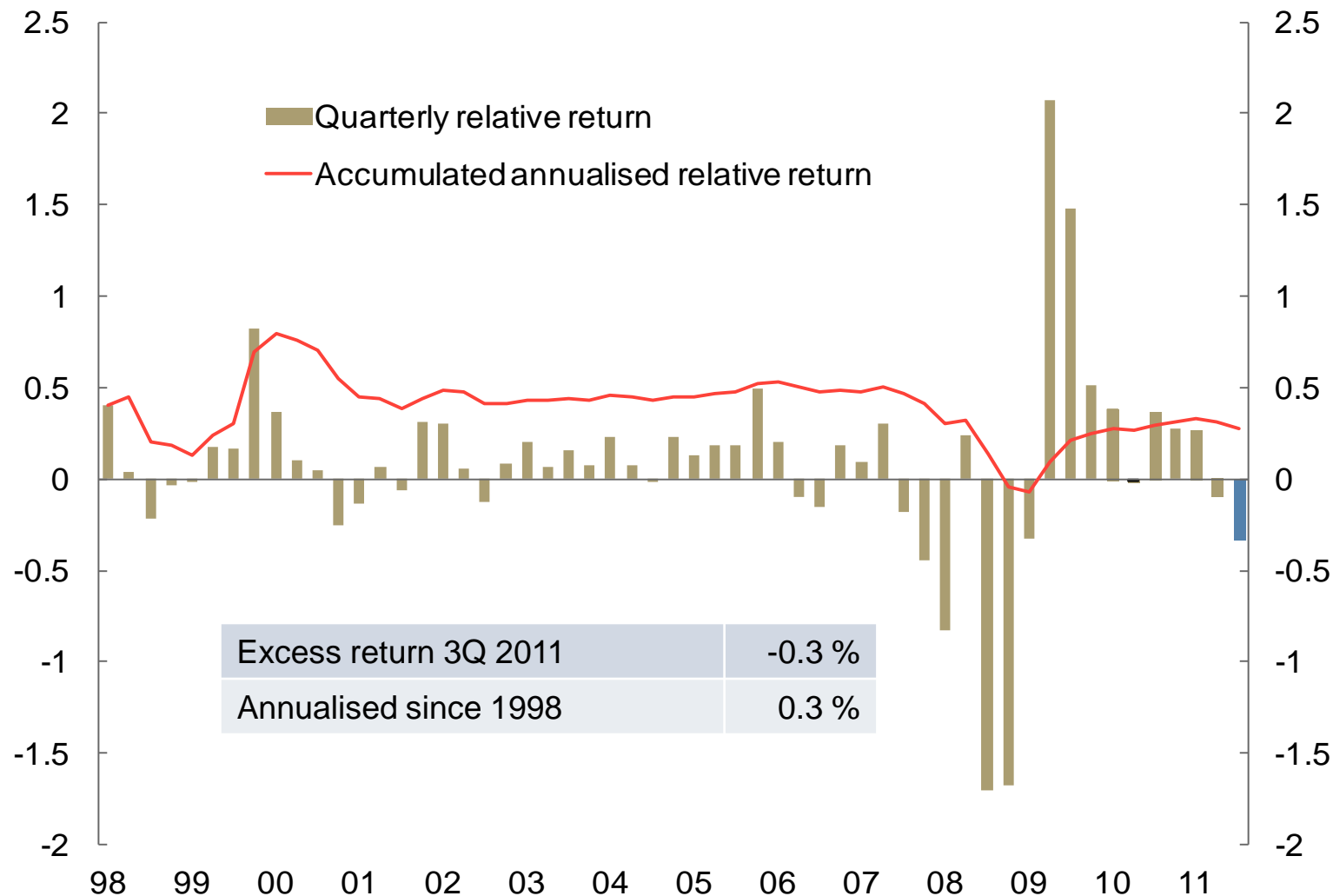
Percent, measured in international currency



Source: NBIM

Quarterly and annualised excess return*

Percentage points, measured in international currency

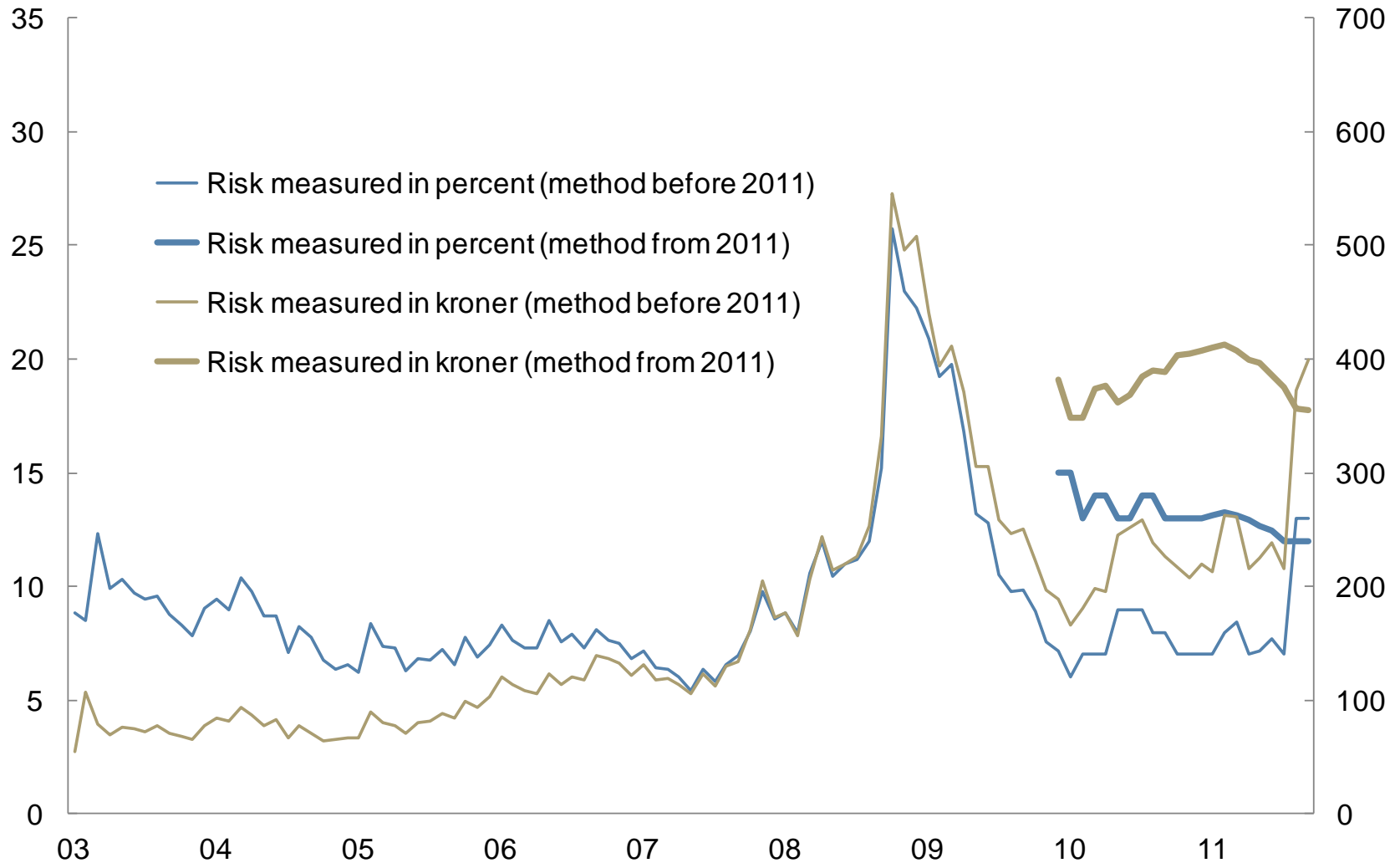


* Excluding real estate

Source: NBIM

The fund's market risk

Expected absolute volatility in percent and billions of kroner

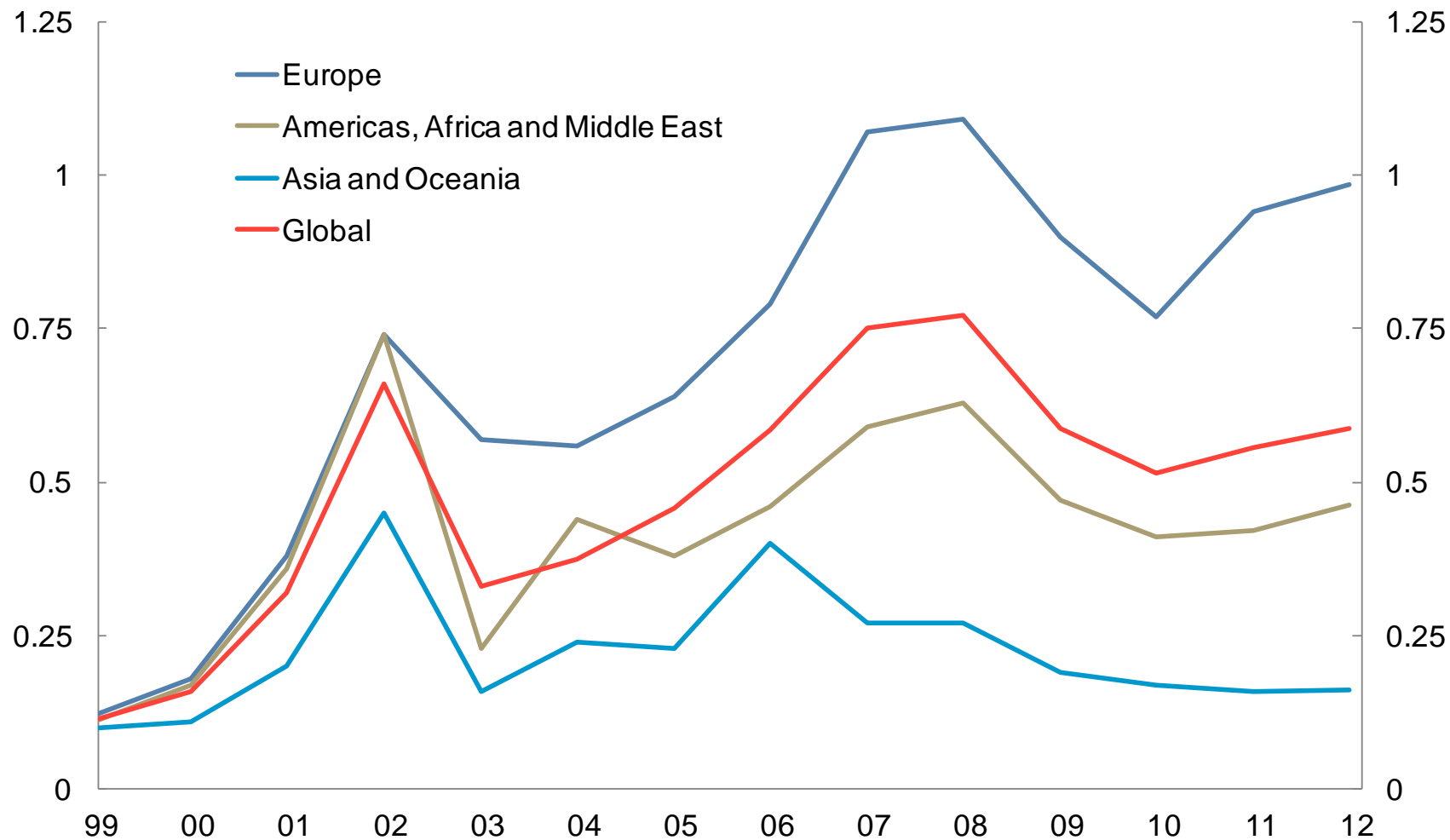


Source: NBIM

European government debt

Holdings in fixed-income markets

Percent of Barclays Global Inflation Linked and Barclays Global Aggregate indices, 30 September 2011



Source: Barclays capital, NBIM

Fund's holdings of selected issuers

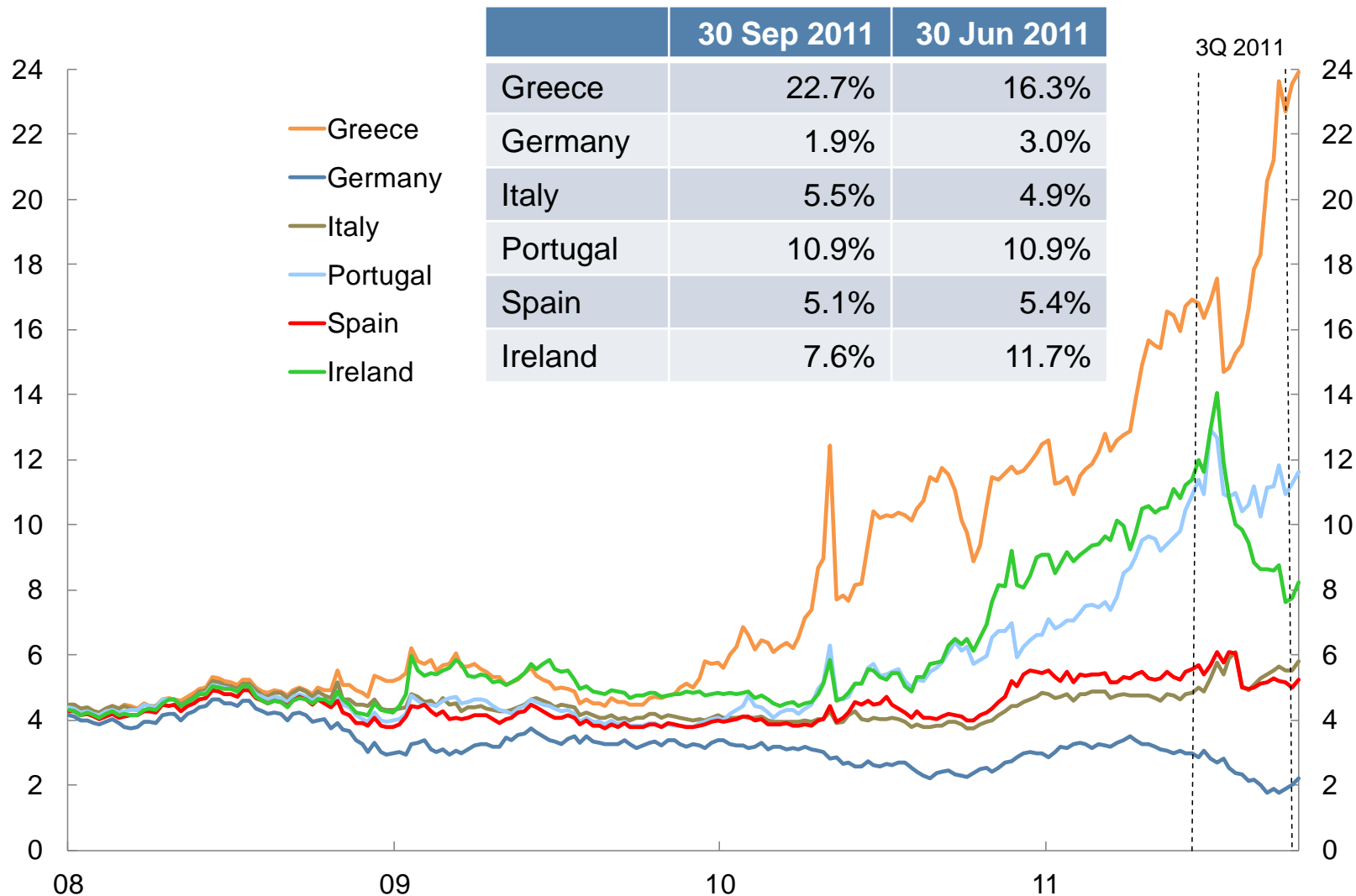
As of 30 Sep 2011, percent

Issuer	Holding
Italian government	0.5 %
Spanish government	0.6 %
Irish government	0.7 %
Greek government	0.2 %
Portugese government	0.3 %
EFSF	0.7 %

Source: Barclays Capital, Eurostat, Bloomberg, NBIM

10-year yields on selected European bonds

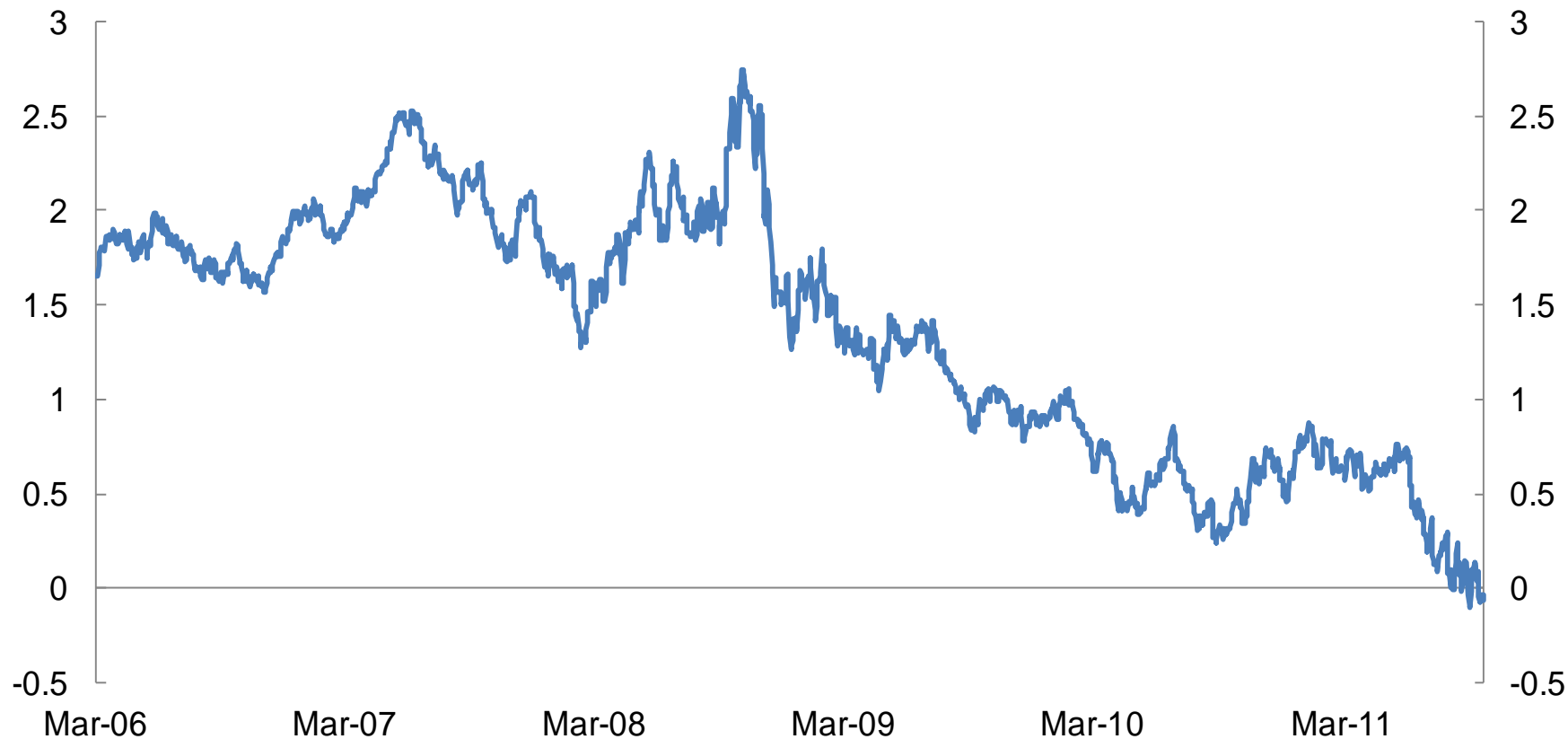
Percent



Source: Bloomberg

Real return in the bond market

10-year German government bonds, percent



Source: Barclays Capital

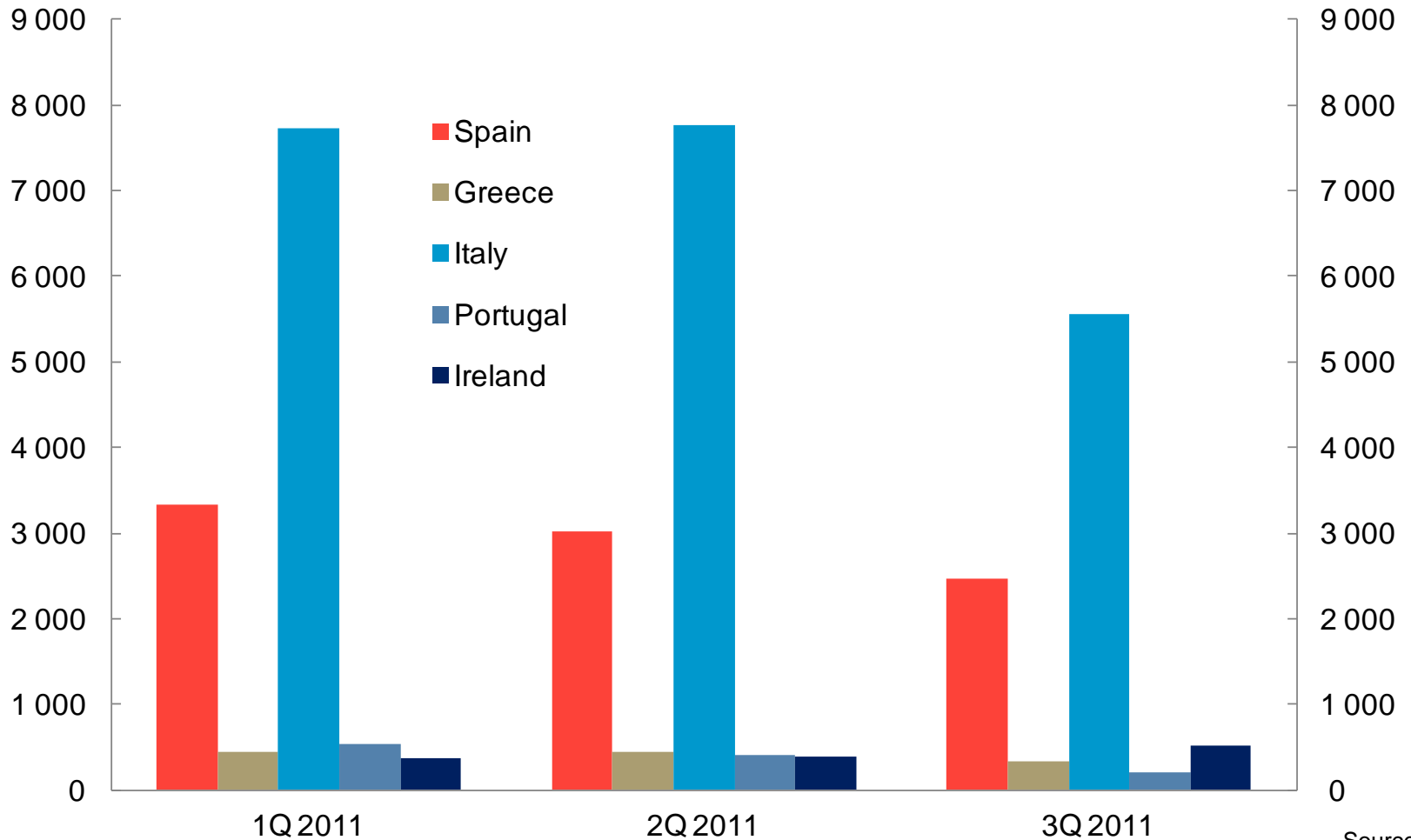
Fund's biggest fixed-income holdings in Europe

As of 30 Sep 2011, billions of kroner

Issuer	Country	Market value of fund's holding
British government	UK	107
French government	France	77
German government	Germany	61
Italian government	Italy	44
Dutch government	Netherlands	27
Kreditanstalt für Wiederaufbau	Germany	23
Spanish government	Spain	19
Bank of Scotland Plc	UK	18
Austrian government	Austria	17
Belgian government	Belgium	16

Fund's government debt holdings in selected European countries

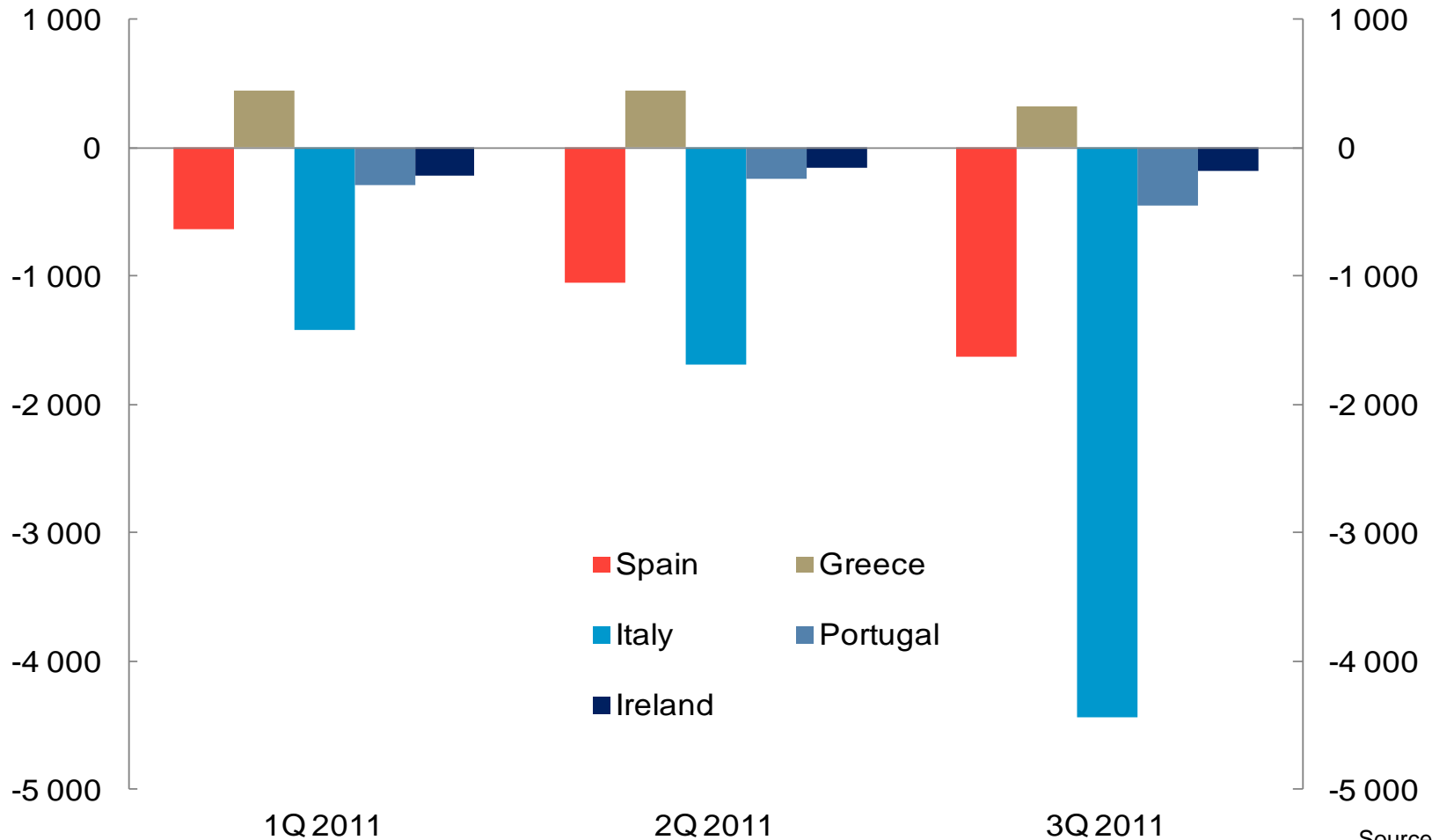
30 Sep 2011, billions of euros



Source: NBIM

Fund's government debt holdings in selected European countries

30 Sep 2011, compared with benchmark index



Source: NBIM

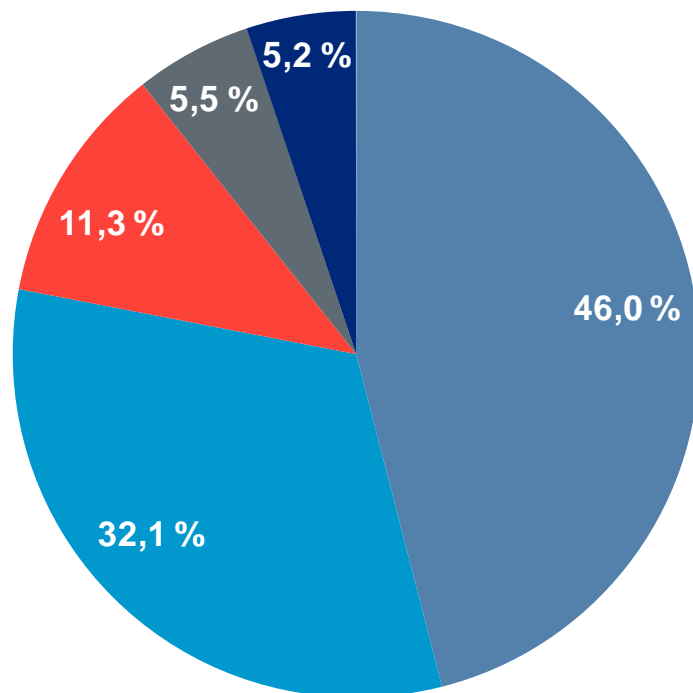
The fund's holdings of government debt

Selected European countries, millions of kroner

Government debt	30 Sep 2011	
Country	Holdings	Benchmark deviation
Greece	2 582	2 582
Ireland	4 146	- 1 404
Italy	43 763	- 35 002
Portugal	1 597	- 3 499
Spain	19 476	- 12 775
Total	71 564	- 50 098

Currency distribution of fund's fixed income holdings

As of 30 September 2011, percent and billions of kroner



■ EUR ■ USD ■ GBP ■ JPY ■ Other

Currency	Holdings
USD	421
EUR	603
GBP	149
JPY	72
Other	68

Fund's fixed-income management in euro area

- Reduced holdings of government bonds in some euro countries
- Increased covered bond holdings
- Reduced holdings of senior debt and hybrid capital issued by banks in the euro area
- Reduced lending of securities denominated in euros
- Reduced counterparty exposure to European banks

Changes to NBIM's internal policy fixed-income benchmark

- Reduced number of bonds from about 11,500 to about 4,000
- Removed a number of bond sectors
- Kept mainly government and corporate bonds
- Changed to GDP weights for euro-denominated government bonds

Highlights

- The Government Pension Fund Global returned -8.8 percent, or -284 billion kroner, in the third quarter of 2011 after global stock markets tumbled. It was the second-weakest quarter in the fund's history.
- Equity investments returned -16.9 percent and fixed-income holdings gained 3.7 percent. The overall return was 0.3 percentage point lower than the return on the benchmark indices.
- The fund's market value fell 56 billion kroner to 3,055 billion kroner.
- The fund bought a 50 percent stake in seven properties in and around Paris from AXA Group in July. It was the fund's first real estate investment in France and its second overall.
- The fund held 55.6 percent equities, 44.1 percent fixed income and 0.3 percent real estate at the end of the quarter.



NBIM

Norges Bank Investment Management

