Hilfe

Annual report 2008

KLP's development over the last 5 years

NOK million	2008	2007	2006	2005	2004
Premium income	21 993	18 335	15 294	12 800	13 485
Insurance-related administration costs	651	868	591	516	479
Interest profit/loss	-3 710	6 586	4 663	3 262	3 396
Risk profit/loss	362	99	99	77	28
Allocated to (+)/from (-)supplementary reserves	-3 705	1 248	1 349	1 278	1 121
Profit/loss taken to the customers' premium fund	1 903	3 607	3 568	2 310	1 919
Net income taken to owners' equity funds	397	267	169	137	143
Total assets	201 896	194 455	176 160	156 571	141 473
Insurance funds					
Premium reserve	177 744	163 277	145 738	134 445	124 810
Supplementary reserves	3 940	7 784	6 572	5 288	4 031
Securities adjustment fund	-	7 132	7 934	5 957	2 595
Other provisions in the insurance fund	2 419	4 121	4 023	2 660	2 576
Subordinated capital					
Owners' equity contribution paid in	4 633	4 220	3 720	3 148	2 598
Retained earnings	3 804	2 732	2 364	2 147	1 989
Other subordinated loan capital	5 022	3 420	4 422	2 088	2 060
Solvency capital	17 882	24 293	26 270	23 180	8 102

Per cent	2008	2007	2006	2005	2004
Return on the common portfolio[1]					
Return I - Book	1.0	7.5	6.6	5.7	6.0
Return II - Value-adjusted	-3.0	6.7	7.6	8.0	6.9
Return III - Value-adjusted incl. value changes bonds held to maturity	-1.7	5.4	5.2	7.5	7.7
Capital adequacy	14.6	12.1	14.1	12.1	14.0
Solvency margin adequacy	196	218	220	181	175
Solvency capital as a percentage of insurance liabilities with interest guarantee	9.9	14.5	17.6	16.9	6.4
Insurance-related administration costs as a % of average customer reserves	0.36	0.50	0.38	0.37	0.38

Number	2008	2007	2006	2005	2004
Active members	299 408	297 496	291 290	291 796	289 449
Pensioners	149 833	145 963	140 024	135 776	130 466
Employees in the life company	407	387	328	318	305
Employees in the Group	685	649	564	509	480

[1] As from 2008 clients assets are apportioned to a segregated portfolio (the common portfolio). Return figures for 2008 pertain to the common portfolio while return figures for previous years pertain to total assets under management.

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Important events during 2008
Solidity demonstrated yet again

JANUARY

New KLP Group Chief Executive Officer Sverre Thornes (47) took over as the new KLP Group Chief Executive Officer on 3 January. He has broad experience from insurance and asset management. Thornes came from the position as KLP Executive Vice President Life Insurance.

Happy recipients of the working environment prize
KLP awarded the Company's annual working environment prizes. Three prizes of NOK 100,000 each were awarded: one for the local authorities, one for the health enterprises and one for the companies/organisations. Bamble Municipality received NOK 100, 000, the intensive medical care department at Haukeland Hospital received NOK 100,000 and Haraldsplass Diakonale Hospital received NOK 100,000.

Important property investments
KLP bought Gjensidige's head office at Sollerud in Oslo and the VG building in central Oslo. The properties were valued at NOK 1.5 billion and NOK 1.2 billion respectively.

FEBRUARY

100 million in Seniors' loans KLP is experiencing ever-increasing interest in its Seniors' loans. The Company has lent NOK 100 million since launching the reverse-mortgage product Litt Extra (A Little Extra) in spring 2007.

MARCH

Good 2007 results
KLP delivers a good result for 2007 providing the basis for a solid return of surplus to customers after necessarily strengthening reserves for longevity.

APRIL

NOK 3.6 billion back to customers
In May the Annual General Meeting approved the profit allocation recommendation of the Board of Directors. For 2007 NOK 3.6 billion was allocated to the customers' premium fund and NOK 1.2 billion to supplementary reserves. The 2007 surplus of NOK 267 million was transferred to KLP's owners' equity fund.

MAY

KLP and society 2007
KLP's social responsibility report "KLP and Society" was presented. The report documents how the KLP Group is working in a long-term, sustainable perspective.

New Chair of the KLP Board of Directors
At the Supervisory Board meeting on 14 May, Arne Øren was elected the new Chair of KLP's Board of Directors. Øren is a member of Fredrikstad Municipal Council and was Chairman of Østfold County Council from 1991 to 2007.

National Insurance settlement finalised

The annual National Insurance settlement gives a historic rise to single minimum pensioners. Young disabled also receive the financial rise of the times in the annual settlement. The National Insurance Basic Sum ("G") is increased by 5.15 per cent to NOK 70,256.

JUNE

The KLP list: exclusions and re-inclusions

KLP has carried out its semi-annual examination of which companies do not satisfy the Company's ethical criteria. Following the biannual examination KLP places one new company on its exclusion list: Group 4 Securicor (G4S). One company is re-included: the French company AWB.

Public sector employees can now take out private non-life insurance with KLP Skadeforsikring at very advantageous prices

Eco-Beacon

In June KLP Skadeforsikring received its certificate showing the company to be Eco-Beacon certified. This is a certification scheme that helps private and public sector enterprises to operate in an environmentally friendly and at the same time profitable manner.

JULY

Public sector occupational pensions will prevail

89 per cent of the country's mayors, local authority chief executives and other local authority managers believe public sector occupational pensions will survive the pension reform. This is shown in a survey carried out by Perduco for KLP.

AUGUST

KLP enters the personal non-life insurance market

Public sector employees can now take out personal non-life insurance policies with KLP Skadeforsikring at very favourable prices.

KLP initiates Sustainable Value Creation

The country's largest financial investors launched a partnership project to influence Norwegian stock-market listed companies towards sustainable development and long term value creation. KLP is the initiator of the project, which represents total assets of NOK 2,700 billion.

SEPTEMBER

Maintaining good rating

In September the Company's Standard & Poor's credit rating was confirmed at A- with stable outlook. The credit rating agency has carried out credit assessment of KLP since 2004.

New billions to lending

As a result of the financial crisis it became more difficult and expensive for Norwegian local authorities to obtain loans. KLP therefore decided to increase its allocation to local authority lending by NOK 5 billion.

OCTOBER

KLP organises climate seminar in Oslo

KLP is the Norwegian partner for the Carbon Disclosure Project (CDP). Each year the Carbon Disclosure Project puts a number of climate-related questions to the 500 largest global companies as well as to a large number of other companies in various regions. Norwegian stock-market listed companies were the weakest in the Nordic region in reporting their effect on the climate.

NOK 600,000 to TV campaign

KLP has been sponsor for Blue Cross Norway since 2004. When Blue Cross got the annual TV campaign, KLP challenged its own employees to compete for Blue Cross. KLP managed to collect NOK 600,000 for the TV campaign.

NOVEMBER

200 billion

KLP passed NOK 200 billion in total assets. This is a doubling of total assets in seven years.

The effects of the financial crisis

The financial crisis and weak financial markets produce a weak result for KLP in the third quarter. Developments in the financial markets have demonstrated the significance of good solvency and solid buffer capital to meet market fluctuations.

Member No. 300,000

KLP passes 300,000 occupationally active members in the Company's pension schemes. This was marked by the presentation of flowers and a decanter to member No. 300,000, Salima Elharouni. She works as a bioengineer at Oslo University Hospital, in the blood bank department.

DECEMBER

The KLP list: four exclusions, two re-inclusions

KLP has carried out its semi-annual examination of which companies it can invest in according to the Company's ethical criteria. Four new companies are excluded: China Mengniu, Rio Tinto, Textron, and AES. Two new companies are included in KLP's investment world: Sodexo and BHP.

Nordic ethical co-operation

Three Nordic pension funds - Folksam from Sweden, Illmarinen from Finland and KLP from Norway – have recently gone into partnership to influence companies associated with ethical breaches. These three are to coordinate efforts to reach more companies and at the same time represent greater ownership influence.

Record payment to KLP pensioners

KLP set a new payment record in 2008. A gross amount of more than NOK 7.2 billion gross has been paid in pensions. This is an increase of almost 10 per cent compared to the year before.

A demanding though susceptible year

Steady course in troubled waters

The financial crisis and weak financial markets characterised 2008 and KLP's results. Notwithstanding that we finished the year with only 1 per cent in book return on our customers' pension funds, we are pleased to be able to return NOK 1.9 billion to the customers' premium fund and strengthen owners' equity with a profit of NOK 397 million.

Sverre Thornes
Group Chief Executive Officer

Over recent years we have built up solid reserves to be able to face difficult times. This paid off in 2008. Even though our reserves were reduced last year, we are still a solid company. This gives us the neccessary freedom – freedom to choose a management strategy that will provide our customers with competitive returns in the days to come – freedom to go on developing KLP for the good of its owners and customers.

2008 has been a year with a number of important events in the KLP Group. KLP Skadeforsikring launched non-life insurance products for the personal market as a logical step in our efforts in providing additional services to our customers' employees. This was well received. Our home mortgage business also won acknowledgement when the magazine "Dine Penger" chose KLP as the Norwegian winner in the class "Home loans over 80 per cent" for 2008. KLP has long offered home mortgage loans, but now this business is to be expanded. In January KLP was granted licence to establish a bank and we expect to have this in place as early as the end of the third quarter. KLP Banken will be a key element in the development of our expansion in the personal market.

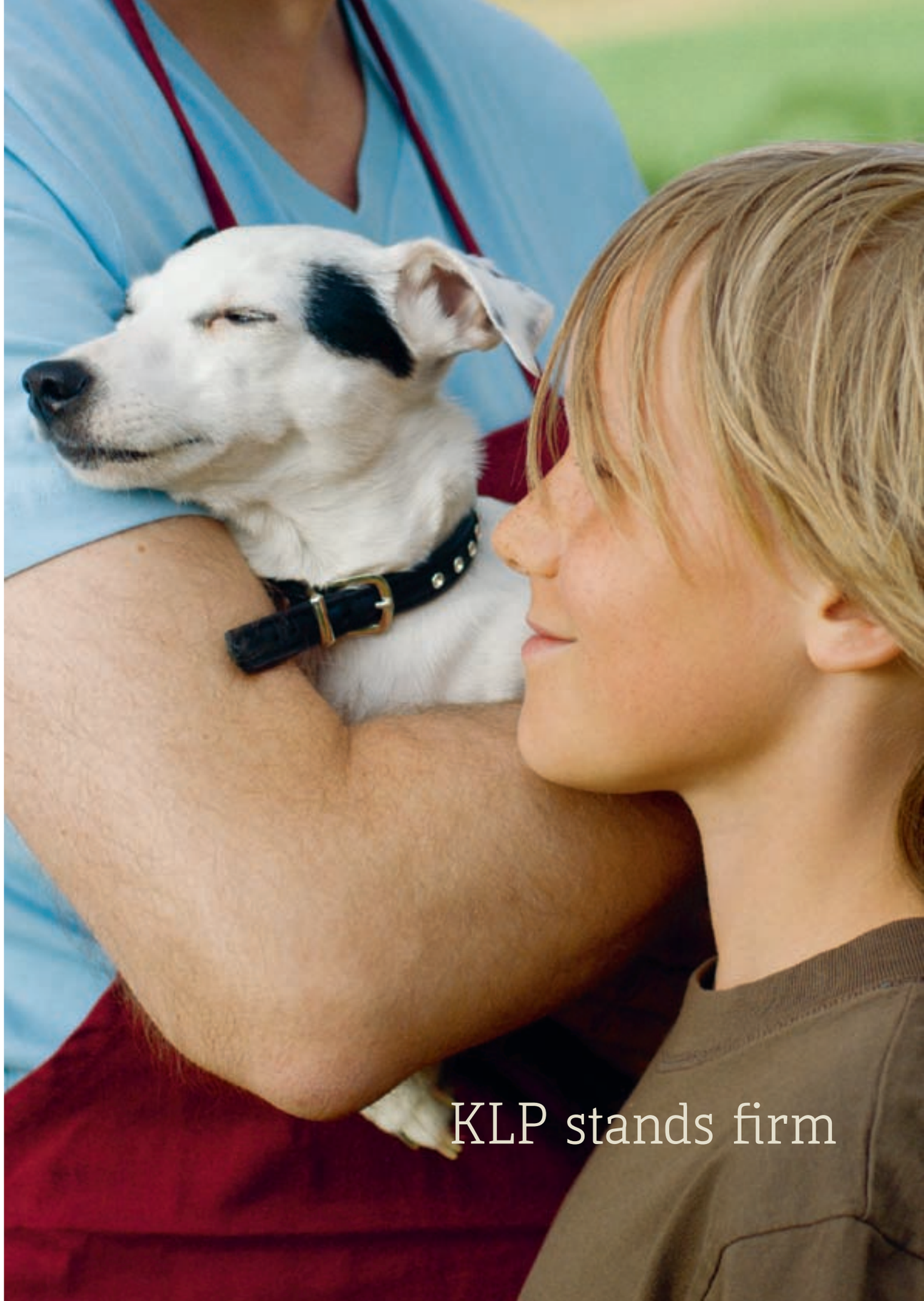
After summer last year several of our local government customers warned that they were experiencing difficulty in obtaining loans. KLP increased its lending limits and lent out a further NOK 5 billion to local authorities through the 4th quarter. For us this was a good way of showing how we are closely linked to our customers and owners.

In 2008 we passed the figure of 300,000 occupationally active members in our pension schemes. We aim to continuously improve our customer service and the products we deliver to our customers, as well as to maintain efficient operations in order to assure our customers the lowest costs. With only four of our 333 local authorities going out to tender during the year we won two of them: we see this as confirmation that this work is bearing fruit. It is a particular pleasure to be able to welcome Ballangen Municipality back to KLP after some years with a competitor.

Even though KLP's financial results were weaker than the previous year, our asset management operations have nevertheless made a good contribution. Active management has provided us with NOK 400 million through good investment selections and our index tracking has managed to give us market returns in a cost-effective way despite major fluctuations in the markets. KLP Fondsforvaltning was also one of the few fund management companies to experience an increased inflow for management from external customers last year.

The disquiet in the global financial markets has demonstrated the importance of good solvency to meet market fluctuations. It is pleasing that KLP – even in a very turbulent year – is delivering accounts that allow for a solid return to our customers. KLP stands firm!

Sverre Thornes



This is KLP
Growth for increased reliability

Kommunal Landspensjonskasse (KLP) provides reliable and competitive pension, financial and insurance services to municipalities, county authorities and health enterprises, as well as to businesses both in the public and the private sector, and to their employees.

The largest product area is public sector occupational pension. KLP also offers corporate and defined contribution pensions. In addition the group offers group life and non-life insurance, loans, fund and investment management.

Business concept

"KLP will deliver safe and competitive financial and insurance services to the public sector and enterprises associated with the public sector and their employees."

Market leader

KLP is the market leader in the public sector pension market. At the start of 2009, 331 municipalities and county administrations had their pension schemes with the Company. The same applies to 28 health enterprises and more than 2,500 businesses. The Company's pension schemes cover more than 300,000 occupationally active individuals and almost 150,000 pensioners. In addition more than 115,000 members have a pension entitlement from previous employment.

Investment profile

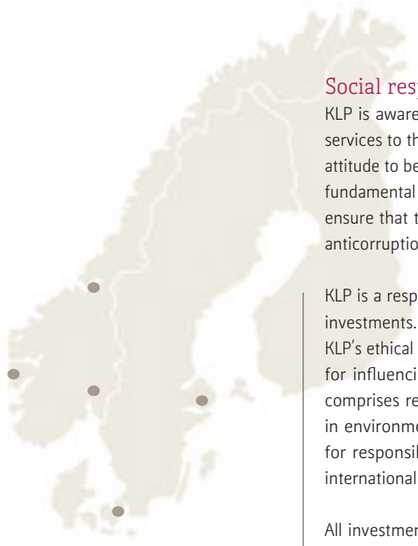
During 2008 KLP reduced its investments in the equities market from about 23 per cent of the balance sheet to just under six per cent. The funds released were used in part to increase the portfolio of lending to Norwegian local authorities, long-term bonds and bonds containing a credit element. Almost 60 per cent is now placed in stable investments that provide good current returns. These are generally hold-to-maturity bonds, lending with good collateral and investments in high quality property with long leases. The remainder of the financial portfolio comprises mainly short-term bonds and money-market investments.

KLP monitors its risk picture continuously and continuously adjusts its investment profile so that the most risk-exposed financial investments are reduced in falling markets, whereas good markets provide the freedom to increase the risk and thus the potential for good returns in the portfolio.

KLP's vision: "The best partner for the days to come." This vision is to set its mark on work with all of KLP's customers and stakeholders.

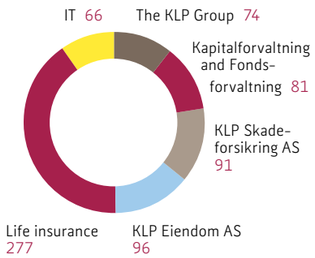
The customer promise "In consultation with our customers we shall deliver durable and effective solutions." This means inter alia that KLP is to have wide-ranging consultations with its customers, listen to comments, operate cost-effectively, be predictable and have the best competence, service and accessibility.

The values everyone in KLP aspires to are "Open. Responsible. Clear. Committed" These values express how KLP's staff must act in order to realise the vision and fulfil the customer promise.



KLP's head office is in Oslo. The Company also has an office in Bergen, which services KLP's pension customers in West and South Norway. Other pension customers are serviced from Oslo. KLP Eiendom has offices in Oslo, Trondheim, Copenhagen and Stockholm.

Total employees in the KLP Group: 685



Social responsibility

KLP is aware of its important social role as a provider of safe and competitive financial and insurance services to the public sector and associated businesses and organisations and wants a socially responsible attitude to be fundamental to all its business areas. Social responsibility is firmly anchored in the Company's fundamental values. Since 2002 the Company has been part of Global Compact, which is a UN initiative to ensure that trade and industry take account of human rights, employee rights, and the environment and anticorruption measures in their activities.

KLP is a responsible investor and owner, taking account of environmental, ethical and social factors in its investments. KLP's strategy is three-pronged. Firstly it is about excluding companies that have infringed KLP's ethical investment criteria from the company's investment world. Next it is about taking responsibility for influencing the companies in which KLP invests to develop in a positive way. The third element comprises researching and exploiting the connection between financial returns and good performance in environmental, ethical and social responsibility. KLP has committed to abide by the UN's principles for responsible investments and has a strong position as a responsible investor both in Norway and internationally.

All investments are covered by the strategy. At the end of 2008 a total of 53 companies were excluded from KLP's investment portfolios.

KLP has continued its cooperation with the Carbon Disclosure Project (CDP) to get Norwegian companies to report on their strategies associated with climate changes and their greenhouse gas emissions. In addition KLP has been the initiator of the project "Bærekraftig verdiskapning" (Sustainable Value Creation), in which 12 large investors have asked all the companies on the Oslo Stock Market Benchmark Index to report on how they are addressing human rights, employee rights and HSE, the environment and corruption. The Sustainable Value Creation project will be followed up annually.

In 2008 KLP Skadeforsikring AS became Eco-Beacon certified. Work on accreditation of the parent company and other subsidiaries has been started and the majority of the companies will achieve the status of Eco-Lighthouse in the course of 2009.

For the fourth time KLP is publishing a separate 2008 Social Responsibility Report. The report is based on the international standard Global Reporting Standard (GRI). A more detailed description of how KLP has managed its social responsibility during 2008 will be found there.

Global Compact's 10 principles

1. Support internationally recognized human rights within the areas in which the company operates
2. Ensure the company is not complicit in human rights abuses
3. Recognize freedom of association and the right to conduct collective bargaining
4. End all forms of forced labour
5. Abolish the use of child labour
6. Eliminate discrimination in respect of employment and occupation
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms, including extortion and bribery.

KLP's owners benefit

KLP's corporate form brings several advantages. KLP's customers themselves provide the equity capital and are owners of the Company. This produces good returns and provides influence.

The equity capital the customers contribute is managed as part of the corporate portfolio. In 2008 the return on the corporate portfolio was 4.0 per cent. This return, together with the return on the customer fund, accrues to the customers. The Company's good solidity and an investment strategy that safeguards the equity capital, protects the owners' equity contribution.

As well as the direct return there is also an element of profitability in having equity in KLP. Being an owner of the mutual institution KLP means that the surplus on the premium elements accrues to the owners/customers. Were KLP an ordinary limited company, this surplus would go to the shareholders and not the customers. Therefore, to be a customer and owner of KLP as a mutual company is profitable.

Subsidiaries

Besides the parent company, Kommunal Landspensjonskasse, the Group comprises six subsidiaries.

- KLP Skadeforsikring AS is the leading provider of accident, workmen's compensation (occupational injury) and property insurance to Norwegian local authorities. In spring 2008 KLP Skadeforsikring also started selling personal insurance products, primarily directed at public sector employees.
- KLP Kapitalforvaltning AS is one of Norway's largest asset management operations and offers a broad spectrum of investment and management services. In its investment process KLP systematically applies and promotes ethical considerations based on international norms for such things as human rights, employee rights and the environment.
- KLP Fondsforvaltning AS offers a broad spectrum of funds with a variety of investment mandates and risk. The company has funds in active and index tracking management suitable for institutions', companies' and private clients' investments. All the funds are managed in line with KLP's ethical criteria.
- KLP Eiendom AS manages all KLP property interests. The company has offices in Oslo, Trondheim, Copenhagen and Stockholm.
- KLP Bedriftspensjon AS offers defined contribution and corporate pensions, in combination with varying degrees of risk coverage at the customer's choice, to businesses in both the private and public sectors.
- KLP Forsikringsservice AS is the market-leading service provider of pension fund services to the independent local authority pension schemes.

On 29 January 2009 KLP received a licence from the Financial Supervisory Authority of Norway to establish a banking activity. KLP's bank will be operational in the second half of 2009. The bank is to offer good home mortgage terms, good deposit interest rates, user-friendly self-service and good customer service, and constitute a key element in KLP's investment in developing good products and services for the personal market.

Kommunal Landspensjonskasse has good solvency and will be a long term, good and responsible owner of the bank.

History

1949 The Association of Norwegian Cities and the Norwegian Association of Rural Municipalities (forerunners to the Norwegian Association of Local and Regional Authorities - KS) decided to establish Kommunal Landspensjonkasse. KLP was established as a "managed" pension fund under Norsk Kollektiv Pensjonskasse in 1949.

1967 The Norwegian parliament, the Storting, passed a resolution to introduce National Insurance.

1972 KLP passed NOK 1 billion in total assets

1974 KLP received its own licence as an insurance company and established a joint local government pension scheme the same year.

1984 KLP expanded its product range with group life and accident insurance for local authority employees.

1993 Kommunal Ulykkesforsikring (KUF) obtained a licence to engage in property insurance.

1994 The mutual company KUF was converted into KLP Skadeforsikring AS.
KLP offered unit-linked saving through the company KLP Fondsforvaltning AS

1995 KLP bought Nora Eiendom and established an independent property company.

1997 Nora Eiendom was renamed KLP Eiendom AS.

1999 KLP Kapitalforvaltning ASA was formed under the name KLP Aktiv Forvaltning ASA.

2001 KLP passed NOK 100 billion in total assets

2006 2006 – KLP Bedriftspensjon AS was established and KLP further expanded its product range

2008 KLP Skadeforsikring AS launched sales of personal non-life insurance
KLP passed NOK 200 billion in total assets
KLP exceeded 300,000 occupationally active members

2009 KLP received a licence from the Financial Supervisory Authority of Norway to establish a banking activity.
KLP's 60th birthday

KLP pensions and life insurance
Your protection our goal

KLP is the leading provider of public sector pension schemes to municipalities, county authorities, health enterprises and companies associated with the public sector. KLP also has good schemes for defined contribution pensions and corporate pensions for companies that are not covered by collective pay agreement or entitled to public sector occupational pensions, and leads the market in pension funds services to the local government sector.

Public sector occupational pensions

At the end of 2008 more than half a million Norwegians had pension entitlements in KLP. 333 municipalities and county authorities had their employees' pension scheme with KLP as at 31 December 2008 (332 as at 1 January 2009). The same is true of 30 of 32 state health enterprises as well as about 2500 companies and organisations. As a result of the amalgamation of the Oslo hospitals from 1 January 2009 there is a total of 30 health enterprises. KLP has full or partial pension agreements with 28 of these.

Hospital doctors have their own collective pay agreement pension scheme with KLP. The statutory pension scheme for nurses is also administered by KLP.

Marketing efforts have produced good results during 2008 and KLP's leading market position in public sector occupational pensions was maintained. In the course of 2008 one local authority chose to move back to KLP after eight years as a customer with another company. Two local authorities chose another provider from 1 January 2009. Among the corporate customers 115 new pension contracts have been signed. Of these, 13 companies moved their pension scheme from another provider to KLP, while 102 are newly established. 27 active contracts moved from KLP.

KLP is also the market leader in the group life area in the public sector, amongst municipalities, county authorities, health enterprises and companies/organisations. The number of individuals insured under group life schemes has remained more or less stable during 2008, KLP having set a new record in 2007 with 239,000 insured.

Defined contribution and defined benefits pensions

Through its wholly-owned subsidiary, KLP Bedriftspensjon AS, which was established in 2006, KLP also offers defined contribution and defined benefit pension schemes with different risk profiles as chosen by the customer. This makes the KLP Group a total provider of occupational pension products.

The KLP Group's competitive advantage, in the form of a high level of competence in pensions and asset management, low costs and clear ethical profile in asset management, is also equally valid for the defined benefit and defined contribution pension schemes.

At the end of the year KLP had 44 agreements linked to corporate pension and 106 agreements linked to defined contribution pension.

Services to local authority pension funds

Through its wholly-owned subsidiary, KLP Forsikringsservice AS, KLP provides various services to the independent municipal and county administration pension funds, including actuarial services, pension calculation, member processing and advice.

At the end of 2008, 15 of a total of 20 local authority pension funds used KLP as their professional insurance consultant and KLP is thus maintaining its position as market leader in this area.

Pension equals saving

The public sector occupational pension is a very good pension scheme for employees. For the employer the costs associated with the pension scheme represent a large part of the total salary costs. Pension is saving, and the premium in pension insurance represents first and foremost an estimate of the saving necessary for future pensions. As a pension provider KLP contributes to customers' pension saving through competitive returns on customers' assets, low operating costs, good service as a result of specialising in the customer segment, solid and stable returns on owners' equity contributions, as well as a responsible profile that promotes sustainable value creation.

Customer service

KLP places emphasis on customer service tailored to the individual customer with efficient procedures, up-to-date accuracy and high quality services.

At KLP a customer team is set up for the individual customer. The customer teams provide support for their customers for example in their budgeting in the form of estimates, and updates are continuously sent out. Customers are also offered comprehensive information and courses.

All our pension customers receive an undertaking of service provision at set times. The deadlines are published at www.klp.no. This applies to dates for pension payments, invoicing of pensions and group life and a range of other services. Customers have continuous access to their members at KLP via KLP Interaktiv.

In 2006, KLP launched Min Side Pensjon (My Pension Page), where individual employees/pensioners can go in and have their future pensions calculated. In 2008 self-service functionality has been set up for pensioners on Min Side Pensjon. Here, KLP's pensioners can obtain information about their pension payments (pension, tax and other deductions) and comprehensive pay and deductions statements.

There has been a strong growth in the number of logons to Min Side Pensjon in 2008, from 40,675 in the first quarter to 74,820 in the fourth quarter.

During the year KLP's PensjonService (Pension Service) department processed about 16,000 pension applications. This is an increase of about three per cent over 2007. In addition PensjonService has processed about 80,000 enquiries involving changes of pensions in payment etc, resulting in growth of about 15 per cent in total enquiries.

During 2008, KLP has managed to reduce the enquiry processing time down to an even better standard. Efforts to ensure correct and timely pension payments will also be prioritised in 2009.

NAV (the Norwegian Employment and Welfare Service) introduced a new ICT system for pensions on 15 December 2008. KLP and the Norwegian Public Service Pension Fund (Statens Pensjonskasse) are the only pension providers that have electronic exchange with NAV of coordination data used for pension calculation. Through good dialogue with NAV, KLP has also adapted to this.

HSE and a healthier working life

KLP wishes to contribute to raising competence and inspiration for a healthier working life at our pension customers. The main objective is to prevent exclusion from working life, reduce sickness absence and disability, and to contribute to creating an inclusive working life.

With KLP, pension customers receive advice and guidance on how they, together with KLP, can create a better working environment and a safer working life.

KLP's HSE team has special competency in the working environment, management development and life phase policy. Over the last 10 years KLP has worked with local authorities, health enterprises and companies to create an inclusive working life. This work has provided a unique fund of experience we wish to share with our customers.

KLP's Working Environment Prize

The purpose of the Working Environment Prize is to reward the best preventive, health promotion and working environment initiatives carried out in the health and local authority sector. Therefore in January each year KLP awards three Working Environment Prizes: one for the local authorities, one for the health enterprises and one for the companies/organisations. Each prize is of NOK 100,000.

The winners of the Working Environment Prize for 2008 are Nes Municipality (Akershus) with the project "Reduce the noise in the kindergarten!" and Sykehuset Innlandet HF, Tynset Division, with its "Project for pregnant employees".

Future effort - aims

KLP is working on improving and widening its service offering to customers and their employees. Through comprehensive customer service, committed employees and open communication, our aim is to have happy customers who are even happier. Market profiling to make KLP a household name has provided good results during 2008.

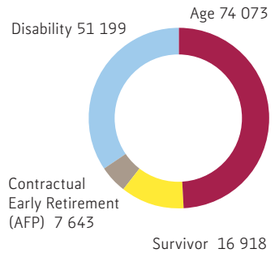
KLP is also monitoring the work on the Pension Reform closely and analysing the consequences of new regulations and possible adjustments to the new public sector occupational pension.

In this way KLP aims to continue to be the leading provider of pension, financial and insurance services to municipalities, county authorities, health enterprises and companies/organisations in the years to come.

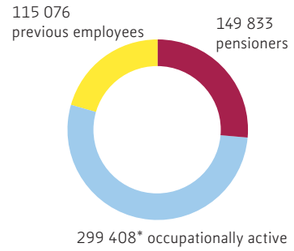
Pensioner and membership numbers in KLP public sector occupational pensions

The trend in the number of pensioners shows steady growth. The number of people receiving pensions from KLP has increased by 14 per cent in five years, from 130,466 in 2004 to 149,833 in 2008. Over the same period the number of occupationally active members increased from 289,449 to 299,408.

KLP pensioners



560,000 people have entitlements with KLP



*As at 30 September 2008, 304,000 occupationally active members were registered in KLP's pension schemes. However there has been some departure of individuals as a result of de-registration, disability and death. This has led to a reduction in the total of occupationally active members at the end of the year.

The number insured in different segments as at 31 December 2008	
Municipalities	169 235
Health enterprises	87 987
Companies/organisations	30 171
County authorities	12 015

Active partner

KLP Skadeforsikring AS
We know our customer groups

KLP Skadeforsikring AS is a wholly owned subsidiary of Kommunal Landspensjonskasse. The majority of the company's customers are municipalities, county administrations, businesses and enterprises within the local government sector. Since the start in 1993 the company has built up a substantial insurance portfolio and is the market leader within its sector. In spring 2008 KLP Skadeforsikring started offering personal insurance products, primarily directed at public sector employees.

At the end of 2008 the Company had a customer relationship with 350 municipalities and county administrations and over 2000 enterprises. The Company has 91 employees.

Product range

KLP Skadeforsikring offers non-life and personal insurance tailored for municipalities and county administrations, enterprises and businesses associated with the public sector, as well as housing co-operatives and bus and transport companies.

THE COMPANY INSURES FOR EXAMPLE:
- employees and school pupils
- buildings and contents, as well as liability
- vehicles and machines.

IN ADDITION PERSONAL/PRIVATE INSURANCE SOLUTIONS ARE OFFERED IN THE FOLLOWING AREAS:
- vehicle, motorcycle, scooters/mopeds and boats
- home, holiday home and contents
- travel insurance
- personal accident insurance
- pets

Result from technical activities

The technical insurance result for the 2008 claim year was NOK 62 million. This is NOK 5 million higher than for 2007. The year 2008 was marked by several large fires. Other trade and industry-related business shows a satisfactory profit performance. All in all the result of the year's business was as expected. The total claims ratio for the 2008 claims year was 89.9% gross and 90% for own account. An examination of the claim provisions for previous years also shows a positive result. Including run-off gains from previous claims years the claims ratio for own account was 70.6%.

The extent of the personal insurance solutions remains modest and a few individual claims result in the claims ratio being high. The fundamental picture continues to indicate that the risk assumptions underlying the decision to start the sale of personal insurance products were realistic.

Customer service

Feedback from customers shows that they find KLP Skadeforsikring has simple product descriptions and competitive prices. Quality and service in customer service are criteria on which the Company scores highly, with short response times for enquiries received, both on the telephone and via the Company's database. The Company is committed to satisfying customers' requirements and to providing added value in the form of effective systems, good customer service and advice.

At KLP Skadeforsikring the individual local government and business customer is given their own contact person. In addition the Company provides a special customer service unit to ensure customers have the best possible access and service.

Personal customers are served by a separate sales team in which our employees handle all customer enquiries directly.

New functionality has been developed in KLP's web services during 2008. These are primarily linked to the non-life company's web solution with self-service solutions for the sale and management of non-life insurance policies. Solutions have been developed here that are among the most user-friendly in the market.

Cooperating partners in claim prevention work

The Norwegian Fire Protection Association and the Directorate for Civil Protection and Emergency Preparedness (DSB) are important cooperating partners in the Company's claim prevention work. The subject guidelines "Systematic safety management in local government buildings" have been developed jointly. The guidelines are divided into two modules and are aimed at local government politicians and chief councillors, and managers and users of local government buildings. In addition an aid, "IK-bygg" (Internal Audit – Buildings) has been developed, which is a computer-based tool and is tailor-made for systematic safety management in local government buildings. During 2008 five courses have been carried out in various parts of Norway and all have been fully subscribed. This work is continuing with 25 courses during 2009.

Trygg Trafikk (the Norwegian Council for Road Safety) and KLP Skadeforsikring AS have gone into partnership to prepare the guidelines "Trygge skoleveier" (Safe School Routes). The work started in 2008 and should be finished in the course of 2009.

Cooperating partners such as Kommunal Kompetanse (a local government training and development enterprise), the Norwegian Automobile Federation (NAF) and Pepp Norge (a performance and stress management training consultancy) help the Company to carry out holistic claim prevention work with customers based on risk analysis that shows the need for measures/training.

Investment management

KLP Skadeforsikring manages substantial assets. KLP Skadeforsikring has a significant share of the business in workmen's compensation and personal accident in the local government sector. Because it takes many years before compensation is finally set and paid, large claims provisions are generated and there is correspondingly large dependence on financial revenues. Our financial management is tailored to this and the Company therefore has a conservative portfolio with a significant proportion of hold-to-maturity bonds. The Company's investment funds are managed by KLP Kapitalforvaltning AS.

2008 was characterised by high volatility in the financial markets and share values in particular fell significantly. Also the Company's investments in international credit bonds showed weak development as a result of the general uncertainty surrounding international banks and financial institutions. The Company did not have direct investments in American lending to high-risk borrowers (the sub-prime market). The return on funds invested was 0.4% in 2008. The main reason for the weak return was the volatility in the financial markets where particularly the development in equity investments was negative by 42%.

Results

In 2008 KLP Skadeforsikring had profits before tax of NOK 34.7 million (NOK 70.7 million in 2007). After taxes the result was NOK -9.8 million (NOK 40.5 million). The poor result is a result of weakened financial results. The technical insurance operation continues to show a satisfactory income. The Company's contingency reserves provide a satisfactory buffer against any run-off losses and unfavourable risk developments.

Future prospects

At the end of 2008 KLP Skadeforsikring was a solid company with sound solvency. The profit performance in recent years shows that it has resources to meet expected negative fluctuations in future claims.

Competition in the core market, local government, has been reinforced and is more complex. The claims results continue good and additional providers have appeared. Municipalities and county administrations are increasingly interested in entering into contracts with providers who take social responsibility and the environment seriously. KLP Skadeforsikring AS is a certified "environmental beacon" company and achieves a full score in tender processes in which the environment is one of the criteria stressed in the selection of provider. There is strong competition in the market and the Company is being challenged by more providers now than previously.

Strengthened competition is also being experienced in the Company's secondary market, the commercial market. In addition to the large companies operating in all markets, several niche companies have been established within this segment.

The Company's personal products have been well received and both the inflow of customers and the measure of acceptance of tenders submitted confirm that the company is competitive both in price and terms and conditions. After a slow initial start the proportion of sales through the Internet channel is now increasing and by the end of the year about one in three customers was coming via the Internet (klp.no). This proportion is expected to grow during 2009.

"The Company's private products have been well-received and both customer inflow and the degree of acceptance of tenders submitted confirm the Company is competitive both in price and terms and conditions"

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS
Social responsibility through investments

KLP Kapitalforvaltning and KLP Fondsforvaltning represent KLP's securities management operations offering a broad spectrum of investment and management services for the public sector and operations associated with it. KLP Fondsforvaltning also provides cost-effective investment funds to the personal market. At the end of the year the two companies were managing more than NOK 155 billion for the parent company and external clients.

The management companies' overall objective is to provide the insurance funds, as well as external customers with a competitive return within defined risk parameters. KLP Kapitalforvaltning and KLP Fondsforvaltning cooperate closely on the basis of an efficient division of tasks and responsibilities. The investment management company, KLP Kapitalforvaltning, undertakes all investment-management and associated functions linked to settlement, risk management, reporting, advisory services and IT. The funds management company, KLP Fondsforvaltning, is responsible for marketing. Cooperation between the companies is governed through service agreements.

Investment management

KLP Kapitalforvaltning is one of Norway's largest investment management companies. The management operation in KLP Kapitalforvaltning is organised in two sections with different approaches to their investment activity: index-tracking management and active management.

Index-tracking management aims to provide exposure to the equity and bonds market as cost-effectively as possible. The goal is to provide a return as close as possible to that of the market. KLP has therefore developed methods and processes that make it possible to run index-tracking management at very low cost.

The section for active management is tasked to manage specialised securities portfolios in which the aim is to select individual securities or industries with better development than the average in the market - and in this way to create an additional return. This section manages traditional equity and bond portfolios as well as KLP's hedge fund business which is based in Ireland.

In order to manage portfolios appropriately, investments have been made in advanced models and systems, as well as training, development and tailoring of these.

Lending

KLP is a substantial operator in Norway in lending to municipalities, local administrations and organisations linked to local authorities. In recent years KLP has become much more clearly profiled in lending to private individuals. The lending department is part of KLP Kapitalforvaltning AS. The lending portfolio is characterised by very high quality and low default.

During 2008 KLP had a high level of activity in lending, both in loans to local authorities and to private individuals. The lending portfolio increased by almost 45 per cent during the year, from NOK 14.6 billion in 2007 to NOK 21.1 billion in 2008. Lending to businesses, local authorities and enterprises represented NOK 13 billion while the housing mortgage portfolio represented NOK 8.1 billion.

The credit crisis in autumn 2008 led to access to credit being difficult for Norwegian local authorities. KLP acted in a responsive manner as the Board of Directors decided to expand KLP's local authority lending by NOK 5 billion through reallocation of assets. This reflects both that the local authority sector represents a sound and attractive group of borrowers and that KLP has a long-term, supportive policy towards its local authority loan customers.

The housing loan portfolio developed positively during 2008 with growth of NOK 1.2 billion. The portfolio is secured through mortgages based on conservative valuations, mainly within 60 per cent of loan value, and the mortgagees' ability to pay also forms part of the credit assessment. For a long time KLP has been at the top of the country's "interest rate barometer". KLP was the winner of Dine Penger's "Bank NM" (national banking championship) for 2008 in the 80 per cent mortgage class. In the 60 per cent mortgage class KLP came sixth.

KLP carries out annual customer surveys to ensure systematic feedback from its customers. The main conclusions in the survey for 2008 are that KLP's customers receiving loans are very well pleased and that the customers consider KLP to be just as good as or better than in 2007 in almost all areas.

Fund Management

At the end of the year KLP Fondsforvaltning was managing 20 mutual funds, comprising six fixed-income funds, three active equity funds and 11 index-tracker equity-based unit trust funds. Total assets were NOK 27.5 billion at the end of 2008.

Whereas Norwegian fund managers in general saw customers taking more money out of funds than they put in, KLP Fondsforvaltning had strong growth in net new subscriptions by customers outside the Group. Net new subscriptions in KLP's securities funds from customers outside the Group were NOK 3.7 billion during 2008, and totalled NOK 7 560 million at year-end. KLP's mutual funds are increasing their market share through this growth.

KLP Fondsforvaltning has both institutional customers and personal customers. In total there are almost 1400 customers who are unit-holders in the funds. The institutional customers are much the larger group measured in total assets.

Responisble Investments

KLP Kapitalforvaltning implements KLP's strategy for responsible investments. KLP is a responsible social partner wishing to contribute to long-term value creation and sustainable development. Through its membership of the UN Global Compact, the Company has undertaken to take account of human rights, labour rights, the environment, anticorruption measures and ethics throughout its business.

Since 2002 KLP has had a responsible investment strategy - and ever since then transparency has been fundamental to this strategy. Every six months KLP announces which companies are excluded from the Company's investments and why.

During 2008 KLP had direct discussions with 16 companies because they are associated with breach of international standards. Seven of these companies have been excluded from KLP's investments. In total 53 companies were excluded from KLP's investments at the end of 2008. During 2008 three companies were readmitted into KLP's investments. KLP had active and constructive interchanges with one of the companies, Sodexo, through 2007 and 2008.

KLP has implemented a system that allows the Company to exercise active ownership throughout the world. For KLP's foreign shares the Company votes by proxy through the service provider RiskMetrics Group. KLP voted in 70% (internationally) and 26% (in Norway) of general meetings in the companies in which KLP has holdings.

The investor partnership "Bærekraftig verdiskaping" (Sustainable Value Creation), a KLP initiative, received a positive reception at its launch in August 2008. Twelve of Norway's largest institutional investors are co-operating to influence companies towards sustainable value creation. The results and the report from the year's project were presented at Oslo Stock Exchange in December 2008. KLP has signed the UN principles for responsible investment. KLP is one of the leading investors when it comes to complying with the six principles the initiative concerns and is working actively to promote these principles and their objectives.

KLP is the Norwegian partner in the Carbon Disclosure Project (CDP). This is a project in which many of the world's largest institutional investors have joined forces to put pressure on companies to report on their climate impact.

"KLP was the winner of Dine Penger's «Bank NM» (national banking championship) for 2008 in the 80 per cent mortgage class."

KLP Eiendom AS
Ready for developments

KLP Eiendom AS is one of Norway's largest property managers, managing 1,300,000 square metres. The company manages all of KLP's property interests regardless of whether they are owned directly by Kommunal Landspensjonskasse or through subsidiaries. The property portfolio had a book value of NOK 22.2 billion as at 31 Dec 2008.

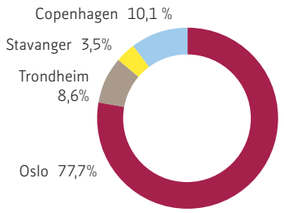
KLP Eiendom has four subsidiaries: KLP Eiendom Oslo AS, KLP Eiendom Trondheim AS, KLP Fastigheter AB (Sweden) and KLP Ejendomme A/S in Copenhagen. The company has offices in Oslo, Stavanger, Trondheim, Stockholm and Copenhagen. The properties are generally of a high standard and well-located, comprising shopping centres, hotels, office buildings, educational buildings, housing, leasehold sites and development projects. In the main KLP Eiendom's buildings have reliable tenants and long contracts.

Results

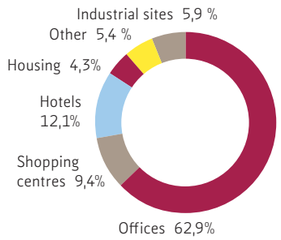
The returns on KLP's property investments have been satisfactory in recent years. However during 2008 property values were affected by the financial disquiet. This lead to a write-down of property values by NOK 849 million over the year. The property values are set partly on the basis of valuation undertaken by independent external valuers who have valued a representative portion of the portfolio and partly by internal models which take account of the outcomes of the external valuation process. At year-end the property portfolio totalled 11.0 per cent of financial assets.

In 2008 KLP Eiendom had rental income of NOK 1,308 million. This is an increase of NOK 195 million over the previous year. The weighted remaining term on leases for the whole portfolio is 5.8 years and the occupancy rate at year-end was 94.2 per cent.

Geographic distribution of the portfolio according to value as at 31 December 2008:



Sector distribution by value as at 31 December 2008:



Future Prospects

KLP Eiendom is embarking on a number of interesting projects to be developed in the coming years. Total value of projects in different phases is expected to amount to about NOK 8 billion over the next five years. In Oslo substantial projects are planned in the area around Oslo S/ Bjørvika, Fornebu, and Schous Bryggeri. In Trondheim new projects are to be developed in the city centre and in Teknobyen. There is also major building activity in Copenhagen. Building Stage 3 in Ørestad outside Copenhagen of about 65,000 square metres awaits an improved market situation before commencement.

In 2008 KLP Eiendom opened a branch office in Stockholm with a staff of two for the moment. The company is monitoring the Swedish property market and the main focus will be on attractive properties in central areas, primarily Stockholm. KLP Eiendom bought the hotel "Fasanen 5" in summer 2008 from the Swedish operator Diligentia, and took the building over in March 2009. KLP Eiendom intends that about 30% of the property stock should be in Sweden and Denmark in the course of a few years.

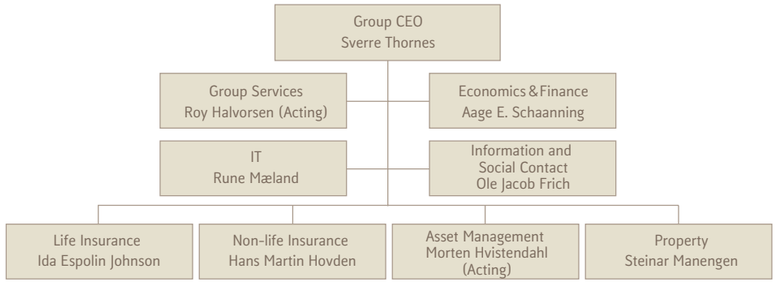
With a large project portfolio, good properties and competent staff, KLP Eiendom is well prepared to meet the coming years' challenges both in regard to growth ambitions and high operational standards for the existing property portfolio.

Corporate governance
The customers' company

As a mutual company, KLP is owned by customers with public sector occupational pensions with the Company. These are municipalities, county administrations and health enterprises as well as companies associated with the public sector.

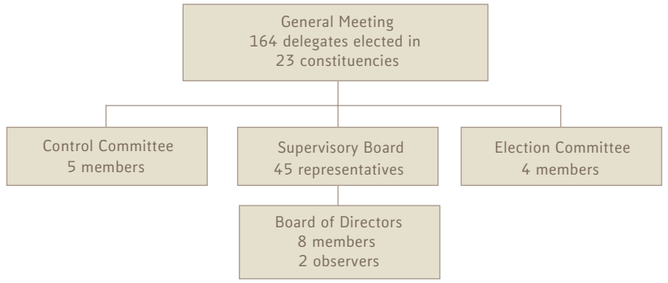
KLP's Articles of Association and applicable legislation provide the framework for appropriate corporate governance and clear division of roles between the governing bodies and executive management. KLP is not listed on the Oslo Stock Exchange, but complies with the Norwegian recommendations for as far as this is compatible with the mutual corporate status. The Board of Directors undertakes an annual review of corporate governance in KLP. It is also a goal to contribute to good corporate governance in the companies in which KLP has holdings.

The Team Group Management



KLP Group Management Team , from the left:
Hans Martin Hovden, Rune Mæland, Aage Schaanning,
Steinar Manengen, Roy Halvorsen, Sverre Thornes,
Ole Jacob Frich, Morten Hvistendahl and
Ida Espolin Johnson

The governing bodies



The General Meeting

The General Meeting is the Company's highest authority and comprises elected representatives of the Company's owners. 164 representatives have been elected to the General Meeting for 2008 and 2009 from a total of 23 constituencies, of which 18 are made up of the county authorities and municipalities in each county.

The regional health enterprises and their subsidiaries each comprise a constituency. The enterprises together form one constituency. An election meeting is held in each constituency to elect delegates to the General Meeting.

One of the tasks of the General Meeting is to elect the Control Committee and 24 of the 45 members of the Supervisory Board, as well as set the remuneration for the Supervisory Board, the Control Committee and the auditor.

The Supervisory Board

The Supervisory Board comprises 45 members with deputies. In addition to 24 members elected by the General Meeting, 6 representatives are nominated by the staff organisations in the local government sector. 15 representatives are elected from and by the staff in the Group.

In the main the Supervisory Board has the same responsibilities as a Corporate Assembly in accordance with the provisions of the Norwegian Limited Liability Companies Act.

The Supervisory Board members elected by the General Meeting elect five members with deputies to the Board of Directors, whereas the full Supervisory Board elects the Chairman and Deputy Chairman of the Board of Directors.

The Supervisory Board elects an election committee with four members and a deputy member.

Board of Directors

The Board of Directors of Kommunal Landspensjonskasse is a collective body responsible for safeguarding the Company's and the owners' interests. The Board is to monitor the Company's compliance with applicable regulations and concession requirements.

The Board is to ensure appropriate organisation of the business, determine plans and budgets, keep updated on the Company's financial position and liabilities, and ensure that the business, accounts and asset management are subject to satisfactory control. The Board is to supervise general management and the Company's overall business.

The Board of Directors comprises eight members who are elected for a term of two years so that half are up for election each year. Five members and deputies are elected by those members of the Supervisory Board who are elected by the General Meeting. Two members are elected from and by the KLP staff. One member is nominated by the employee organisation or negotiating alliance with most members in the pension schemes. In addition two observers are appointed from those organisations that are second and third in regard to the number of members. The Group Chief Executive Officer is not a member of the Board of Directors.

In 2008 the Board comprised 50 per cent women and 50 per cent men.

"The Board of Directors has laid down ethical guidelines for employees and employee-elected representatives in the Group"

Board of Directors of principal subsidiaries

KLP BEDRIFTSPENSJON AS Chair Sverre Thornes, Mette Qvortrup, Nina B. Mathisen, Ida Espolin Johnson, Kjersti Jørgensen, Harald Ramon Hagen and Tom Eek.
KLP EIENDOM AS Chair Sverre Thornes, Aage Schaanning, Ida Louise Skaurum Mo, Svein Sivertsen, Ingrid Dahl Hovland and Steinar Manengen.
KLP KAPITALFORVALTNING AS Chair Sverre Thornes, Kjersti Storm, Ida Espolin Johnson, Elisabeth Lee Marinelli, Jørn Kleven, John Bjørnersen, Ann Eve Fjeldstad and Morten Hvistendahl.
KLP FONDSFORVALTNING AS Chair Aage Schaanning, Per Victor Nordan, Anne Beate Lien, Cathrine Hellandsvik, Hans Jørgen Gade, Inge Noreide and Ståle Øksnes.
KLP FORSIKRINGSSERVICE AS Chair Ida Espolin Johnson, Roar Engen, Anne Käte Grøholt, John J. Syre, Rolf W.Karlsen and Arild Halvorsen.
KLP SKADEFORSIKRING AS Chair Sverre Thornes, Reidar Mæland, Kjell Arvid Svendsen, Ida Espolin Johnson, Reidun W. Ravem, Linda Brodin and Hans Martin Hovden.

Internal and external audit bodies

The Control Committee supervises the Company's activities. The work is carried out in accordance with the Norwegian Insurance Activity Act and instructions given by the Supervisory Board.

Group Internal Audit carries out independent assessments of whether the Company's most significant risks are adequately handled and controlled. Internal Audit also evaluates the appropriateness and effectiveness of the Group's governance and audit processes. Internal Audit works in accordance with instructions laid down by the Board of Directors and reports to the Board. In addition to the Company's internal audit bodies the Company is also subject to regulatory supervision by the Financial Supervisory Authority of Norway. The Financial Supervisory Authority checks that financial institutions are run responsibly and in accordance with legislation.

The KLP Group's external auditor is elected by the Supervisory Board.

Internal management and audit

The Board of Directors has laid down special Board Directives and Instructions for the Group Chief Executive Officer. The Group CEO's instructions govern the exercising of the day-to-day management of KLP. The KLP Group CEO is chair of the boards of KLP Skadeforsikring AS, KLP Kapitalforvaltning ASA, KLP Eiendom AS, and KLP Bedriftspensjon AS.

The Board of Directors has laid down ethical guidelines for employees and employee-elected representatives in the Group. The Group CEO has laid down separate regulations for personal trading in securities. The regulations are of particular importance to employees of KLP Kapitalforvaltning and employees of KLP with particular insight into the investment operation.

Balanced scorecard

KLP uses the "balanced scorecard" as an important part of its strategic management. Balanced scorecard is an important tool in developing KLP as a values-governed and vision-driven organisation that is market and business orientated.

The Board's annual report for KLP – Kommunal Landspensjonskasse – mutual insurance company and the KLP group

Kommunal Landspensjonskasse (KLP) delivers a profit of NOK 397 million for 2008. In addition NOK 1,903 million is transferred to the customers' premium fund. Management of the common portfolio produced a book return of 1.0 per cent. Value-adjusted return was negative by 3.0 per cent.

Financial unrest impacts on the results

Developments in the world's financial markets were characterised by disquiet over much of 2008. Uncertainty and falls in value in Norwegian and international financial markets mark KLP's results for the year. A negative trend in the equities markets accelerated during the autumn with strong value downturns both in Norway and internationally. Over the same period, the bonds market was negatively influenced by failing confidence in banks and financial institutions.

Thanks to financial solidity built up over several years, and through active risk management whereby the investment risk was reduced through the year, KLP can face the challenges in 2009 with satisfactory financial solidity.

KLP's total assets grew by 3.6 per cent over the year and amounted to NOK 201.9 billion as at 31 December 2008. Of this the common portfolio (the customers' pension funds) amounted to NOK 185.4 billion. Despite the negative trend in the financial markets the common portfolio achieved a book return of 1.0 per cent. If the value adjustment of long-term bonds and hold-to-maturity bonds is included the value-adjusted return was minus 1.7 per cent. Management of the corporate portfolio (KLP's capital) produced a return of 4.0 per cent in 2008.

Book return on the customers' pension funds was lower than the return guaranteed by KLP. After transfer from supplementary reserves to cover this difference, NOK 1,903 million has been transferred to the customers' premium fund, while a net profit of NOK 397 million strengthens owners' equity.

KLP's capital situation and financial solidity remains good. KLP has good risk management and discipline to take down risk in difficult markets. At the end of the year KLP had total solvency capital of NOK 17,882 million, of which NOK 3,940 million was in supplementary reserves.

In a year when many insurance companies and local authority pension funds have had to seek additional capital, KLP's long-term strategy has proved robust. KLP has no need for capital infusion beyond what has been assumed as a part of the Company's long-term strategy for building capital.

KLP in brief

KLP was formed in 1949 and today delivers pensions, financial and insurance services to local government, the health sector and enterprises. KLP is the leading supplier of public sector occupational pensions with a market share of over 60 per cent. The Company's head office is in Oslo. As a mutual insurance company,

KLP is owned by its customers with public sector occupational pensions with the Company. Through their status as customers, municipalities own about 50 per cent, county authorities five per cent, the state health enterprises about 30 per cent while about 2,500 enterprises own about 15 per cent.

SUBSIDIARIES

The KLP Group comprises the parent company, Kommunal Landspensjonskasse (KLP) and the wholly owned subsidiaries, KLP Kapitalforvaltning AS, KLP Eiendom AS, KLP Skadeforsikring AS, KLP Alternative Investment Plc, KLP Bedriftspensjon AS, KLP Fondsforvaltning AS and KLP Forsikringsservice AS. The KLP Group accounts are presented in accordance with the requirements of IFRS (International Financial Reporting Standards), which were introduced from 1 January 2007.

"As well as maintaining a solid position in the local government and health sectors, KLP continues to win new customers for public sector occupational pensions in the enterprise segment."

Market position and results in KLP's business areas

KLP has a strong market position in its core area, the public sector. By supplying services that provide higher added value for its customers, the Board of Directors considers the Company is consolidating its position as market leader. KLP has a good basis for success because the Company has:

- Effective organisation with economies of scale providing low costs
- Good service with specialisation by customer segment
- Solid and stable returns on owners' equity
- Competitive returns on customers' assets
- Focus on social responsibility promoting sustainable value creation.

KLP'S ACCOUNTING RESULTS

At the end of the year 332 municipalities and county authorities, 31 health enterprises and about 2,500 enterprises had their occupational pension schemes with KLP. Marketing initiatives have produced good results during 2008. This has resulted in KLP sustaining its solid market position in public sector occupational pensions.

One municipality chose to move back to KLP after some years with another life insurance company. A total of 15 of KLP's local authority customers have carried out reassessment of their KLP pension scheme. Of these 13 chose to stay, while two local authorities chose another provider from the start of 2009. Most who invited tenders used brokers or insurance advisers in the tendering process. The market picture among customers in the health sector is positive with an increase in the number of insured members.

As well as maintaining a solid position in the local government and health sectors, KLP continues to win new customers for public sector occupational pensions in the enterprise segment. During 2008 KLP has signed 115 pension agreements with enterprises. The number of insured members has shown steady growth over the last five years. KLP has substantial growth in the number of occupationally active members in health enterprises but has experienced moderate decline in the local government segment. In group life insurance KLP has maintained its market position and the number of group life insured has been almost stable.

Customer-friendly solutions and good service are important for KLP. KLP is always working to achieve the goal of short processing time and good customer service. "KLP Autostart Pensjon" is an efficient and user-friendly internet solution where employers can send in pension applications electronically and monitor processing status.

The Internet service "Min Side Pensjon" (My Pension Page), which offers each individual member an overview of his/her own pension accumulation and future pension, has been well received. During 2008 systematic work has also been carried out to provide customers with good support in correct budgeting of pension costs and premiums.

DEFINED CONTRIBUTION AND DEFINED BENEFIT PENSIONS

Through its wholly-owned subsidiary, KLP Bedriftspensjon AS, which was established in 2006, KLP is also providing defined contribution and defined benefit pensions to organisations not bound to have public sector occupational pensions. At the end of the year KLP Bedriftspensjon had 44 agreements linked to defined benefit pension and 106 agreements linked to defined contribution pension.

"During 2008 KLP Skadeforsikring AS has continued its position as market leader in non-life insurance for municipalities and county administrations"

SERVICES FOR PENSION FUNDS

The wholly-owned subsidiary, KLP Forsikringsservice AS, is a market leading service provider to independent local authority pension funds and offers for example professional insurance consultancy, actuarial calculations, calculation of pension costs, information services, member processing and calculation of pensions. At the end of 2008, 15 of a total of 21 municipal and county administration pension funds were using KLP Forsikringsservice as their professional insurance consultants.

NON-LIFE INSURANCE

During 2008 KLP Skadeforsikring AS has maintained its position as market leader in non-life insurance for municipalities and county administrations. At the end of 2008 the Company had a customer relationship with 350 municipalities and county administrations and over 2,032 enterprises.

"During 2008 KLP add a high level of activity in lending, both in loans to local authorities and to private individuals"

In spring 2008 KLP Skadeforsikring started selling insurance products aimed at the personal market, primarily to public sector employees. The company's new products have been well received and both customer numbers and the response to the Company's offerings confirm that KLP Skadeforsikring is competitive both in terms of price and terms and conditions. Following a careful start-up, sales increased through the Internet channel. At the end of the year about every third customer comes via www.klp.no. This proportion is expected to grow during 2009.

The company's focus on local government enterprises and other organisations associated with the public sector produced good results. There continues to be strong competition in non-life insurance in the public sector. The premium level sank for the market generally during 2008. KLP Skadeforsikring had net growth in premiums of 1.0 per cent during 2008.

In 2008 KLP Skadeforsikring AS recorded profit for the year of NOK 34.7 million before tax. The total claims percentage for own account for all sectors was 70.6 per cent. The combined ratio, which is claims and expenses as a percentage of premiums for own account was 97.3 per cent. KLP Skadeforsikring's solvency is good and meets all the minimum requirements of the Financial Supervisory Authority of Norway by a good margin. Book owners' equity was NOK 595.1 million as at 31 December 2008, of which NOK 220 million was share capital.

ASSET MANAGEMENT

KLP Kapitalforvaltning AS and KLP Fondsforvaltning AS comprise the KLP Group's securities management operation. In total at the end of 2008 NOK 155 billion was under management. This is a reduction of NOK 7 billion from 2007. The majority of the assets are managed on behalf of the KLP Group.

"Management on behalf of customers outside the KLP Group increased by 33% in the course of the year"

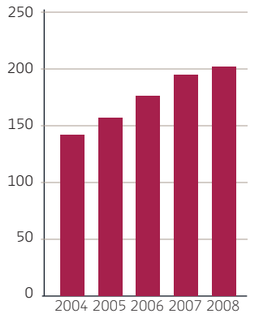
Management on behalf of customers outside the KLP Group increased by 33 per cent in the course of the year and amounted to NOK 7,560 million at the end of 2008. The growth has been driven by institutional investors choosing to invest in KLP's funds products. The management mandates are won in competition with both Norwegian and foreign management operations. Net new subscriptions in KLP's securities funds from customers outside the Group totalled NOK 3.7 billion during 2008. The total for all Norwegian fund management companies was net new subscription of minus NOK 24.5 billion in 2008, so through this growth KLP's security funds are increasing their market share.

KLP Kapitalforvaltning AS achieved profit for the year of NOK 38.0 million and KLP Fondsforvaltning AS achieved profit for the year of NOK 6.7 million.

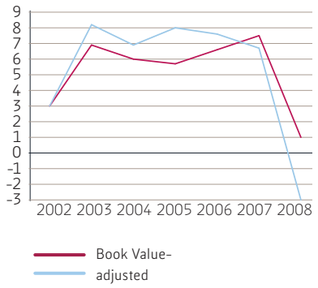
LENDING BUSINESS

During 2008 KLP add a high level of activity in lending, both in loans to local authorities and to private individuals. The lending portfolio increased by almost 45 per cent during the year, from NOK 14.6 billion

Total assets NOK billion



Book and value-adjusted returns



in 2007 to NOK 21.1 billion in 2008. The loans portfolio is characterised by very high quality and low default. Lending to businesses, local government and enterprises totalled NOK 13 billion. The credit crisis in autumn 2008 meant that access to credit became difficult for Norwegian local authorities. KLP took an initiative through the Board of Directors deciding to expand KLP's local authority lending by up to NOK 5 billion. This reflects both that the local government sector represents a solid and attractive group of borrowers and that KLP wishes to help to ease capital access for its customers and owners.

The housing mortgage portfolio developed positively during 2008. At the end of the year KLP had NOK 8.1 billion in total lending to private customers, mainly local government and health enterprise employees. That is an increase of NOK 1.2 billion. The portfolio is secured through mortgages based on careful valuations, mainly within 60 per cent of loan value, and the mortgagees' ability to pay also forms part of the credit assessment. KLP was the winner of Dine Penger's "Bank NM" (National Banking Championship) for 2008 in the "Housing mortgage 80%" class.

PROPERTY BUSINESS

All administration and development of KLP's property stock is carried out through the wholly-owned subsidiary KLP Eiendom AS which is one of Norway's largest property operators with operations in Oslo, Stavanger and Trondheim, and subsidiaries in Sweden and Denmark. KLP Eiendom has a high-standard and well-located property stock comprising shopping centres, hotels, office buildings, education campuses, housing, development sites and development projects. Total value of the property stock is NOK 22.2 billion. KLP Eiendom has generally solid tenants and long leases for its buildings. The occupancy rate in Norway is at 98 per cent. As a result of a new building in Copenhagen, which was completed during the fourth quarter, the total occupancy rate is at 94 per cent.

Project development activity in KLP Eiendom is high. Total value of projects in different phases is expected to amount to about NOK 8 billion over the next five years. The largest current projects are Teknobyen (Trondheim) and Kulturbryggeriet on Schous (Oslo).

Outside the Nordic region KLP has chosen to obtain property exposure through different property funds managed by well reputed international managers. At the end of the year the value of investments in such funds was NOK 860 million.

KLP's accounting results

The results for 2008 are characterised by:

- Turbulent financial markets providing weak returns
- Stable customer relationships and strong market position
- Low operating costs as a result of rationalised operation
- Strong growth in premium income
- Good solvency

Despite a demanding year results allow:

- Return to our customers of NOK 1.9 billion.
- Strengthening of owners' equity by NOK 397 million

KLP is a mutual insurance company owned by its pension customers. This corporate form allows all value creation in the Company to benefit its customers. This happens, both directly by return of surplus, and indirectly by strengthening the Company's owners' equity and solvency. This protects customers' long-term interests and means the NOK 397 million of the annual surplus allocated to the Company's owners' equity is in reality a customer benefit.

The final parts of the Norwegian Insurance Activity Act of 2005 were introduced with effect from 1 January 2008. The Act involves a fundamental revision of the principles of profit allocation between the insurance customers and the company's owners. The changes in the Act clarify the division between the customers' and the owners' assets. These are presented in the report as, respectively, the common portfolio and the corporate portfolio. The new rules also involve substantial changes in the presentation of the accounts. The accounting figures are therefore not comparable with previous years'. Apart from changes resulting from the new Norwegian Insurance Act and adjustment to EU approved international accounting standards (IFRS/IAS), none has been made in accounting practice or classification/valuation principles for the Company's investment assets. Amended accounting principles and classification produced a positive effect on owners' equity totalling NOK 1,024 million as at 1 January 2008.

DETAILS CONCERNING THE ACCOUNTING RESULTS

The very solid financial buffers at the start of the year, combined with strong discipline in reducing financial risk in the common portfolio (customer funds) progressively as risk capability was reduced, meant that despite the failing financial markets KLP entered 2009 still with solid supplementary reserves.

Net financial income in the common portfolio was minus NOK 5,482 million for 2008. The securities adjustment fund, which as at 1 January 2008 was NOK 7,204 million, was taken entirely to income as a result of value falls in short-term financial assets through the year. The common portfolio's holding of bonds presented in the accounts at amortised cost, including bonds held to maturity, had a market value exceeding book value by NOK 1,573 million at the end of 2008.

To meet the interest guarantee of 3.2 per cent provided on the customers' insurance funds, NOK 3,705 million was taken to income from the supplementary reserves. After this transfer NOK 3,940 million remain in supplementary reserves. This corresponds to almost ¾ of the guaranteed interest for 2009.

During 2008 an examination and recalculation of the premium reserve requirement for pensioners was undertaken, showing that somewhat too high a premium reserve had been set aside at the end of 2007. In addition the authorities decided, as a part of the pensioner settlement in spring 2008, a new and substantially higher special supplement for pensioners with low National Insurance pensions (single pensioners etc). In total these two factors resulted in a released reserve of NOK 1,445 million. This sum was returned to the customers' premium fund as at 31 December 2008. In addition the customers have been credited with risk profit for 2008 of NOK 366 million.

KLP's established practice is that the annual return on equity capital contributed is also transferred to the customers. For 2008 this amounted to NOK 92 million. The outcome of all of this was that the customers' premium fund was credited with a total of NOK 1,903 million as at 31 December 2008.

INCREASED PREMIUM INCOME

Premium income was NOK 21,993 million in 2008. This is growth of NOK 3,662 million or almost 20 per cent compared with 2007. As much as NOK 2,484 million resulted from increased costs for the pay and pensions settlement (indexation premium) compared to 2007. The indexation premium totalled NOK 10,635 million. This is the cost of ensuring that already accumulated pension entitlements are adjusted in line with the development of salaries and the National Insurance basic sum (G).

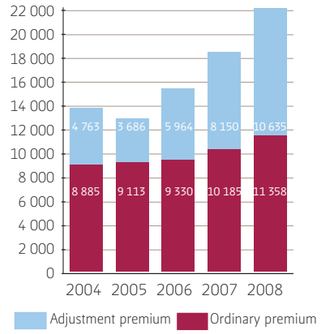
CLAIMS AND PENSION PAYMENTS

Pensions paid and other claims increased by 9% and amounted to NOK 7,302 million during 2008. This is an increase of NOK 607 million compared to the previous year.

TRANSFER OF PREMIUM RESERVES

Net customer assets totalling NOK 2,707 million were moved from KLP during 2008, of which about NOK 2 billion as a result of decisions taken in 2007 to change pension provider. The remaining transfer settlement stems from entitlements for previous employees (deferred entitlements) of a number of customers who had moved from KLP in previous years.

Premium development in NOK million



In autumn 2008 one local government customer decided to transfer its pension scheme to KLP and two decided to transfer to other companies. The accounting effects of this will first appear in the accounts for 2009.

GROWTH IN TOTAL ASSETS

Total assets grew by 3.6 per cent over the year and amounted to NOK 201.9 billion as at 31 December 2008. Of this, the common portfolio amounted to NOK 185.4 billion.

Management of the common portfolio
As at 31 December 2008 the common portfolio comprised the following assets:

ASSETS

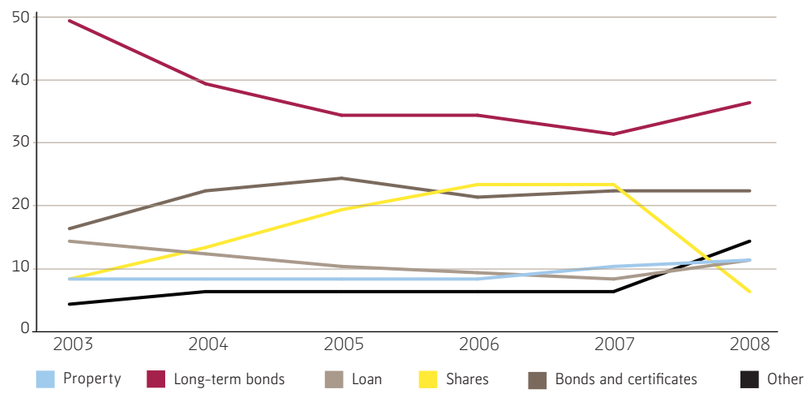
NOK million	Book value [1)]	Return during 2008 - per cent
Shares	17 392	-27,5
Short-term bonds	42 277	2,7
Liquidity/money market	18 478	6,5
Bonds held to maturity	63 599	5,4
Lending	21 439	5,9
Property	19 642	1,3
Total	182 827	

[1)]Book value in the above table is not directly comparable with that in the balance sheet because of different classification of negative positions.

INDEX- TRACKING PORTFOLIOS

A large proportion of the equity investments and more than 2/3 of the foreign short-term bonds are managed as index-tracking portfolios. This means that the majority of such investments are managed so that the return will be almost the same as the value development in the markets invested in. This ensures cost effective management.

Assets (% of financial assets)



ACTIVELY MANAGED PORTFOLIOS

Investments in shares and short-term bonds managed actively have produced additional income for the common portfolio during 2008 of about NOK 400 million in excess of what index-tracking management would have produced.

SHARES

Placements in short term shares represented 9.5 per cent of the common portfolio as at 31 December 2008. However the total risk exposure in shares was reduced through the use of derivatives so the risk exposure was 5.6 per cent.

SHORT-TERM INTEREST-BEARING INVESTMENTS

Short-term bonds and money market instruments comprised 33.2 per cent of the assets in the common portfolio as at 31 December 2008, of which 13 per cent are managed externally. Placements in state or state-guaranteed securities comprise just over 20 per cent of the total interest-bearing placements in the trading portfolio. Global credit bonds with a credit assessment of BBB- or better comprised about 40 per cent of the bond portfolio. The majority of the internally managed credit portfolio is index-tracker managed.

"KLP Eiendom has a high-standard and well-located property stock"

BONDS HELD TO MATURITY

Investments in hold-to-maturity bonds comprise 34.8 per cent of the common portfolio as at 31 December 2008. This represents an increase of about NOK 8 billion in this type of investment, which helps to ensure good future returns. Average weighted remaining time to maturity for the portfolio is about 5.5 years. Book value of the portfolio does not fluctuate with the market value and ensures a stable continuing return of 5.2 per cent. Price premiums not brought to book in the common portfolio were NOK 1,573 million as at 31 December 2008. The portfolio has a good risk spread and comprises securities issued by institutions with a high rating. No write-downs have been carried out as a result of credit losses.

LENDING

KLP's total lending portfolio was NOK 21.4 billion, corresponding to 11.7 per cent of the common portfolio as at 31 December 2008. The lending portfolio is characterised by high quality and low default. Loans on which the instalment had not been paid within 90 days of the due date were NOK 26.3 million at the turn of the year, corresponding to 0.12% of total lending.

PROPERTY

Property investments comprised 10.7 per cent of the common portfolio as at 31 December 2008. The return on KLP's property investments has been very satisfactory in recent years. However during 2008 property value has been affected by the financial disquiet. This has involved a write-down of property values by NOK 796 million over the year. Parts of the property investments are in foreign currency. These are exchange-rate hedged. Taking into account exchange-rate hedging the write-down was NOK 987 million. The property values are set partly on the basis of valuations undertaken by independent external valuers who have valued a representative portion of the portfolio and partly by internal models.

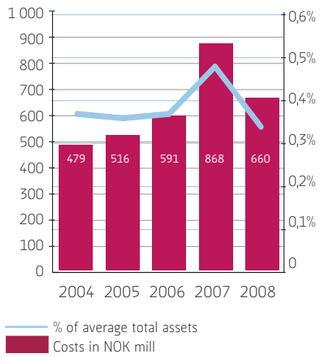
RETURN ON THE COMMON PORTFOLIO

Book return on the common portfolio in 2008 was 1.0 per cent and value-adjusted return was -3.0 per cent. Including value changes in bonds held to maturity, the return on capital was -1.7 per cent.

RETURN ON THE CORPORATE PORTFOLIO

The corporate portfolio covers investment of owners' equity, subordinated loan capital and liquidity in connection with the operation.
The corporate portfolio is managed with a long-term investment horizon aiming at stable returns. This should contribute to stable growth in owners' equity. A key purpose in management of the corporate portfolio is to protect owners' equity against investment losses and to achieve stable results that can

Administration costs



strengthen the Company's solvency. In a very uneasy financial market, as in 2008, the result was better for the corporate portfolio than for the common portfolio. The investments in the corporate portfolio achieved a return of 4.0 per cent during 2008.

OPERATING EXPENSES

Insurance related operating expenses were NOK 651 in 2008. This represents 0.36 per cent of average insurance funds and shows KLP's competitive power in regard to the costs associated with ordinary operation.

PROFIT TO CORPORATE EQUITY

Book profit for allocation to KLP's owners' equity amounts to NOK 397 million and comprises the following profit/loss elements:

NOK million	2008
Administration profit/loss	98
Interest guarantee premium	155
Financial income from corporate portfolio	458
Management and interest costs	-222
Return on owners' equity contribution transferred to customers	-92
Annual profit to corporate equity	397

Allocation of annual profit/loss

The book loss before allocation from supplementary reserves was NOK 1405 million. Following transfer of NOK 3,705 to cover negative interest results, NOK 2,300 million remains for allocation between customers and owners. As described above the customers are being credited with profit totalling NOK 1,903 million.

The Board of Directors proposes the profit for the year, thus totalling NOK 397 million, be transferred to the Company's owners' equity fund.

KLP's Board of Directors considers that the income statement and the balance sheet for 2008 with notes provide comprehensive information on the operation through the year and the financial position at the end of the year. The accounts have been prepared in accordance with the going concern assumption and the company's activities are considered to be well adapted to the risk situation.

Financial solidity and capital-related matters

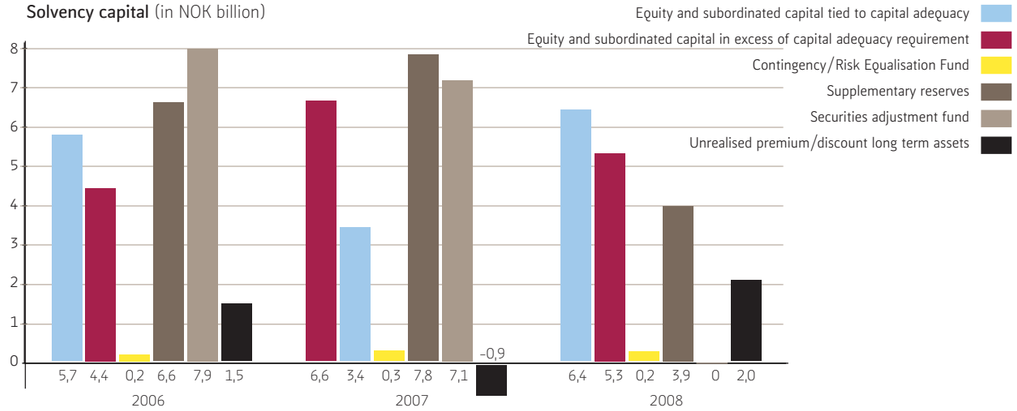
The Board of Directors considers the company's capital situation satisfactory in relation to the risk profile and rating at the end of the year. KLP has satisfactory liquidity and a credit rating from Standard & Poor's of A- with stable outlook. KLP's perpetual subordinated loan securities and subordinated loan capital are all perpetual. The first change in interest rate, which also gives the opportunity to redeem the loans, is not due until 2016 so the Company is not exposed to refinancing risk in today's difficult financial markets.

SOLVENCY DEVELOPMENT

Over the last five years the Board of Directors has prioritised building up solvency in the Company. Developments in the financial markets through 2008 have confirmed the importance of good solvency and solid buffer capital to meet market fluctuations. KLP's investment strategy remains firm with the emphasis on predictability and the long term. KLP's capital situation remains good. The company has prioritised the maintenance of solid financial reserves, good risk control and discipline to reduce risk in difficult markets.

At year-end capital adequacy was 14.6 per cent. On 31 December 2008 solvency margin adequacy was 196 per cent.

Solvency capital (in NOK billion)



KLP's total solvency capital amounted to NOK 17,882 million (NOK 24,293 million). The solvency capital comprises the company's subordinated loan capital (owners' equity and subordinated loan), supplementary reserves, securities adjustment fund and contingency fund.

NOK million	2008
Subordinated capital tied to capital adequacy	6 376
Subordinated capital in excess of capital adequacy requirement	5 277
Contingency reserves	234
Supplementary reserves	3 940
Unrealised value bonds held to maturity	2 057
Total solvency capital	17 882

"Monitoring and management of risk is a prerequisite for good value creation and security for pension assets"

Risk considerations

Monitoring and management of risk is a prerequisite for good value creation and security for pension assets. Identification, assessment and management of the risk factors, both in insurance and financial management, are therefore a very important part of KLP's business. The overall risk picture is assessed at Group level and is monitored within the individual operational units.

INSURANCE RISK

KLP's principal activity lies within life and pension insurance. The industry is characterised by predictability and a limited degree of individual events that may affect results significantly. The pension reform involves change in regulations for age and disability pension from 2011. This necessitates changes in the regulations for public sector occupational pensions. These changes are not currently known but may in principle affect both future premiums and provision requirements significantly. KLP has initiated comprehensive work to stay ahead of the reforms by analysing the impact the changes will have.

For KLP, developments in the incidence of invalidity and in longevity may affect the risk picture. Expected increasing longevity brings longer retirement and creates requirements for increased premium reserves. In 2007 all Norwegian life companies introduced new assumptions on longevity in line with the expected increase in longevity up to 2020 and have increased premium reserves correspondingly.

With an increasing number of occupationally active individuals in the higher age groups there is an increasing supply of new disability pensioners. This is catered for through the premium reserves provided.

ASSET MANAGEMENT STRATEGY AND RISK MANAGEMENT

KLP's investment strategy emphasises achieving competitive returns in which stability and the long-term are prioritised. An important consideration is that our customers and owners should not have to make equity capital contributions beyond what has been clearly communicated and not more than the amounts returned to the customers' premium fund. In addition the investment sums are to be managed in accordance with KLP's policy for socially responsible investments and ownership principles.

"KLP's equity exposure has been reduced from 25.5 to 5.0 per cent during 2008"

To achieve competitive returns it is important to fully utilise the Company's riskcapacity. This will give the Company the best basis to provide its pension customers with good returns over time. Full introduction of the new Norwegian Insurance Act from 1 January 2008 did not change KLP's overarching management strategy, but the product range increased through KLP being able to offer certain alternatives in regard to investment profile.

Responsibility for risk management and asset allocation belongs to a special organisational unit. It manages KLP's management strategy through mandates and ensures that KLP's risk capability is exploited within the limits set by the Board of Directors. A separate compliance unit is responsible for monitoring and reporting whether risk exploitation and management of the Company's assets is conducted within the limits set in regard to authority and guidelines given by the Board of Directors.

Equity exposure is KLP's biggest financial risk factor in the short term whereas the interest rate risk is the biggest in the long term. A negative trend in the equities markets accelerated through 2008 with strong value downturns both in Norway and internationally. KLP's equity exposure has been reduced from 25.5 to 5.0 per cent during 2008. Towards the end of the year interest rate instruments were negatively affected by falling confidence in banks and financial institutions. This has a negative influence on KLP's portfolio of credit bonds. This portfolio is built up of bonds issued by enterprises and financial institutions with good credit quality. Developments in credit quality are monitored continuously. On current valuations the portfolio provides a very good continuous return with a potential for value gain over time. KLP's balance sheet is further structured with a significant proportion of bonds held to maturity that do not fluctuate with changes in interest rate levels. This contributes to stability and predictability.

KLP hedges exchange rate risk on the majority of its international investments. The Company aims at a good balance between index tracking and active management in the securities markets.

KLP's dealing rule is designed to utilise the Company's risk capability in a long-term and effective manner. This should ensure that KLP, regardless of market movements, achieves its income targets and protects its owners' equity. The procedure allows KLP to increase its exposure to equities or other assets with anticipated high returns progressively as solvency is strengthened. Correspondingly the dealing rule provides signals about selling shares when solvency is weakened. This happened on several occasions through 2008. KLP's discipline in regard to selling down has undoubtedly contributed strongly to the satisfactory solvency the Company has at the start of 2009.

The risk that KLP will not have adequate liquidity to meet its current liabilities is very small since a major part of the Company's assets is liquid. The Board of Directors has laid down guidelines for the Company's liquidity management.

OPERATIONAL RISK

KLP has developed a good risk management culture that involves identifying, monitoring and continuously taking the steps necessary to reduce the risk of loss. This is a daily management responsibility at all levels in KLP. Documentation and confirmation of the company's internal audit systems are carried out annually. This is submitted to the Board of Directors together with a risk overview and improvement measures.

KLP is becoming ever more dependent on complex information systems and IT. KLP has therefore increased its attention to the use, operation and outsourcing of such systems. Good systems are in place for independent audit and reporting at different levels. Tasks and functions are distributed so that conflicts of interest are avoided and responsibilities clarified. Good procedures for credit assessment and monitoring, together with audit procedures in regard to investment mandates and guidelines, are important factors in this. The internal audit system has been strengthened both through strengthening the KLP internal audit team and by creation of a central compliance unit.

"The aim of the programme is to strengthen KLP as a competitive and profitable company and it is an arena for personal growth and professional development"

Organisation

KLP attaches great importance to the work environment and well-being. Regular surveys are carried out amongst all staff measuring commitment, the working environment, well-being and espousal of KLP's values. The result of these measurements shows employees are committed and thriving in KLP.

Competence, development and cooperation

KLP is to be a future-oriented knowledge enterprise that is attractive for existing and new colleagues. During 2008 a range of measures has been implemented associated with the Group HR strategy. These include the development of a competency assurance process to ensure critical competency is available in the organisation. KLP's development programme for managers has continued during 2008, so far with more than 100 managers participating. The aim of the programme is to strengthen KLP as a competitive and profitable company and it is an arena for personal growth and professional development.

KLP has developed a special policy for employees aged over 55. The aim is to retain valuable competency in the business as long as possible. Cooperation between the elected employee representatives and the management is organised in several local and one central cooperation committee. The safety service is also represented here. KLP has committed employee representatives who take responsibility for their members through open and clear communication with the management of the Company.

EMPLOYEES

The number of employees in permanent positions in the Group was 685 at the end of 2008. This is 38 more than 2007. During 2008 6.8 per cent of the staff left the KLP Group, against 6.9 per cent the year before. A good and stable workforce has been a good platform on which to increase the number of staff with the right competency. KLP attaches importance to its employees' professional and personal development, one outcome of which is to contribute to a well functioning internal employment market. All employees should have a personal development plan that is monitored through appraisal discussions.

SICKNESS ABSENCE

Total sickness absence at KLP during 2008 was at 4.7 per cent. A small increase in both short and long-term absence produced 0.2 percentage points higher sickness absence than in the previous year. Short term absence was 1.8 per cent, while long-term absence totalled 2.9 per cent during 2008. The ratio between self-certified and doctor-certified absence at KLP was 1:3.7.

DIVERSITY, EQUALITY AND EQUAL OPPORTUNITIES

During 2008 KLP has worked in depth on equal opportunities and diversity to create a more inclusive workplace. The Company has developed a new policy for equal opportunities and diversity in KLP in which targets, tools and activities take account of the discriminatory factors legislation describes.

KLP has equal distribution of men and women amongst its employees. The Company's objective of at least 40 per cent of each gender amongst KLP's managers has been met at management levels 3 and 4, whilst at level 1 and 2 there are 11 and 19 per cent women respectively. The Company will initiate

more measures, including a proficiency programme for female management candidates. Salary differences are monitored to ensure that salary differences are not established in connection with gender. No such salary differences have been discovered during 2008.

KLP's new head office in Bjørvika is being planned for good accessibility and will meet all statutory requirements concerning universal design. In the existing building stock the Company will implement the necessary adjustments and provide for individual arrangements. KLP meets the requirement concerning equivalent gender representation on the boards of the larger subsidiaries.

KLP and society

KLP is a responsible social partner wishing to contribute to long-term value creation and sustainable development. Through its membership of the UN Global Compact, the Company has undertaken to take account of human rights, labour rights, the environment, anticorruption measures and ethics throughout its business.

"Through its membership of the UN Global Compact the Company has undertaken to take account of human rights, employee rights, the environment, anticorruption and ethics throughout its business."

A RESPONSIBLE INVESTOR AND OWNER

Since 2002 KLP has had a responsible investment strategy – and ever since then transparency has been fundamental to this strategy. Each half-year KLP has published which companies are excluded from the Company's investment universe and why. During 2008 KLP also launched a new SRI report providing details of the Company's efforts as a responsible investor and owner.
During 2008 KLP had direct discussions with 16 companies because they are associated with breach in international standards. Seven of these companies have been excluded from KLP's investments. In total 53 companies were excluded from KLP's investments at the end of 2008. During 2008 three companies were readmitted.

KLP voted in 70 per cent (internationally) and 26 per cent (in Norway) of general meetings in the companies in which KLP has holdings.

The investor partnership "Bærekraftig verdiskaping" (Sustainable Value Creation), a KLP initiative, received a positive reception at its launch in August 2008. Twelve of Norway's largest institutional investors are co-operating to influence companies towards sustainable value creation. The results and the report from the year's project were presented at Oslo Stock Market in December 2008.

KLP has signed the UN's Principles for Responsible Investment. KLP is one of the leading investors when it comes to implementation of the six principles the initiative concerns and is working actively to promote these principles and their objectives.

KLP is a Norwegian partner in the Carbon Disclosure Project (CDP). This is a project in which many of the world's largest institutional investors have come together to influence companies to report on their climate impact.

CUSTOMER-FOCUSED HEALTH, SAFETY AND ENVIRONMENT AND SAFETY (HSE) AND INCLUSIVE WORKING LIFE (IWL) ACTIVITIES

KLP impacts on its environment, not just in a purely business-related sense. Over the last 14 years KLP has assisted employers by conducting health, environment and safety activities. We offer our customers advice, courses and financial support to selected projects. During 2008 KLP co-operated with 120 customers on developing a health-promoting and inclusive working environment. The aim is working conditions that help to reduce sickness absence, invalidity and early retirement. A joint effort in this area ensures a safe and profitable pension community.

EXTERNAL ENVIRONMENT

KLP is a company that takes its environmental impact seriously. As an office based company it is primarily energy consumption, transport, waste and procurement that KLP can influence. In addition, through its

projects KLP Eiendom has potential effect on local climate, diversity of species and atmospheric and water emissions. In its social responsibility strategy KLP has committed to developing good procedures for measuring and reduction of the Company's environmental impact. During 2008 KLP Skadeforsikring was accredited as a Miljøfyrtårn ("Eco-Beacon ") and the process of accreditation for other parts of the Group was initiated in 2008. A more detailed description of how KLP deals with its social responsibility is available in the report "KLP og samfunnet 2008" (KLP and Society 2008).

REGULATORY FRAMEWORK

KLP is subject to the regulatory framework set by the authorities for financial and insurance business and the agreements entered into in the pension area by parties negotiating pay and conditions. Throughout 2008 KLP has continued a close dialogue with the authorities and stakeholders influencing the Company's financial and regulatory framework.

CHANGES IN THE NORWEGIAN INSURANCE ACTIVITY ACT

The Norwegian Act on Insurance Activity of 2005 came fully into effect on 1 January 2008. The most important work on adapting KLP's products and services has required major investment in the Group over the last two years. The purpose of the Act is to create greater predictability and transparency in pricing and establish a clear division between the customers' and the company's assets.

THE PENSION REFORM

The authorities' work on modernised National Insurance has continued through 2008. The changes in National Insurance retirement pension to be introduced from 2011 and the new disability pension scheme may have major significance for KLP's pension schemes.

The pension agreement in the Storting in spring 2007 required that public sector occupational pensions be adapted to the main principles of the pension reform. In terms of pension it should pay to work, and longevity adjustment and new indexing are also to be introduced into the public sector occupational pension. At the same time the public sector occupational pension is to be continued as a guaranteed future gross benefits scheme. It is employee and employer organisations in the public sector, through negotiation, that are to decide adjustments in public sector occupational pensions. During 2008 KLP has provided important comments to the authorities' and the negotiating parties' specialist studies of possible adjustments in the public sector occupational pension.

"It is employee and employer organisations in the public sector, through negotiation, that are to decide adjustments in public sector occupational pensions"

NON-LIFE INSURANCE BILL

A new bill concerning non-life insurance companies' activity was promulgated in December 2008, as a step in the modernisation of overall insurance legislation. The purpose of the act is to ensure greater openness concerning the activity of the companies. It is expected that the proposal will be processed and will come into force during 2009. KLP has participated in the Banking Law Commission's working group that prepared the bill.

MANAGEMENT CHANGES

On 3 January 2008 Sverre Thornes took over as the new Group Chief Executive Officer of KLP. Ida Espolin Johnson took over as Group Director for Life Insurance vice Sverre Thornes. Aage E. Schaanning has been nominated as the new Group Director Economy and Finance. To increase focus on the potential that technology has to strengthen the Company's competitive capability, IT has been established as a separate division and Rune Mæland has joined the Group Management as IT Director. Toril B. Ressem was appointed the new Group Director for Group Services from 1 April 2009.

CHANGES IN KLP'S BOARD

At the Supervisory Board meeting on 14 May Arne Øren was elected the new Chair of the KLP Board of Directors. He took over from Siri Austeng who had then sat on KLP's Board for nine years. Ole Hetland also left KLP's Board. Gunn Marit Helgesen was elected as a new member of KLP's Board.

The Board, from the left: Kari Bakken, Gunn Marit Helgesen, Finn Jebsen, Jan Helge Gulbrandsen (behind), Herlof Nilssen, Arne Øren, Torvald Hillestad, Ann Inger S. Døhl, Rune Brakstad and Gunn Olander. Anne Grethe Skårdahl and Ingjerd Hovdenakk were not present when the picture was taken.

CORPORATE GOVERNANCE

KLP's Articles of Association and applicable legislation provide the framework for corporate governance, corporate management and clear division of roles between the directing bodies and executive management. KLP's corporate governance is in accordance with the Norwegian recommendations for good corporate governance as far as this is appropriate in regard to the mutual corporate form. The Board of Directors undertakes an annual review of corporate governance in KLP.

Future prospects

For several years KLP has prioritised development of a management strategy that allows for major market fluctuations. Despite an uneasy year in 2008 KLP enters 2009 with good solvency. Supplementary reserves corresponding to ¾ of the interest guarantee for 2009 provide the necessary room to manoeuvre to conduct good and future-oriented asset management. The composition of assets at the start of the year limits risk, provides more predictable income, and provides the freedom to exploit investment opportunities in the future. The long-term dealing rule, in which risk-taking reflects the Company's risk capability, will continue fundamental to the Company's investment strategy.

Good solvency, focus on social responsibility, low costs and good support systems provide KLP with a good start point to ensure a good market position, good reputation and satisfied customers. In recent

years the Company has carried out major IT investments that provide better service and the basis for better customer support.

KLP aims to be the leading supplier of financial services in the public sector in the years to come. The Board of Directors believes KLP has good resource and financial premises to succeed in a demanding market. The Company has high and specialised competency, provides good service, has low costs and achieves competitive returns over time.

NEW PRODUCTS AND MARKETS

From being a Group supplying one product to one market, KLP has expanded its scope of business. During 2008 KLP has raised as a strategic objective stronger and more determined efforts towards the employees of its employer customers. This means that KLP will offer ever more products and services in the personal market. This is the background to the strategic decision to establish a bank. KLP received its licence to establish a bank on 29 January 2009.

Development and sale of new non-life insurance products, new pensions products as well as banking and fund management products to the personal market, give the Group a broader platform for profitable growth.

The Board of Directors consider KLP is well prepared to develop its business in a way that will create sound value both for customers and owners, even during a period marked by uncertainty and disquiet.

Oslo, 20 March 2009
The Board of Directors of Kommunal Landspensjonskasse

Arne Øren, Chair

Finn Jebsen, Vice Chair

Ann Inger Stokkvik Døhl

Gunn Marit Helgesen

Herlof Nilssen

Anne Grethe Skårdal

Rune Brakstad

Sverre Thornes
Group Chief Executive Officer

Kari Bakken

Accounts KLP

Income statement KLP

Notes	NOK million	2008
	Premiums due, gross	21 995
	Reinsurance premiums ceded	-2
	Transfer of premium reserves from other	89
16	Total premium income	22 082
	Income from investments in subsidiaries, associated enterprises and jointly controlled enterprises	56
	Interest income/dividends on financial assets	6 167
	Income from interest and dividends etc	-7 446
	Interest expenses etc	-4 259
	Value changes on investments	-5 482
	Gains and losses realised on investments	
5,16	Total net income from investments in the common portfolio	633
16	Other insurance-related income	-7 310
	Changes in claims reserve	8
	Transfer of premium reserve, supplementary reserves & secunties adjustment fund	-2 796
16	Total claims paid	-10 099
	Changes in premium reserve	
	To (from) premium reserve, gross	-14 719
	Changes in supplementary reserves	3 706
	Changes in securities adjustment fund	7 204
	Changes in premium and deposits fund	-79
	Transfer of supplementary reserves & secunties adjustment fund	117
16	Total changes in insurance liabilities taken to profit/loss – contractual liabilities	-3 771
	Risk profit/loss assigned insurance contract	-366
	Other assignment of surplus	-1 537
16	Total funds assigned to insurance contracts – contractual liabilities	-1 903
	Administration costs	-135
22	Sales costs	-90
	Insurance-related administration cost	-426
16	Total insurance-related operating expenses	-651
16	Other insurance-related costs	-661
16	Technical profit/loss	150
	Income from investments in subsidiaries, associated companies & joint control enterprises	175
	Interest incurred/dividends on finan. assets	293
15	Net operating income from property	281
	Value changes on investments	-789
	Realised gains/loss on invest	499
5	Total net income from investments in the corporate portfolio	458
	Other income	18
	Administration costs	-10
	Other expenses	-219
	Total administration costs and other costs associated with the corporate portfolio	-228
	Non-technical profit/loss	248
	Profit/loss before taxes	397
25	Tax expense	0
	Profit/loss before other profit/loss components	397
	Other profit/loss components	0
	TOTAL PROFIT/LOSS	397
	Profit to equity capital funds	-397
	Allocation of profits	-397

Balance sheet KLP

Notes	NOK million	31.12.2008
	ASSETS	
	ASSETS IN THE CORPORATE PORTFOLIO	
	Other intangible assets	220
17	Total intangible assets	220
	Investments in the corporate portfolio	
15	Investment properties	901
	Shares and holdings in subsidiaries	1 226
	Shares and holdings in property subsidiaries	878
13	Total subsidiaries, assosiated and jointly controlled enterprises	2 105
	Investments held to maturity	3 050
	Bonds classified as loans and receivables	1 800
	Other lending	737
	Total financial assets at amortised cost	5 587
14	Shares and holdings	384
14	Alternative investments	880
	Bonds and other fixed-return securities	2 934
	Loans and receivables	64
6	Financial derivatives	812
	Total financial assets at fair value	5 075
6	Total investments in the corporate portfolio	13 668
	Assets in the corporate portfolio	
	Receivables – ordinary business	510
	Other receivables	42
	Group receivables	997
	Total receivables	1 549
	Plant and equipment	16
	Cash, bank deposits	987
	Total other assets	1 004
	Earned, not received, rental income	31
	Other prepayments and accrued income not yet due	24
	Total prepayments and accrued not received income	55
	Total assets in the corporate portfolio	16 495
	ASSETS IN THE COMMON PORTFOLIOS	
	Investments in the common portfolio	
13	Shares and holdings in property subsidiaries	17 846
	Receivables from and securities issued by subsidiaries, associated enterprises and jointly controlled enterprises	55
	Total investments in subsidiaries, associated enterprises and jointly controlled enterprises	17 901
	Investments held to maturity	33 870
	Loans and receivables	29 729
	Other lending	22 399
	Total financial assets valued at amortised cost	85 998
14	Shares and holdings	9 004
14	Fixed-income fund holdings	20 589
14	Equity-fund holdings	7 581
14	Alternative investments	223
	Bonds & other fixed return securities	30 120
	Loans and receivables	11 441
6	Financial derivatives	2 231
	Other financial assets	314
	Total financial assets valued at fair value	81 502
6	Total assets in the customer portfolios	185 401
	ASSETS	201 896

Balance sheet KLP

Notes	NOK million	31.12.2008
	OWNERS' EQUITY AND LIABILITIES	
	Other owners' equity contributed	4 633
4	Total paid-up capital	4 633
	Risk equalisation fund	234
	Other retained earnings	3 570
4	Total retained earnings	3 804
	Perpetual subordinated loan capital	3 771
	Perpetual hybrid Tier 1 securities	1 250
18	Total subordinated loan capital etc.	5 022
	Premium reserve	177 744
	Supplementary reserves	3 940
	Claims reserve	87
	Premium, deposits & Pensioners surplus fund	2 332
16	Total insurance liabilities in life insurance – contractual liabilities	184 103
	Pension obligations etc	360
23	Total provision for liabilities	360
	Direct insurance liabilities	697
	Financial derivatives corporate portfolio	460
	Financial derivatives common portfolio	2 068
	Other liabilities	699
	Total liabilities	3 924
	Other accrued cost and pre-paid income	51
	Total accrued costs and pre-paid income	51
	OWNERS' EQUITY AND LIABILITIES	201 896
	Off-balance sheet items	2
29	Conditional liabilities	2

Oslo, 20 March 2009

The Board of Directors of Kommunal Landspensjonskasse

Arne Øren, Chair

Finn Jebsen, Vice Chair

Ann Inger Stokkvik Døhl

Gunn Marit Helgesen

Herlof Nilssen

Anne Grethe Skårdal

Rune Brakstad

Sverre Thornes
CEO

Kari Bakken

Schedule of changes in owners' equity KLP

NOK million	2008
Total profit/loss for the year	-397
Changes in owners' equity resulting from change in principle	
Retained earnings	
Risk equalisation fund	258
Unrealised gains financial assets corporate capital	379
Funds in non life insurance	301
Reclassified surplus fund group life	86
Funds	1 024
Transactions with owners	
Paid-in equity contribution	479
Refunded equity contribution	-66
Total transactions with owners	413
Reconciliation of capitalised value	
Owners' equity contributed	
Owners' equity contribution 1 January	4 220
Owners' equity contribution paid in	479
Owners' equity contribution repaid	-66
Owners' equity contribution 31 December	4 633
Retained earnings	
Funds	
Risk equalisation fund 1 January	258
Changes during the period	-3
Risk equalisation fund 31 December	255
Funds in non life insurance 1 January	301
Changes during the period	0
Funds in non life insurance 31 December	301
Surplus fund 1 January	86
Changes during the period	0
Surplus fund 31 December	86
Funds totalled:	
Funds etc 1 January	645
Change for the period	-3
Funds etc 31 December	642
Other retained earnings:	
Retained earnings as at 1 January	2 683
Risk equalisation fund	258
Unrealised gains financial assets corporate capital	379
Reclassified surplus fund group life	86
Transferred from profit/loss for the year	397
Retained earnings as at 31 December	3 804
Retained earnings totalled:	
Other equity 1 January	2 683
Change for the period	1 121
Other equity 31 December	3 804
Owners' equity in total:	
Owners' equity 1 January	6 903
Changes during the year	1 534
Owners' equity 31 December	8 437

Cash flow analysis KLP

NOK million	2008
CASH FLOWS FROM OPERATIONS	
Direct insurance premiums received	17 429
Reinsurance premiums paid	-2
Direct insurance claims and benefits paid	-6 964
Payments received on transfer	148
Payments made on transfer	-2 776
Payments to other suppliers for products and services	-611
Payments to staff, pension schemes, Employer's NI contribution etc.	-274
Interest paid	-285
Interest received	6 660
Dividend received	577
Tax and public charges paid	-7
Net receipts/payments from property activities	1 336
NET CASH FLOW FROM OPERATING ACTIVITIES	15 231
CASH FLOW FROM INVESTMENT ACTIVITIES	
Advances of loans to customers etc.	-10 906
Receipts on loans to customers etc.	4 407
Receipts on the sale of shares	13 724
Payments on the purchase of shares	-2 457
Receipts on the sale of bonds and certificates	10 978
Payments on the purchase of bonds and certificates	-25 285
Payments on the purchase of property	-3 547
Net cash flow from purchase/sale of other short-duration securities	-2 074
Payments on the purchase of tangible fixed assets etc.	-101
NET CASH FLOW FROM INVESTMENT ACTIVITIES	-15 262
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts of owners' equity contributions	479
Repayment of owners' equity contributions	-66
Group contributions received	146
Group contributions made	-31
NET CASH FLOW FROM FINANCING ACTIVITIES	528
NET CHANGES IN CASH AND BANK DEPOSITS	497
HOLDINGS OF CASH AND BANK DEPOSITS AT START OF PERIOD	491
HOLDINGS OF CASH AND BANK DEPOSITS AT END OF PERIOD	987

Notes KLP

Note 1 General information

Kommunal Landspensjonskasse (the Company) provides pension and insurance services to municipalities and county administrations, health enterprises and to enterprises both in the public and private sector.

The major product area is group pensions insurance. Within pension insurance the Company offers local government occupational pensions and defined benefit/corporate pensions and defined contribution pensions.

In addition the Group provides group life insurance and non-life insurance, loans, and funds and investment management.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. KLP has its head office at Karl Johansgt. 41b, Oslo, Norway.

The Company has subordinated bond issue listed on the London Stock Exchange.

Note 2 Summary of the most important accounting principles

Below follows a description of the most important accounting principles that have been used in the Company accounts.

2.1 FUNDAMENTAL PRINCIPLES

The annual accounts have been presented in accordance with Regulation No. 1241 of 16 December 1998: "Regulations for annual accounts etc for insurance companies" (Annual Accounts Regulations) as well as the Regulations of 30 January 2009 on amendment of the above mentioned Regulation No. 1241. The regulations have been changed as a result of harmonisation with international EU-approved accounting principles (IFRS/IAS) and changes in insurance legislation. The amendments lay down that company accounts are to be prepared in accordance with Regulations on International Accounting Standards made pursuant to the Norwegian Accounting Act § 3-9 second paragraph unless otherwise provided for in the Regulations. Kommunal Landspensjonskasse is the parent company of a Group that presents Group accounts in accordance with IFRS and thus presents company accounts complying with international accounting standards in accordance with the Norwegian Accounting Act § 3-9 with the exception of those supplements resulting from the Annual Accounts Regulations.

The Company has used Regulation No. 57 of 21 January 2008 "Regulations on simplified application of international accounting standards" for presentation of Group contributions. This means that the Group contribution taken to account is presented as a liability (Group contribution paid) and a receivable (Group contribution received), even though the Group contributions had not been approved at the balance sheet date.

The annual accounts have been prepared based on the principle of historic cost, with the following exceptions:

- Investment property is valued at fair value.
- Financial assets and liabilities (including financial derivatives) are valued at fair value through profit and loss.
- Holdings in subsidiaries and associated companies are valued in accordance with the owners' equity method.

To prepare annual accounts in accordance with updated annual accounts regulations largely based on IFRS (International Financial Reporting Standards), management must make accounting estimates and approximate valuations. This will affect the value presented in the accounts of the Company's assets and liabilities, income and expenses. Actual figures may deviate from estimates used. Areas in which approximate valuations and estimates of material significance for the company have been utilised are described in Note 3.

All amounts are presented in NOK millions without decimals unless otherwise stated.

The accounts have been prepared in accordance with the going concern assumption.

2.1.1 Changes resulting from new life insurance activity rules

The amended Norwegian Insurance Act came into effect on 1 January 2008. The Act involves inter alia a fundamental revision of the principles for the apportionment of surpluses between the insurance customers and the companies' owners. Previously profits were divided between customer and company so the customer received at least 65 per cent of the profit. In accordance with the new rules the profit is allocated as follows:

Interest profit/loss
To calculate interest profit/loss, separation has been introduced between the customers' accumulated funds and the insurance company's, i.e. the owners', own funds. These are presented in the report as, respectively, the common portfolio and the corporate portfolio. The common portfolio may be further divided into subportfolios with different investment profiles. Interest profit/loss thus comprises the return on the common portfolio less guaranteed interest. Interest profit is credited to the customer, whereas an interest loss must be covered from the customers' supplementary reserves and/or from owners' equity. The company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Company's results.

Risk result
Risk profit/loss is an expression of the development of mortality and disability in the insured population during the period as a ratio of that assumed in the Company's premium tariff. A risk profit is credited to the customers but it is permissible to retain up to half of a risk profit in a risk equalisation fund as part of owners' equity. The risk equalisation fund may only be used to cover later deficits in the risk result and may amount to a maximum of 150 per cent of risk premium for the year.

Administration result
Administration profit/loss is a result of how the Company's actual expenses deviate from the premium tariff. The administration profit/loss is credited entirely to the Company.

Return on the corporate portfolio
Returns on assets in the corporate portfolio accrue to the Company.

Free-standing policies
For free-standing policies a modified profit allocation has been introduced, so that at least 80 per cent of the return achieved on the assets managed accrues to the customers and a maximum of 20 per cent accrues to the Company.

2.1.2 Comparable figures

The amendments to the Insurance Act are so comprehensive that comparable figures are not required in the implementation year. The annual accounts with notes comprise exclusively the accounts figures in regard to 2008.

2.2 SUBSIDIARIES AND ASSOCIATED COMPANIES

2.2.1 Subsidiaries

All entities in which the Company has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. Subsidiaries have been consolidated in accordance with the equity capital method. This means that the Company's share of profit or loss in subsidiaries is taken to profit/loss and is added to the balance sheet value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the balance sheet value of the investment becoming negative unless the Company has assumed liabilities on behalf of the subsidiary.
Purchase of subsidiaries is taken to account in accordance with the acquisition method. Acquisition cost is set at the same as fair value of assets provided by way of consideration for the purchase, equity instruments issued, liabilities assumed on transfer of control and direct costs associated with the actual acquisition. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalised as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

The Company's accounts are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate on the date of the balance sheet.

2.2.2 Associated companies.

Associated companies are entities in which the Company has substantial influence without having control. Normally substantial influence is reached through a holding of between 20 per cent and 50 per cent of voting capital. In addition to owning at least 20 per cent of the voting capital the Company has substantial influence through Board representation or in some other way in all companies defined as associated with the Company.

On the date of acquisition investments in associated companies are taken to account at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Company's share of profit or loss in associated companies is taken to profit/loss and is added to the balance sheet value together with owners' equity changes not taken to profit/loss. The Company does not take a share of the loss to profit/loss if this involves the balance sheet value of the investment becoming negative unless the Company has assumed liabilities on behalf of the associated company.

Where necessary, accounting principles in associated companies are changed to achieve harmonisation with the Company's accounting principles.

2.3 SEGMENT INFORMATION

The Company's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The company's business areas are grouped in group pension insurance and group life insurance.

2.4 CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

2.4.1 Functional currency and presentational currency

The Company's accounts are presented in NOK, which is the functional currency of the Company.

2.4.2 Transactions and balance sheet items

Transactions in foreign currency have been converted to NOK by using the conversion rate on the date of the transaction. Currency gains and losses on transactions in foreign currency are taken to expenses. This also applies to conversion of money items (assets and liabilities) on the balance sheet date.

Conversion differences on non-money items are included as part of the gain and loss on valuation at fair value. Conversion differences associated with non-money items, such as shares at fair value through profit and loss, are included as an element of value change taken to profit/loss.

2.5 TANGIBLE FIXED ASSETS

The Company's tangible fixed assets mainly comprise office machines, inventory and vehicles.

Tangible fixed assets are booked at cost of acquisition and including costs that can be attributed directly to the fixed asset, with deduction for depreciation.

Subsequent costs relating to fixed assets are capitalised as part of the fixed asset if it is likely that the expenditure well contribute to future financial benefit for the Company. Repair and maintenance are taken to profit/loss during the period the expenses are incurred.

Depreciation is by straight-line so the acquisition cost of fixed assets or their reassessed value is depreciated to residual value over expected life, which is:

Office machinery:	3 – 5 years
Vehicles:	5 years
Inventory:	3 – 5 years

For some fixed assets, where the drop in value is expected to be highest at the start, reducing balance depreciation is used.

The utilisable life of tangible fixed assets is assessed annually. Where there are indications of value reduction in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

Gains and losses on disposals comprise the price of sale less the book value at the time of sale. Gains and losses on disposals are taken to profit/loss. On the sale of revalued fixed assets, any sum in the revaluation reserve linked to the fixed asset is transferred to retained earnings.

2.6 INVESTMENT PROPERTY

Real estate not used by the Company is classified as investment property if the properties are directly owned by the Company. The properties owned through a limited company or general partnership are classified as shares and holdings in subsidiaries. If a property is partially used by the Company and partially leased to external tenants, the part that is leased to external tenants is classified as investment property if it can be sectioned out.

Investment property comprises buildings and sites, and is valued at fair value on the balance sheet date. The Company uses a valuation model to estimate market value.

The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account based on expected vacancy, expected maintenance/improvement costs and normal operating costs.

The expected cash flow is discounted by a return requirement determined on the basis of the risk-free interest rate (10-year Norwegian Government Bond interest rate) adjusted by a supplement for estimate on a 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. This risk-free interest rate is then loaded with a management overhead corresponding to KLP Eiendom's operating costs and comprising those costs that are not directly attributable to the individual managed property. Finally a risk premium is added that is determined on the basis of the willingness of the investors to accept risk in the property market taking account of matters specific to the property such as for example geography, property type, tenants etc.

Annually about 10 per cent of the Company's property stock is valued by external, independent and qualified assessors. As far as possible, different assessors are used from year to year. The properties valued by extern assessors are randomly selected. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this is shown to be necessary.

Changes in fair value are taken to profit/loss.

If an investment property is occupied by the Company, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Company has used is leased externally, the property is reclassified as investment property. Any difference between book value and fair value on the date of reclassification is taken to owners' equity as a revaluation.

2.7 INTANGIBLE ASSETS

In the main the Company's intangible assets comprise capitalised IT systems. On the purchase of a new IT system, directly attributable costs paid to the system supplier, as well as external consultancy support and internally accrued costs of having the system installed and readied for use, are capitalized.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

When an IT system is operational the capitalized costs are depreciated by straight line over the expected life (3 – 12 years). In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum, a test of decline in value is carried out. If the book value is higher than the recoverable sum (present value on continued use/ownership), the asset is depreciated to the recoverable sum.

2.8 FINANCIAL ASSETS

The Company's financial assets are divided into the corporate portfolio and the common portfolio. These portfolios are further divided into categories. The various categories in the portfolios are: (1) financial assets measured at amortised cost and (2) financial assets measured at fair value. The purpose of the asset determines the classification and management undertakes classification on acquisition of the financial asset.

2.8.1 Financial assets valued at fair value

This category is divided into two subcategories: (1) Held for trading, (2) Voluntarily categorised at fair value on acquisition according to the fair value option.

Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Company's derivatives are included in this category unless they form part of hedging. Fair value is determined on the basis of observable prices in an active market, or where such prices are not available, through internal modelling with regular collection of external pricing to quality-assure the internal pricing model.

Financial assets voluntarily categorised at fair value through profit and loss on acquisition comprise financial assets managed as a group and where their earnings are valued and reported to management on the basis of fair value. The size of the portfolio is decided on the basis of the Company's desired risk exposure to interest and equity markets.

Gains or losses from changes in fair value of assets classified as financial assets at fair value are included in the income statement in the period they arise. This is included in the line "Value changes on investments in the common/corporate portfolio".

Coupon interest is taken to income as it accrues and is included in the line "Interest income/dividend on financial assets". Share dividend is also taken to profit/loss as "Interest income/dividend on financial assets" when the Company's entitlement to dividend is determined.

Fair value in this category is determined in relation to observable purchase prices in an active market, or where such purchase prices are not available, through internal valuation models based on external data.

2.8.2 Financial assets that are valued at amortised cost

Financial assets that are valued at amortised cost are divided into two categories:

a) Loans and receivables are financial assets, with the exception of derivatives, with set or determinable payments, and that are not traded in an active market or that the Company intends to sell in the short term or has earmarked at fair value through profit and loss.

   Loans and receivables are divided into two subcategories:

   - Loans and receivables linked to investment business
   - Other loans and receivables including receivables from policyholders

   Loans and receivables in the investment business comprise bonds at amortised cost that are not priced in an active market, mortgage loans and other lending.

   Other loans and receivables including premiums receivable comprise premiums receivable and various other receivables. Loans and receivables are initially recognized on the balance sheet at fair value. Subsequent measurement is at amortised cost using the effective interest rate method with write-down for credit losses if appropriate.

   The effective interest on loans and receivables in the investment business is taken to profit/ loss and included in the line "Interest income/dividend on financial assets".

   Fair value in this category is determined on the basis of internal valuation models based on external observable data.

b) Financial assets held to maturity
   Financial assets held to maturity comprise financial assets that are not derivatives and that have set or determinable payments and a defined date of maturity and that the Company has the intention and the ability to hold to maturity with the exception of:
   - those the business on first recognition earmarks at fair value through profit and loss
   - those that meet the definition of loans and receivables.

   Financial assets held to maturity are recognized in the balance sheet for the first time at fair value. Subsequent measurement is at amortised cost using the effective interest rate method with deductions for write-downs for credit losses, and this change in value is included in the line "Interest income/dividend on financial assets" in the income statement.

Purchases and sales of financial assets are taken to account on the trading date, i.e. when the Company has committed itself to buy or sell that financial asset. Financial assets valued at fair value. Direct costs of purchase are included in acquisition cost except for purchase costs associated with assets at fair value over profit and loss. For these assets purchase costs are taken to expenses directly. Financial assets cease to be recognized when the Company is no longer entitled to receive the cash flow from the asset or the Company has transferred all risk and entitlements associated with its ownership.

2.8.3 Calculation of fair value

Fair value of market-listed investments is based on the applicable purchase price. If the market for the security is not active, or the security is not listed on a stock market or similar, the Company uses valuation techniques to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected interest rate curves and spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

a) Shares (listed)
   Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:
   Oslo Børs
   Morgan Stanley Capital International (MSCI)
   Reuters

Oslo Børs has first priority, followed by MSCI and finally Reuters.

b) Shares (unlisted)
As far as possible the Company uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA). Broadly this means the following:
The last traded price has the highest priority. If the last traded price lies outside the Bid/Ask spread in the market, price is adjusted accordingly. I.e. if the last traded price is below Bid, price is adjusted up to Bid. If it is above Ask, it is adjusted down to Ask. If the price picture is considered outdated the price is adjusted according to a market index. The Company has selected the Oslo Børs's Small Cap Index (OSESX) as an approach for unlisted shares. For shares on which very little information is available, valuations are obtained from brokers to provide a basis for estimating an assumed market price.

c) Foreign interest-bearing securities
Foreign interest-bearing securities are generally priced on the basis of prices obtained from an index provider. At the same time prices are compared between several different sources to identify any errors. The following sources are used:
JP Morgan
Barclays Capital Indices
Bloomberg
Reuters

JP Morgan and Barclays Capital Indices have the first priority (they cover government and corporate bonds respectively). After that Bloomberg is used ahead of Reuters based on Bloomberg's BVAL price source. BVAL contains verified prices from Bloomberg. The final priority is Reuters.

d) Norwegian interest-bearing securities - government
Reuters is used as a source for pricing Norwegian government bonds. It is Oslo Børs that provides the price (via Reuters). The prices are compared with the prices from Bloomberg to reveal any errors.

e) Norwegian interest-bearing securities - other than government
All Norwegian interest-bearing securities except government are priced theoretically. A zero coupon curve is used, as well as a spread for pricing. Reuters is used as the source for the zero coupon curve from 0 to 10 years. From 12 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.
The spread curves are received from the NMFA. These are based on spread curves collected from five different market operators and converted to an average curve. These are sent out about once a week.

f) Interest-bearing securities issued by foreign enterprises, but denominated in NOK
Fair value is calculated in accordance with the same principle as for Norwegian interest-bearing securities described above. Spread curves provided by SE Banken and Swedbank are converted to an average curve used as the basis for calculation of fair value.

g) Futures/FRA/IRF
All futures contract are traded on stock exchanges. Reuters is used as a source of pricing. Prices are also obtained from Bloomberg to check the Reuters prices are correct.

h) Options
Bloomberg is used as the source for pricing stock market traded options.

i) Interest rate swaps
Interest rate swaps are valued on a model taking account of observable market data such as yield curves and appropriate credit spreads.

j) Mortgage loans, loans to the local government sector or enterprises with local government guarantees

The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

Fair value of fixed interest loans is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin on balance sheet day.

Fair value of variable interest rate loans is considered virtually the same as book value since the contract terms and conditions can be continually changed in step with change in market interest rates.

k) Investments with credit institutions
Investments with credit institutions deposits with shorter duration. Fair value is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin on balance sheet day.

2.8.4 Write-down

In assessing whether there is value reduction, emphasis is placed on whether the issuer/debtor has significant financial difficulties, on whether there is a breach of contract, including default; an assessment is made whether it is probable the debtor will be bankrupted, whether there is no longer an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered regardless of the degree of probability.

If there is objective proof, write-down is carried out. The depreciation is calculated by comparing the new, anticipated cash flow with the original cash flow discounted by the original effective interest rate (fixed interest assets) or by the effective interest rate at the time of measurement (variable interest assets). The write-down is set against provisions and included within the income statement. Any reversal of previous write-down is returned to provisions via profit/loss.

2.9 DERIVATIVES AND HEDGING

Derivatives are capitalised at fair value at the time they are contracted. On subsequent measurement the derivatives are booked at fair value. Booking of associated gains and losses depends on whether the derivative has been identified as an accounting hedging instrument and in which type of accounting hedging the derivative is included.

For derivatives not included in accounting hedging, gains and losses are taken to profit/loss as they arise on the line for "Value changes on investments". These are included in the category "Financial assets measured at fair value".

The Company has in one case used accounting hedging (hedging accounting). Hedging accounting is used on hedging of perpetual hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). The Company has documented the hedging and continuously monitors the effectiveness of the hedging. The hedging is in its entirety part of the corporate portfolio.

Change in fair value of the hedging instrument is included in the income statement at the line for "Value changes in investments in the corporate portfolio". Value changes on the hedging object that can be attributed to the hedge risk are booked as a correction of the hedging object's capitalised value and included in the income statement at the line for "Value changes on investments in the corporate portfolio".

2.10 SET-OFF

Financial assets and financial liabilities are only set off to the extent there is a legal entitlement to set off liability against receivable as well as the maturity date of the asset corresponding with the date the debt is due payment.

2.11 CASH AND CASH EQUIVALENTS

Cash holdings and bank deposits associated with daily operations are shown as cash and bank deposits. Bank deposits associated with the securities business are defined as financial assets. The cash flow analysis has been prepared in accordance with the direct method.

2.12 FINANCIAL LIABILITIES

The Company's financial liabilities comprise subordinated loan and perpetual hybrid Tier 1 securities issued and are entirely linked to the corporate portfolio.

2.12.1 Subordinated loan

Subordinated loan is lending with priority after all other liabilities and forms part of supplementary capital in calculating capital adequacy. Subordinated loan can be divided into two categories:
a) Time-limited subordinated loan (can count by 50 per cent as core capital in the capital adequacy calculation)
b) Perpetual subordinated loan (can count by up to 100 per cent of core capital in the capital adequacy calculation)

The total of (a) and (b) can represent a maximum 100 per cent of total core capital (or 50 per cent of the core capital requirement). Subordinated loan is taken to account at fair value on subscription. On subsequent measurement subordinated loan is brought to account at amortised cost using the effective interest rate method. Effective interest is posted through profit/loss in the line "Interest income/dividend on financial assets in the corporate portfolio". Subordinated loan in foreign currency is converted to NOK on the balance sheet date. Value change resulting from currency change is posted through profit/loss and included in the line "Value changes on investments in the corporate portfolio".

2.12.2 Perpetual hybrid Tier 1 securities issued

A perpetual hybrid Tier 1 security is a bond issued with a nominal coupon interest, but where the issuer is not liable to pay out coupon interest during a period where returns are not paid to the owner. The terms and conditions for the perpetual hybrid specify in detail in what circumstances inadequate returns to the owner qualify for suspension/deferral of interest servicing of the perpetual hybrid. Perpetual hybrid Tier 1 securities have been approved as an element of core capital within a limit of 15 per cent of total core capital. The Financial Supervisory Authority of Norway can require perpetual hybrids to be written down proportionally with owners' equity if the company's core capital adequacy falls below 5 per cent or total capital adequacy falls below 6 per cent. Any write-down of perpetual hybrids must be reversed before owners' returns can be paid out or owners' equity be written up.

Perpetual hybrids are taken to account at nominal on date of issue and valued subsequently at amortised cost. For perpetual hybrids hedged against currency and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is taken through profit/loss in the line "Value changes on investments in the corporate portfolio".

2.13 THE COMPANY'S OWNERS' EQUITY

The owners' equity in the company is divided into three classes:

2.13.1 Paid-up equity

Paid-up equity comprises owners' equity contribution. Owners' equity contribution is owners' equity contributed by members of Kommunal Landspensjonskasse Gjensidig Forsikringsselskap. The contribution is determined in relation to premium reserves and is calculated separately for the individual group scheme by the Company's Board for the individual calendar year. Owners' equity contribution may be used to cover losses or deficits in current operation. Owners' equity contribution may be repaid in connection with movement of a customer's business from the Company only after approval in advance from the Financial Supervisory Authority of Norway. The member's share of the actual combined owners' equity contribution at the termination date calculated in relation to the member's share of the Company's total technical provisions may be subject to repayment. Returns cannot be given on the owners' equity contribution regardless of the annual operating profit/loss. The owners' capital contribution is not a negotiable equity instrument.

2.13.2 Retained earnings

The company's retained earnings comprise mainly an equity capital fund. The equity capital fund arose through a transfer from the contingency fund and a special fund associated with the annual settlement for 1989. The accrued retained earnings have

since attracted interest corresponding to the accumulated return on the assets. Ordinary company law rules apply for any allocation or use of the equity capital fund.

2.13.3 Risk equalisation fund

The risk equalisation fund has been reclassified from insurance funds to owners' equity funds. The purpose of the risk equalisation fund is to cover any losses through personal risk in the insurance business. In life and pensions insurance it is permissible to set aside up to 50 per cent of risk profit to the risk equalisation fund limited upwards to 150 per cent of annual risk premium.

2.14 PRESENTATION OF INCOME IN THE ACCOUNTS

Income on sale of goods and services is valued at fair value of the consideration, net after deductions for VAT and any discounts.

2.14.1 Income from services

Premium income is taken to income by the amount falling due during the accounting year. Accrual of earned premium is dealt with through provisions against unearned premiums. Reserves transferred in are also taken to profit/loss and included in the premium income.

2.14.2 Interest income/costs

Interest income and interest costs associated with all interest-bearing financial instruments valued at amortised cost, are taken to income using the effective interest rate method. Setting-up fees for lending are included in the amortisation and taken to income over the loan's expected duration.

For interest-bearing financial investments measured at fair value, interest income is classified as "Interest income/dividend on financial assets", but the effect of interest rate changes is classified as "Value changes on investments".

2.15 TAX

The Company has a large deficit to be carried forward that can be used to set off any taxable profit. On presentation of the Company accounts capitalisation of deferred tax is considered. The Company is parent company in a tax Group and deferred taxes are capitalised to the extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the deferred tax. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income. Taxable profit in subsidiaries in is offset through Group contribution with taxable effect.

Wealth tax is calculated on net taxable wealth. Tax assessment values are used to calculate taxable wealth.

2.16 SURPLUS SET ASIDE TO CUSTOMERS

Surplus assets credited to the customer contracts are set aside in the customers' premium fund and included as part of the insurance liabilities on the balance sheet date.

2.17 INSURANCE CONTRACTS

In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Company offers satisfy the requirement for significant insurance risk and are taken to account in accordance with the Regulations for Annual Accounts etc for Insurance Companies and IFRS 4. In accordance with IFRS 4, the insurance contracts are valued together as an insurance contract even though this contains a financial element.

Adequacy-testing has been carried out to check that the level of the liabilities on insurance contracts recognized in the accounts is proportionate to the insurance customers' contractual entitlements. The Company's provisions satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Company has therefore used applicable Norwegian regulations to account for insurance contracts.

2.18 INSURANCE SECTORS

The Company offers products to its customers in the following sectors:

2.18.1 Group pensions

Group pensions comprise mainly defined benefit local government schemes covering retirement pension, survivor pension, disability pension and premium suspension while unfit to work.

The group pension schemes are based on straight line accumulation. This means that the individual's accumulated benefits always amount to the proportionate part of the benefits to which they would be entitled in the event of continued service up to pensionable age. The proportionate part is the result of the ratio between the period of service the individual has already accumulated and the total period of service the individual would achieve by continued service to pensionable age, although the latter figure may not exceed 40 years in calculating the proportionate part. The schemes are based on the final salary principle. Indexation of current pensions and paid-up polices (deferred entitlements) to the Norwegian National Insurance 'basic amount' ('grunnbeløpet' or 'G') is part of the pension scheme's defined benefits. The benefits of the schemes are coordinated with National Insurance in accordance with prevailing rules and guarantee a defined gross level of pension.

The indexation of current pensions and accumulated pension entitlements is financed entirely by a separate indexation premium. Gross guarantees etc. are financed through single payment premiums at the start of and possibly on later changes to the pension.

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition provision is made for administration reserves. Additionally provision for insured events that have occurred but not yet been settled, including a waiting period provision for disability risks, is included in the pension schemes' premium reserve.

2.18.2 Group life

Group life is mainly concentrated on local government group life and teacher group life covering only whole life risk. Other cover exists for a small number of customers. In addition there is debt group life that covers whole life risk and for a large number of existing customers also covers disability risk.

The technical insurance provisions in group life insurance are based on the risk theory methods. The claims reserve includes provisions for the expected payments on insured events that have occurred but are not yet settled regardless of whether or not these have been reported.

2.19 PROVISIONS IN INSURANCE FUNDS

2.19.1 Premium reserve

The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administrative provisions based on KLP's calculations in accordance with the applicable regulations laid down by the Financial Supervisory Authority as well as provisions for insured events that have occurred but not yet been settled, including a waiting period provision for disability risks.

2.19.2 Supplementary reserves

Supplementary reserves are brought to account in the profit and loss account under the line 'Changes in technical provisions' as statutory provisions. The supplementary reserves are allocated to customers but this is conditional and they may be used to offset any interest deficits. Liquidation of supplementary reserves is entered under the line 'From supplementary reserves in the insurance fund to cover interest deficits'.

2.19.3 Premium Fund

The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

2.19.4 Other provisions in the insurance fund

'Claims provision' and 'Other technical provisions' relate to and incorporate provision for unsettled claims and the surplus fund for group life insurance.

2.19.5 Securities adjustment fund

The securities adjustment fund is defined in Norwegian insurance legislation.

The securities adjustment fund comprises net unrealised gains associated with short-term financial assets in the common portfolio. If net securities adjustment reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit/loss.

Unrealised securities reserves associated with short term financial assets in foreign exchange that result from foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign currency rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund but are taken directly to profit/loss.

2.19.6 Base interest rate

For newly agreed contracts entered into on 1 January 2006 or later the base interest rate is 2.75 per cent.

For other contracts the following applies:
In Fellesordningen for kommuner og bedrifter (the joint pension scheme for municipalities and enterprises), Fellesordningen for fylkeskommuner (the joint pension scheme for county authorities) and Fellesordningen for helseforetak (the joint pension scheme for health enterprises) the base interest rate is 3.4 per cent for accumulation before 1 January 2004 (although 3.0 per cent for a small number of customers), while for new accumulation after 1 January 2004 it is 3.0 per cent.
The base interest rate is 3.0 % in the Pension Scheme for Nurses, the Joint Pension Scheme for Hospital Doctors and the Pension Scheme for Publicly Elected Representatives.

Gross premium reserve allocated to base interest rate
31.12.08

2.75	0.0 per cent
3.0	68.4 per cent
3.4	31.6 per cent

The total average interest rate guarantee in the group pensions sector amounted to 3.14 per cent in 2008.

2.19.7 Mortality and disability

Assumptions based on KLP's disability data for the period 2005 - 2007 are used for disability risk. For other risk elements the assumptions from calculation basis K2005 are used with contingency margins in accordance with the minimum standard set by the Financial Supervisory Authority of Norway in 2007.

2.20 TRANSFER

Transfers in/out of KLP's group pension schemes are carried out in accordance with the schemes' rules as at the year's end. Transfer transactions are brought to book in the following year. Premium reserves received in connection with transfers are shown on the line "Transfer of premium reserve from others" in the income statement and form part of the premium income. Transferred premium reserves, valuation reserves and supplementary reserves in connection with transfers are shown as a claim cost in the profit and loss account. The amount is shown in the line "Transfer of premium reserve, supplementary reserves and valuation reserves to others".

2.21 PENSION OBLIGATIONS OWN EMPLOYEES

The Company's pension obligations are partially insurance-covered through KLP public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises ("Fellesordningen"). Pension liability in excess of Fellesordningen is covered through operation. Pension costs are treated in accordance with Regulations for Annual Accounts etc for Insurance Companies.

Net pension liability is the difference between the pension assets' fair value (i.e. transfer value) and the current value of the calculated pension obligations. These calculations have been carried out according to straight line accruals on the basis of assumptions on mortality, disability, voluntary cessation, take-up of early retirement (AFP), future pay developments (in the local authority sector for the joint pension scheme), future growth in the National Insurance basic sum ('G'), assumptions on future returns etc. The financial assumptions have been set in line with the principles in the Norwegian Accounting Standards Board's (NASB) guidance on pension assumptions. Net liability is classified as provision for obligations in the balance sheet. If the value of the pension assets

exceeds the current value of calculated pension liabilities, net assets are shown as long-term receivables.

The period's net pension costs comprise the sum of the period's pension accumulation, interest costs on the calculated liabilities and expected returns on the pension assets.

The joint pension scheme is a 'Multi-enterprise scheme', i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pension obligations are thus based on assumptions that are representative of the whole group.

Employer's NI contributions are calculated on net obligations. Gross pension liabilities as the basis for determining the amortisation basis for the corridor do not include employer's NI contribution.

2.22 GROUP ACCOUNTS

KLP presents Group accounts in accordance with IFRS with effect from 2007. The Group accounts are shown for themselves in a separate presentation and a full set of notes has been prepared for the Group including description of accounting principles used.

Note 3 Important accounting estimates and valuations

The Company prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations on probable future events considered on the basis of data available at that time of presentation of the accounts.

It must be expected that the estimates will deviate from the final outcome and below the areas are discussed where there is significant risk of substantial changes in capitalised value in future periods.

3.1 INSURANCE CONTRACTS

In calculating technical provisions in the group pension insurance sector, assumptions on disability risk are based on KLP's disability data for the period 2005 - 2007. For other risk elements, including longevity risk , the assumptions from calculation basis K2005 are used with contingency margins in accordance with the minimum standard set by the Financial Supervisory Authority of Norway in 2007. Examples of technical annual net premiums for retirement, disability and survivor pensions based on salary NOK 300,000 for individual age:

Men			
Age	30 years	45 years	60 years
Premium	8 880 NOK	13 991 NOK	18 902 NOK
Women			
Age	30 years	45 years	60 years
Premium	12 045 NOK	19 567 NOK	22 641 NOK

In calculating technical provisions in the group life sector provisions are made for claims incurred but not settled. The provisions are set using statistical models. The models take account of the experience-based reporting pattern.

3.2 INVESTMENT PROPERTIES

Buildings and other real estate are valued at fair value as this is defined in IAS 40. Fair value means the amount for which buildings and other real estate can be sold in an arms-length transaction between well-informed, willing parties. As at 31 December 2008 buildings and real estate were valued using KLP Eiendom's value assessment model. The model is based on discounting of estimated 20-year cash flow and, as at 31 December 2008, used a discounting factor in the interval 7.55 - 9.41 per cent.
The following main components are included in future cash flow:

- Currently applicable terms and conditions, contract expiry and estimated market rent
- Vacant areas with estimated market rent
- Parking income, parking area and number of places
- Estimated annual inflation
- Annual rent adjustment as a percentage of inflation
- General vacancy
- Normal annual operating costs
- Normal annual communal costs per square metre
- Upgrading costs per square metre on new lease
- Any further upgrading costs (year and amount)
- Number of months vacancy on each contract expiry
- Estimated final value Year 20
- Nominal return requirement

As a part of the valuation, yield assessments are also carried out for the individual property and for the total portfolio.
In addition to valuation using KLP Eiendom's value assessment model, external valuations will be obtained for a selection of the properties. These are used to determine own calculation parameters and to quality-assure the internal valuations.

Minor changes in the return requirement will have relatively large impact in property values.

3.3 PENSION OBLIGATIONS - OWN EMPLOYEES

The present value of net pension obligations the Group has for its employees depends on a range of economic and demographic assumptions. Small changes in these variables can have a relatively large effect on gross accrued pension obligations and thus gross pension costs. The Group cushions the accounting effect of changed assumptions when quantifying pension obligations by allocating and taking to profit/loss over the remaining duration only estimate deviations in excess of 10 per cent of the higher of gross pension obligations and gross pension assets.

The Company has followed "Guidance for Determining Pension Assumptions" published by the Norwegian Accounting Standards Board (NASB), 6 January 2009. Emphasis is placed on the assumptions being mutually consistent. Those parameters that are of the greatest significance for net pension obligations are the discounting interest rate, assumptions on future salary growth, assumptions on future adjustment of the National Insurance basic sum (G adjustment), pension adjustments, assumptions on future longevity and future likely take-up of the contractual early retirement scheme (AFP).

The discounting interest rate is set on the basis of government bonds interest and was assessed as at 31 December 2008 at 3.8 per cent and as at 31 December 2007 at 4.7 per cent (25 years weighted duration).

The assumptions on future salary growth, future G-adjustment/pension adjustment are set in line with the actual recommendations of the Guidance at 4.5 per cent (salary growth) and 4.25 per cent (G and pensions adjustment). The pension adjustment for the local government pension scheme should be the same as the G-adjustment.

The assumptions on longevity (mortality) are based on the latest mortality table (K2005).

Future take-up of contractual early retirement scheme (AFP) has been assumed at 45 per cent, i.e. 45 per cent will take AFP on reaching the age of 62.

3.4 FAIR VALUE OF FINANCIAL ASSETS

Financial assets classified as assets for which changes in fair value are taken to profit/loss are generally assets traded in a market so the market value can be determined with a great deal of certainty. For listed securities with little turnover, assessment is made whether the observable price can be taken as realistic.

If it is concluded the observable market price is not representative of the fair value of the asset or the security is not traded on a listed market, the market value is estimated. The estimate is based on the market circumstances prevailing on the date of the balance sheet. Unlisted interest-bearing securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models. The pricing methods are described in detail in Note 2 Subparagraph 2.8.3 and the accounting figures are specified in Note 6.

3.5 LOSSES ON FINANCIAL ASSETS

Financial assets not measured at market value are assessed for loss of value on the balance sheet date. The Company's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event on the balance sheet date that has influence on future cash flow, the loan is written down. In addition valuation is carried out of loans with uniform risk profiles by groups each quarter. This is described in more detail under Note 2.

The Company's lending portfolio has historically shown insignificant losses. The reason for this is that there is very good security in mortgages for loans to the private market and that other lending is virtually all to the public sector or enterprises with public sector guarantees. The Company has insignificant loss provisions, so any future losses will have a direct effect on the income statement.

The Company's portfolio of long-term bonds, including long-term bonds held to maturity, is valued individually each quarter. The portfolio comprises issuers with high credit rating and, if the issuer's credit rating changes for the worse, write-down is carried out only if in addition factors are observed that are considered to be an objective event that influences future cash flows from the investment.

The Group's investment in a Lehman Brothers bond issue of NOK 250 million nominal has been written down in the course of 2008 by NOK 212.5 million. The write-down is based on the price achieved in disposal of Lehman Brothers Investment Management Business and information on anticipated "recovery value" from inter alia the independent analysis company, Credit Sight.

3.6 FIXED ASSETS AND CAPITALISED SOFTWARE

If depreciation is suspected a write-down test is carried out to check whether the book value of fixed assets and capitalised software is present. In this context the recoverable sum is estimated. There are uncertainties associated with estimating cash flows and discounting factors in connection with calculating a recoverable sum.

Note 4 Owners' equity movements

NOK million	2008
Owners' equity contributed	
Owners' equity contribution 1 January	4 220
Owners' equity contribution paid in	479
Owners' equity contribution repaid	-66
Owners' equity contribution 31 December	4 633
Retained earnings	
Retained earnings as at 1 January	2 383
Change in OB because of principle changes	1 024
Risk equalisation fund 1 January	258
Unrealised gains financial assets corporate portfolio	379
Surplus fund group life	86
Value change subsidiaries	301
Transferred from profit/loss for the year	397
Retained earnings as at 31 December	3 804
Total owners' equity as at 31 December	8 437

Note 5 Net income for different classes of financial instruments

The corporate portfolio

NOK million	Current return on financial investments	Realised gain and loss on investments	Value changes in investments
Net income financial instruments held to maturity			
Listed bonds	106	530	
Unlisted bonds	3		
Debt instruments at fair value through profit/loss			
Bonds	181	-85	27
Certificates	114		15
Subsidiaries and associated companies	175	22	-2
Alternative investments		3	78
Equity capital instruments at fair value through profit/loss			
Shares	34		-354
Equity funds			-58
Financial derivatives			
Foreign exchange forwards, interest rate swaps, futures, options	-33		725
Loans and receivables linked to investment business			
Bonds	-150	-97	-682
Lending	15		-538
Cash and bank deposits	24	126	
Total	467	499	-789

The common portfolio

NOK million	Current return on financial investments	Realised gain and loss on investments	Value changes in investments
Net income financial instruments held to maturity			
Listed bonds	846		
Unlisted bonds	764		
Debt instruments at fair value through profit/loss			
Bonds	755	115	3 123
Certificates	268	1	88
Interest-bearing funds	26		
Subsidiaries and associated companies	56		
Alternative investments			-2
Equity capital instruments at fair value through profit/loss			
Shares	469	-880	-4 501
Equity funds	10	-3 082	-5 373
Financial derivatives			
Foreign exchange forwards, interest rate swaps, futures, options	-21	-967	-779
Loans and receivables linked to investment business			
Bonds	1 551		
Lending	1 055		
Other receivables	-24		
Cash and bank deposits	467	554	
Total	6 223	-4 259	-7 446
Total corporate and common portfolio	6 690	-3 760	-8 235

Note 6 Fair value of financial assets and liabilities

Financial assets

NOK million	The corporate portfolio		The common portfolio	
	Capitalised value	Fair value	Capitalised value	Fair value
Debt instruments held to maturity - at amortised cost				
Norwegian HTM bonds	127	135	13 994	14 616
Earned not due interest	3	3	403	403
Foreign HTM bonds	2 878	2 917	19 056	19 566
Earned not due interest	43	0	417	417
Total debt instruments held to maturity	3 050	3 055	33 870	35 003
Debt instruments at fair value through profit/loss				
Norwegian bonds	1 655	1 655	11 592	11 592
Earned not due interest	33	33	270	270
Foreign bonds	0	0	11 454	11 454
Earned not due interest	0	0	159	159
Norwegian certificates	1 053	1 053	5 642	5 642
Earned not due interest	37	37	186	186
Foreign certificates	152	152	803	803
Earned not due interest	3	3	14	14
Investments with credit institutions	64	64	11 441	11 441
Other financial assets	0	0	314	314
Total debt instruments at fair value through profit/loss	2 998	2 998	41 875	41 875
Equity capital instruments at fair value through profit/loss				
Shares	384	384	9 004	9 004
Equity funds	0	0	7 581	7 581
Holdings interest-bearing funds	0	0	20 589	20 589
Shares/holdings in property subsidiaries	901	901	17 846	17 846
Alternative investments	880	880	223	223
Equity capital instruments at fair value through profit/loss	2 165	2 165	55 243	55 243
Derivates				
Assets:				
Interest rate swaps	812	812	252	252
Share options	0	0	1 908	1 908
Forward exchange contracts	0	0	71	71
Total derivatives classified as assets	812	812	2 231	2 231
Liabilities				
Interest rate swaps	0	0	-1 142	-1 142
Share options	0	0	-343	-343
Interest and exchange rate swaps	-459	-459	-246	-246
Forward exchange contracts	0	0	-338	-338
Total derivatives classified as liabilities	-460	-460	-2 068	-2 068
Loans and receivables - at amortised cost				
Norwegian lien notes	0	0	8 053	8 012
Earned not due interest	0	0	213	213
Foreign lien notes	1 738	1 731	20 986	21 467
Earned not due interest	62	62	478	478
Lending	737	737	22 399	22 690
Other receivables	0	0	55	55
Total other loans and receivables	2 537	2 531	52 183	52 915

Note 7 Risk management

Through its activity, KLP is exposed to both insurance risk and financial risk. For the Company overall risk management aims to handle financial risk in such a way that at all times the liabilities the insurance contracts place on the business are met.

Overall risk is handled centrally by KLP's Economics and Finance Division which, in close cooperation with the operating units, ensures compliance with the Board's guidelines for risk management.

7.1 INSURANCE RISK

Insurance risk comprises the risk that a future, defined event for which the Company has undertaken to pay out financial consideration, occurs. Insurance profit/loss will be more stable and predictable the larger the portfolio is.

The Company's insurance business is in the group pension and group life sectors. As described in Note 2, the weightiest risks in group pension are disability risk and longevity risk, whereas mortality risk is somewhat less weighty.

Insurance risk is generally managed through close monitoring of the risk incidence and if appropriate subsequent change in the tariffs. The Company is safeguarded against extreme events through catastrophe reinsurance.

7.1.1 Insurance provisions

Insurance provisions are set at the level of expectation, with a supplement of contingency margins. In addition provisions are made in a risk equalisation fund to meet unexpected fluctuations in claim incidence.

For disability risk in the group pension sector assumptions based on KLP's disability data for the period 2005 - 2007 are used.

For the other risk elements in group pension the assumptions from the K2005 calculation base are used with contingency margins in accordance with the minimum standard set by the Financial Supervisory Authority of Norway in 2007. KLP has an excess weight of longevity risk. In relation to longevity risk there is a contingency margin of 15 per cent for men and 10 per cent for women in relation to expected mortality in 2020. In the short-term this means an annual excess risk of relatively substantial proportions.

7.1.2 Premium setting

Development in the Company's insurance risk is continuously monitored. Risk profit/loss and future expectations of development in insured risk based on observations and/or theoretic risk models create the basis for pricing of the risk element in the premium. The premiums are set annually. The group insurance sector has a high degree of predictability and stability in its premiums. Normally they will therefore stay the same for several years at a time.

7.1.3 Reinsurance and reinsurance programme

The way the insurance contracts are set, current risk is generally within the limits of the company's risk-bearing ability. The need for reinsurance is therefore limited.

Since more/many insured are working at the same location there is however a need for protection against a large number of deaths and/or disability cases occurring as a result of one and the same event. The Company has therefore taken out a catastrophe insurance agreement with Swiss Re. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million on own account for events that lead to more than 10 people dying or becoming disabled. The agreement does not cover events resulting from epidemics, war and terrorism. There has not been any payment from the agreement.

7.1.4 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, be NOK 120.4 million on the risk profit/loss for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be NOK 4,019 million.

An immediate 10 per cent reduction in mortality would, with current numbers, be NOK 582.1 million on the risk profit/loss for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be NOK 2,212 million.

7.2 FINANCIAL RISK

KLP's financial risk comprises liquidity risk, market risk and credit risk.

7.2.1 Liquidity risk

The risk that KLP would not have adequate liquidity to meet its current liabilities is very small since a major part of the Company's assets is liquid. KLP has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The liquidity risk for the Company is therefore primarily associated with the costs of realisation of assets.

During the second half of 2008 liquidity in the securities markets became generally poorer and a risk arose of normally liquid securities no longer being traded to the extent indicating an active market. This increased the risk of securities being traded at a lower price than book value. The Company's need to release liquidity by selling securities has been modest in scope during this period and there has been no need to realise securities at a lower price than the Company has estimated as market value at the time of sale.

KLP's liquidity strategy involves the Company always having adequate liquid assets to meet the Company's liabilities as they fall due without accruing significant costs associated with releasing assets. Asset composition in KLP's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise.

KLP Kapitalforvaltning manages KLP's liquidity. Internal parameters for the size of the liquidity holding have been established. KLP's risk management unit monitors and reports developments in the liquidity holding continuously. The Board has agreed an asset management and liquidity strategy for 2009. The liquidity strategy includes limits, responsibilities, risk targets and contingency plans for liquidity management.

7.2.2 Market risk

Market risk is the risk of losses as a result of changes in market prices of various assets such as shares, bonds, property and other securities and currency. The market risk depends on how large an exposure one has to the various assets and of the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for KLP's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor. KLP's interest rate risk associated with a prolonged low interest rate level is however limited. Technical provisions are not directly affected, with the current formulation of the rules, by changes in market interest rates. On the future transition to market value for liabilities, annual pricing of the interest rate guarantee will mean that the risk of the interest rate level being lower than the base interest rate is not born by the insurance company. Since KLP provides pension schemes exclusively to the public sector, KLP will price the interest rate guarantee right up until the insured dies, which means the interest rate risk arising from the insurance obligations is limited.

KLP has a policy that involves currency-rate hedging of the major part of international exposure. Hedging of currency exposure is done through derivatives. As a general rule all of the KLP's interest-bearing investments and property investments in foreign currency are hedged back to Norwegian kroner, whilst for equity investments in foreign currency the degree of hedging is between 70 and 100 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a reference index and a maximum tracking error related to the index for each portfolio.

KLP manages equity risk dynamically through the equity holding being continuously adjusted to the Company's financial buffers. The effect of this type of assurance measure reduces the probability of low returns. The dynamic assurance strategy ensures that KLP's risk is correctly exploited in relation to its risk capability. The strategy helps to ensure that as a minimum KLP achieves a predetermined income target. The income target is set in the light of the target-setting on solvency at the end of the period, so the Company should continue to have risk capacity in the "next" period. The strategy means KLP increases its exposure to equities or other assets with anticipated high risk progressively as solvency is strengthened. When solvency is weakened this means KLP reduces its market risk. This helps to reduce the load on KLP's buffer capital during downturns and thus also to protect owners' equity. In addition KLP has a high proportion of long-term bonds and fixed-interest loans that contribute to stability in returns and reduce the risk of low returns in low interest rate scenarios.

In KLP's management, derivatives are principally used for risk reduction as well as for cost- and time-effective implementation of value-hedging or adjustments in the investment portfolio. In many cases it will be both cheaper and quicker to implement risk changes using derivatives than through trading in underlying instruments. An example could be short-term adjustments of equity exposure in global markets.

Sensitivity analysis - market risk

KLP's market risk is continuously assessed using stress tests and statistical analysis tools. KLP has developed - and continually works on further development of - advanced internal models for measurement and monitoring of risk. During 2008 KLP carried out calculations in accordance with the Financial Supervisory Authority of Norway's new stress test and in accordance with a quantitative impact study (QIS4) for effects of the new insurance solvency regulations (Solvency II).

At the end of 2008 about 6 per cent of KLP's assets were placed in equities (measured by exposure) and 10 per cent placed in property. Other assets were placed in interest-bearing current and fixed assets, including loans. Given the existing buffer capital (measured as valuation reserves and available supplementary reserves) returns on the portfolio will, with 99 per cent probability, be high enough to cover the Company's liabilities in 2009 without drawing on owners' equity.

An interest rate increase of 2 per cent, reduction in the Norwegian equities market by 30 per cent, reduction in the foreign equities market by 20 per cent and reduction in the property market by 10 per cent would give the Group a fall in value of the order of magnitude of NOK 8.2 billion. The corresponding figure for 2007 was NOK 14.1 billion.

7.2.3 Credit risk

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning.

KLP has good balance between Norwegian bonds and international bonds and has a portfolio of exclusively good credit notes.
In the portfolio of held-to-maturity and loans and receivables just under 60 per cent are rated AAA. KLP has a separate international government bond portfolio and about half of the Norwegian short-term bond portfolio is government bonds.
KLP has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main KLP provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to just over NOK 8 billion. These loans represent about 45 per cent of underlying security measured at the time the loan was granted. A large part of the portfolio was established some time ago, so there are grounds to assume that underlying mortgage values are higher notwithstanding a falling housing market through 2008.

Note 8 Liquidity risk

Payments are shown with the total of coupons maturing in each period. These payments are in foreign currency, and the payments in NOK below are calculated on forward rates.
Maturity structure for balance sheet items contains sums falling due for payment and can deviate from book value.
The tables contain only derivatives classified as liabilities.

2008

NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs
Interest				
Subordinated loan	183	759	655	0
Perpetual hybrid Tier 1 securities	51	213	299	957
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	71	253	316	980
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-51	-213	-299	-957
Swap contracts, current assets short	248	869	752	0
Swap contracts, current assets long	-280	-924	-729	0
Total	221	957	995	980
Redemption:				
Subordinated loan	0	0	4 259	0
Perpetual hybrid Tier 1 securities	0	0	0	1 612
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	0	0	0	984
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	0	0	0	-1 612
Swap contracts, current assets short	0	2 102	4 256	0
Swap contracts, current assets long	0	-1 731	-3 876	0
Foreign exchange forwards short	13 144	0	0	0
Foreign exchange forwards long	-12 561	0	0	0
Share index options	343	0	0	0
Total	927	371	4 639	984
Total:				
Subordinated loan	183	759	4 915	0
Perpetual hybrid Tier 1 securities	51	213	299	2 569
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	71	253	316	1 964
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-51	-213	-299	-2 569
Swap contracts, current assets short	248	2 971	5 008	0
Swap contracts, current assets long	-280	-2 655	-4 605	0
Foreign exchange forwards short	13 144	0	0	0
Foreign exchange forwards long	-12 561	0	0	0
Share index options	343	0	0	0
Total	1 148	1 329	5 634	1 964

Payments profile life insurance

NOK million								
1 yr	2-5 yrs	6-10 yrs	11-20 yrs	21-30 yrs	31-40 yrs	41-50 yrs	51-80 yrs	Total
6 521	28 125	45 802	113 189	118 057	93 968	51 838	23 919	481 419

The payments profile for life insurance is based on discounted values.
The premium reserve in the accounts is discounted and shown at present value on the balance sheet date.

Note 9 Interest rate risk

Interest rate sensitivity

NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs	Total
Bonds at amortised cost	-12	-1 014	-1 620	-1 012	-3 657
Bonds and other fixed returns securities	-1 040	-368	-541	-176	-2 125
Derivatives current	-10	-1	25	0	14
Investments in credit institutions	-8	0	0	0	-8
Total	-1 070	-1 383	-2 136	-1 188	-5 777

Interest rate sensitivity expresses change in market value on interest-bearing investments – expressed here at 1 per cent rate increase.
Modified duration on interest-bearing investments at amortised cost 31 Dec 2008: 5,54
Modified duration interest-bearing short-term investments 31 Dec 2008: 4,71

Note 10 Currency risk

NOK million	Net position
Australian dollar	-7
Canadian dollar	2
Swiss franc	-66
Danish krone	-7
Euro	-446
British pound	-111
Hong Kong dollar	-1
Japanese yen	494
New Zealand dollar	0
Swedish krone	-17
Singapore dollar	0
US dollar	104

Note 11 Credit risk securities

NOK million	Market value	Quantity
Rating		
AAA	49 740	40,2 %
AA	17 503	14,2 %
A	33 887	27,4 %
BBB	6 211	5,0 %
Unrated/Non investment grade securities issued by:		
Norwegian financial institutions	6 693	5,4 %
Local government authorities	1 171	0,9 %
Norwegian finance	8 460	6,8 %
Total	123 664	100,0 %

Investments in bonds and other interest-bearing securities in KLP's portfolios is either within specific credit limits decided in KLP's credit committee based on a credit analysis of the borrower or possibly of the specific loan series, or within limits given based on rating from Standard and Poor's, Moody's Investor Services or IBCA/Fitch.

For investment in long-term portfolios (bonds at amortised cost) with remaining life beyond 10 years a rating of AA-or better is required from Standard and Poor's, or similar from another rating bureau. For similar investments with remaining duration of less than 10 years a rating of A or better is required from Standard and Poor's, or similar from another rating bureau. If the rating is changed on such bonds to BBB or worse than they no longer satisfy KLP's credit-worthiness requirements for long-term bonds.

For investment in long-term portfolios (bonds at amortised cost) with remaining life beyond 10 years a rating of AA-or better is required from Standard and Poor's, or similar from another rating bureau. For similar investments with remaining duration of less than 10 years a rating of A or better is required from Standard and Poor's, or similar from another rating bureau. If the rating is changed on such bonds to BBB or worse than they no longer satisfy KLP's credit-worthiness requirements for long-term bonds.

The table shows market value of the investments regardless of accounting valuation principles.
The table shows exposure to the rating categories used by S&P for short-term and long-term bonds together.
The calculation of exposure to rating classes is based on ratings from Moody's and S&P.
The calculation of exposure to rating classes is based on ratings value reductions from Moody's and S&P.

Note 12 Mortgage loans and other lending

Defaulted and doubtful loans

NOK million	2008
Total defaulted loans	
Number of loans	68
Total principal before write downs / provision	26,3
Write downs / provision	-1,1
Total principal after write downs / provision	25,2
Other doubtful loans (not in default)	
Number of loans	2
Total principal before write downs / provision	0,1
Write downs / provision	-0,1
Total principal after write downs / provision	0,0

NOK million	Housing loans	Other loans issued	Total
Specified loss provision			
Specified loss provision 1 January	1,3	0,0	1,3
Periods confirmed losses on lending	0,1	0,0	0,1
Return of specified loss provision during the period	0,2	0,0	0,2
Specified loss provision 31 December	1,2	0,0	1,2

As at 31 December 2008 there is one loan without interest servicing. The loan is in default and has remaining principal of NOK 38, 276.-

Note 13 Shares and holdings in enterprises in the same Group and associated companies

NOK million	Office and business address	Holding %	OE on first acquisition	Acquisition cost	Book value 31 Dec 2007	Additions/ disposals	Value adjustment	Profit/ loss share	Equity transaction	Dividend	Book value 31 Dec 2008
Enterprises in same Group (excl. property)											
KLP Skadeforsikring AS	Karl Johansgt. 37-41, 0162 OSLO	100	58,7	78,7	281,0	0,0	0,0	34,7	368,5	0,0	684,3
KLP Bedriftspensjon AS	Karl Johansgt. 37-41, 0162 OSLO	100	50,0	50,0	45,9	0,0	0,0	-8,9	0,3	0,0	37,2
KLP Fondsforvaltning AS	Karl Johansgt. 37-41, 0162 OSLO	100	6,6	14,0	10,8	0,0	0,0	9,4	-10,0	0,0	10,2
KLP Forsikringsservice AS	Karl Johansgt. 37-41, 0162 OSLO	100	0,1	0,1	0,9	0,0	0,0	-2,1	8,0	0,0	6,8
KLP Kapitalforvaltning ASA	Karl Johansgt. 37-41, 0162 OSLO	100	50,0	50,0	54,8	0,0	0,0	54,0	-53,3	0,0	55,5
Total shares/holdings in enterprises in same Group (excl. property)				192,8	393,4	0,0	0,0	87,2	313,5	0,0	794,0
Enterprises in same Group, property subsidiaries											
Shares											
KLP Eiendom Holding AS	Stensberggt. 27 0130 OSLO	100	0,1	0,1	17 398,7	1 328,9	-1 716,9	835,4	0,0	0,0	17 846,0
Total shares in enterprises in same Group, property subsidiaries				0,1	17 398,7	1 328,9	-1 716,9	835,4	0,0	0,0	17 846,0
Holdings											
Paléet Karl Johan ANS[1]	Stensberggt. 27 0130 OSLO	99	0,0	611	0,0	926,9	-49,5	0,7	0,0	0,0	878,1
Total shares in enterprises in same Group, property subsidiaries				611	0,0	926,9	-49,5	0,7	0,0	0,0	878,1
Total shares/holdings in enterprises in same Group (incl. property)				193 378	17 792,1	2 255,8	-1 766,4	923,3	313,5	0,0	19 518,2
Associated companies											
Kommunalbanken AS	Munkedamsveien 45, 0110 OSLO	20	672,0	141,0	268,1	0,0	0,0	70,0	100,0	-6,9	431,2
Norsk Pensjon AS[2]	Hansteens gate 2 0253 OSLO	25	10,0	2,5	1,7	0,0	0,0	0,0	0,0	0,0	1,7
Fylkeshuset, Molde AS	Fylkeshuset, Julsundvn. 9, 6400 MOLDE	48	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Karmøy rådhus AS	Rådhuset, 4250 KOPERVIK	49	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Gjøvik Rådhus AS[3]	Rådhuset, 2800 GJØVIK	49	0,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total shares and holdings in associated companies				143,6	269,9	0,0	0,0	70,0	100,0	-6,9	433,0

All shares and other holdings have equal voting proportions.
[1] The company is 100 % owned within the Group.
[2] Share of profit/loss in Norsk Pensjon AS will be booked in 2009.
[3] The shares in Gjøvik Rådhus AS were sold in 2008.

Note 14 Shares and equity fund holdings

NOK million	Quantity	Market value
Norway		
AKTIV KAPITAL	123 500	5
DNB NOR ASA	2 317 500	63
NMI AS	7 500	8
NORWEGIAN FINANS HOLDING ASA	3 747 600	3
STOREBRAND ASA	253 900	4
TOTAL FINANCIAL		82
ATEA ASA	698 400	12
BOUVET ASA	550 000	20
EDB BUSINESS	1 262 200	17
ELTEK	1 627 400	2
NORDIC SEMICOND	1 586 400	29
NORMAN	298 600	7
OPERA SOFTWARE	1 369 900	25
POWEL	990 303	19
TANDBERG ASA	650 000	49
THE MOBILE MEDIA COMPANY AS	384 615	0
TOTAL, IT		179
TELENOR	1 040 500	48
TOTAL, TELECOM		48
PCI BIOTECH HOLDING ASA	318 800	4
PHOTOCURE	1 039 000	23
REDCORD AS	7 100	0
TOTAL, HEALTH		27
BERGEN GROUP AS	570 200	3
CAMILLO EITZEN	570 200	8
MASTER MARINE AS	672 800	4
NORWEGIAN AIR SHUTTLE ASA	640 000	24
ORKLA	2 842 540	129
RENEWABLE ENERGY CORP	385 350	25
TOMRA SYSTEMS	748 000	18
WILHELM WILHELMS	172 900	16
WILHELM WILHELMS	8 400	1
TOTAL, INDUSTRY		227
INTEX RESOURCES ASA	304 400	0
NORDIC MINING ASA	4 046 200	2
NORSK HYDRO ASA	2 261 335	63
WEGA MINING ASA	51 068 700	7
YARA INTERNATIONAL	728 617	108
TOTAL, RAW MATERIALS		181
2VK INVEST AS	2 690 000	0
AKER	255 360	35
AKER SOLUTIONS ASA	481 200	22
BONHEUR ASA	116 000	17
DET NORSKE OLJESELSKAP	1 479 633	43
DNO ASA	1 702 200	8
DOF	64 100	2
EIDESVIK	724 500	13
ELECTROMAGNETIC GEOSERVICES	267 200	1
ENERGY GROWTH HOLDING AS	14 163	3
FARSTAD SHIPPING	23 100	2
FJELLKRAFT AS	25 819	17
FPS OCEAN AS	50 500	0
FRED OLSEN PRODUCTION ASA	209 700	1
GANGER ROLF ASA	325 850	45
INTEROIL	139 800	3
NEXUS	723 300	14
NOR ENERGY AS	950 000	0

NOK million	Quantity	Market value
NORDIC HEAVY LIFT ASA	2 471 600	3
NORWEGIAN ENERGY CO AS	3 231 811	44
OCEANTEAM ASA	483 900	12
PETRO GEO SVCS	1 044 800	29
PETROLIA DRILLNG	2 423 400	1
PETROMENA AS	186 400	0
RESERVOIR EXPLORATION TECHNOLOGY AS	1 466 350	7
SOLSTAD OFFSHORE	4 100	0
SONGA OFFSHORE	936 100	12
STATOILHYDRO ASA	1 907 300	217
TGS NOPEC GEO	1 016 700	35
VALHALLA OIL AND GAS	287 400	1
TOTAL, ENERGY		586
SCHIBSTED	216 000	18
TOTAL, CONSUMABLES		18
CODFARMERS	461 900	2
TOTAL, CONSUMER GOODS		2
FINANSNÆRINGENES HUS AS	315	30
NORSK TILLITSMANN	11 175	1
OSLO BORS VPS HOLDING ASA	4 300 200	322
SILVER PENSJONSFORSIKRING AS	252 670	30
TOTAL UNSPECIFIED		384
TOTAL, NORWAY		1 733
Foreign		
3I GROUP PLC	37 553	1
ACE	50 500	19
ACOM CO	2 930	1
AEGON	108 191	5
AEON CREDIT SERVICE CO	3 400	0
AFLAC	16 615	5
AIFUL CORP	750	0
ALLEANZA ASSICUR. ORD	38 652	2
ALLIANZ	29 605	22
ALLIED CAPITAL CORP	9 700	0
ALLIED IRISH BANKS	20 393	0
ALLSTATE CORP	73 007	17
ALPHA BANK	91 606	6
AMB PROPERTY CORP	7 500	1
AMBAC FINANCIAL GROUP	900	0
AMERICAN CAPITAL LTD	16 200	0
AMERICAN EXPRESS	108 452	14
AMERICAN INT'L GROUP	172 573	2
AMERIPRISE FINANCIAL	14 770	2
AMP LTD	91 579	2
ANGLO IRISH BANK CORP	52 740	0
ANNALY CAPITAL MANAGEMENT IN	141 500	16
ANZ BANKING GROUP	120 413	9
AON CORP	13 346	4
ARCH CAPITAL GROUP	600	0
ASSICURAZIONI GENERALI	45 686	9
ASSOCIATED BANC-CORP	1 800	0
ASSURANT	40 900	9
ASX	11 852	2
AVALONBAY COMMUNITIES	4 125	2
AVIVA	194 087	8
AXA	112 884	17
AXA ASIA PACIFIC HLDGS	22 258	1
AXIS CAPITAL HOLDINGS	8 800	2
BALOISE HOLDING NAMEN	1 066	1

NOK million	Quantity	Market value
BANCA MONTE PASCHI ORD	190 464	3
BANCA POPOLARE MILANO	19 505	1
BANCO ESPIRITO SANTO	8 119	1
BANCO POPOLARE SPA	42 475	2
BANCO POPULAR ESPANOL	52 180	3
BANCO SABADELL	55 611	3
BANK EAST ASIA	120 100	2
BANK IRELAND	52 455	0
BANK KYOTO	6 000	0
BANK MONTREAL	69 234	12
BANK NEW YORK MELLON	63 013	12
BANK NOVA SCOTIA	57 086	11
BANK OF AMERICA CORP	331 063	32
BANK OF PIRAEUS	10 362	1
BANK YOKOHAMA	405 000	16
BARCLAYS	558 174	9
BB&T CORP	78 100	15
BBVA	312 688	26
BCP BANCO COMERCIAL	94 118	1
BENDIGO AND ADELAIDE BANK LTD	7 164	0
BERKLEY (W.R.) CORP	67 000	15
BERKSHIRE HATHAWAY B	370	8
BNP PARIBAS	54 550	16
BOC HONG KONG HOLDINGS	197 700	2
BOSTON PROPERTIES	7 400	3
BRITISH LAND CO	154 525	9
BROOKFIELD ASSET MAN A	78 886	8
BROOKFIELD PROPERTIES	10 300	1
BSCH BCO SANTANDER CENTR	481 837	32
CANADIAN IMPERIAL BANK	52 408	15
CAPITAL ONE FINANCIAL	24 916	6
CAPITALAND	104 000	2
CAPITAMALL TRUST	63 000	0
CFS RETAIL PROP TRUST	73 270	1
CHEUNG KONG HOLDINGS	62 900	4
CHIBA BANK	56 000	2
CHICAGO MERCANTILE EXCH	1 744	3
CHUBB CORP	54 192	19
CHUO MITSUI TRUST HOLDINGS INC	59 000	2
CI FINANCIAL INCOME FUND	3 500	0
CIE NAT'L A PORTEFEUILLE	4 336	1
CINCINNATI FINL CORP	13 400	3
CIT GROUP	13 800	0
CITIGROUP	419 096	20
CITY DEVELOPMENTS	34 000	1
CNA FINANCIAL	4 500	1
CNP ASSURANCES	19 615	10
COMERICA	13 400	2
COMMERZBANK	46 834	3
COMMONWEALTH BANK	84 315	12
CORIO	2 497	1
CREDIT AGRICOLE	61 009	5
CREDIT SAISON CO	7 900	1
CREDIT SUISSE	68 557	13
CRITERIA CAIXACORP SA	62 427	2
DAITO TRUST CONSTRUCTION	44 700	16
DAIWA HOUSE IND CO	43 300	3
DAIWA SECURITIES GROUP	53 900	2
DANSKE BANK	99 841	7
DBS GROUP HOLDINGS	104 100	3
DEUTSCHE BANK NAMEN	36 916	10
DEUTSCHE BOERSE	6 546	3
DEUTSCHE POSTBANK	50 372	8
DEVELOPERS DIVERS REALTY	61 500	2
DEXIA	49 550	2
DEXUS PROPERTY GROUP	298 562	1
DISCOVER FINANCIAL SERVICES	31 300	2
DUKE REALTY CORP	14 600	1
E*TRADE GROUP	5 000	0

NOK million	Quantity	Market value
EFG EUROBANK ERGASIAS	15 163	1
EQUITY RESIDENTIAL	17 399	4
ERSTE GROUP BANK AG	12 842	2
EVEREST RE GROUP	3 800	2
FAIRFAX FINANCIAL HLDGS	1 000	2
FEDERAL REALTY INV TRUST	4 400	2
FIDELITY NAT'L FINANCIAL	10 700	1
FIFTH THIRD BANCORP	40 505	2
FIRST AMERICAN CORP	6 300	1
FIRST HORIZON NATIONAL	7 520	1
FONDIARIA - SAI ORD	4 061	1
FORTIS	62 917	1
FORTIS	9 000	0
FRANKLIN RESOURCES	5 800	3
FRIENDS PROVIDENT	271 886	2
FUKUOKA FINANCIAL GROUP	76 000	2
GECINA	608	0
GENWORTH FINANCIAL A	53 700	1
GOLDMAN SACHS GROUP	18 267	11
GOODMAN INTERNATIONAL	5 439	0
GPT GROUP	588 510	3
GREAT WEST LIFECO	14 748	2
GROUPE BRUXELLES LAMBERT	4 561	3
GUNMA BANK	10 000	0
HACHIJUNI BANK	22 000	1
HAMMERSON	18 114	1
HANG LUNG GROUP	25 000	1
HANG LUNG PROPERTIES	104 500	2
HANG SENG BANK	44 900	4
HARTFORD FINANCIAL SVCS	22 337	3
HBOS GROUP	403 696	3
HEALTH CARE PPTY INVEST	12 400	2
HEALTH CARE REIT	2 000	1
HENDERSON LAND DEV.	82 000	2
HOKUHOKU FINANCIAL GROUP	93 000	2
HONG KONG EXCH.&CLEARING	28 900	2
HOST HOTELS AND RESORTS	32 557	2
HSBC HOLDINGS (GB)	779 234	52
HUDSON CITY BANCORP	13 200	1
HUNTINGTON BANCSHARES	14 700	1
HYPO REAL ESTATE HLDG ST	36 788	1
ICAP	34 031	1
IFI PRIV	5 471	0
IGM FINANCIAL	54 500	11
ING GROEP	233 701	17
INSURANCE AUSTRALIA GRP.	132 311	2
INTERCONTINENTAL	2 500	1
INTESA SANPAOLO ORD	495 641	12
INTESA SANPAOLO RNC	38 505	1
INVESCO LTD	19 158	2
INVESTEC PLC	2 549	0
INVESTOR B	35 135	4
IRISH LIFE & PERMANENT	11 468	0
ISTAR FINANCIAL	9 400	0
IYO BANK LTD/THE	19 000	2
JAPAN REAL ESTATE INV	35	2
JOYO BANK	46 000	2
JPMORGAN CHASE & CO	238 844	53
JULIUS BAER HOLDING	6 010	2
KBC GROUPE	27 687	6
KEYCORP	37 400	2
KIMCO REALTY CORP	59 700	8
KLEPIERRE	43 817	7
LAND SECURITIES GROUP	102 289	9
LEGAL & GENERAL GROUP	437 039	3
LEGG MASON	10 700	2
LEND LEASE	19 374	1
LEOPALACE21 CORP	3 600	0
LEUCADIA NATIONAL CORP	9 900	1

Note 14 continues on the next page

Note 14 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
LIBERTY INTERNATIONAL	24 521	1
LIBERTY PROPERTY TRUST	43 500	7
LINCOLN NATIONAL CORP	57 382	8
LINK REIT	146 500	2
LLOYDS BANKING GROUP PLC	759 646	10
LOEWS CORP	21 500	4
LONDON STOCK EXCHANGE	11 671	1
M&T BANK CORP	5 000	2
MACERICH CO	4 600	1
MACQUARIE BANK	16 969	2
MAN GROUP	357 357	8
MANULIFE FINANCIAL CORP	52 860	6
MAPFRE	440 529	10
MARFIN INVESTMENT GROUP	30 327	1
MARSH AND MCLENNAN COS	33 681	6
MARSHALL&ILSLEY CORP	19 200	2
MBIA	10 700	0
MEDIOBANCA	30 014	2
MEDIOLANUM	6 893	0
MERRILL LYNCH&CO	101 084	8
METLIFE	82 271	20
MIRVAC GROUP	46 397	0
MITSUBISHI ESTATE CO	38 000	4
MITSUBISHI UFJ FIN GRP	598 860	25
MITSUBISHI UFJ LEASE FIN	6 620	1
MITSUI FUDOSAN CO	30 800	3
MITSUI SUMITOMO INSURANCE GR	16 920	4
MIZUHO FINANCIAL GROUP	375	7
MOODYS CORP	6 682	1
MORGAN STANLEY	70 118	8
MUENCHENER RUECKVERSICH.	13 569	15
NASDAQ OMX GROUP/THE	5 900	1
NATIONAL AUSTRALIA BANK	203 697	21
NATIONAL BANK OF CANADA	44 996	8
NATIONAL BANK OF GREECE	17 617	2
NATIONWIDE FINL SERV A	2 200	1
NATIXIS	21 223	0
NEW WORLD DEVELOPMENT	298 000	2
NEW YORK COMMUN. BANCORP	24 700	2
NIPPON BUILDING FUND	32	2
NIPPONKOA INSURANCE CO	51 000	3
NOMURA HOLDINGS	82 800	5
NORDEA BANK	259 907	13
NORTHERN TRUST CORP	7 123	3
OCBC BANK	419 200	10
OLD MUTUAL (GB)	272 568	2
OLD REPUBLIC INTL CORP	26 000	2
ONEX CORP	300	0
ORIX CORP	4 790	2
PARGESA HOLDING INH	454	0
PARTNERRE	1 100	1
PEOPLES UNITED FINANCIAL	17 100	2
PLUM CREEK TIMBER CO	9 100	2
PNC FINL SERVICES GROUP	25 938	9
POHJOLA BANK PLC	1 832	0
POPULAR INC	13 500	0
POWER CORP OF CANADA	79 098	10
POWER FINANCIAL CORP	15 300	2
PRICE (T. ROWE) GROUP	7 000	2
PRINCIPAL FINANCIAL GRP	59 100	9
PROGRESSIVE CORP	35 648	4
PROLOGIS	3 700	0
PROMISE CO	1 500	0
PRUDENTIAL	162 517	7
PRUDENTIAL FINANCIAL	27 405	6
PUBLIC STORAGE	4 700	3
QBE INSURANCE GROUP	41 185	5
RAIFFEISEN INT'L BANK	4 508	1
REGENCY CENTERS CORP	4 900	2

NOK million	Quantity	Market value
REGIONS FINANCIAL (NEW)	48 241	3
RENAISSANCERE HOLDINGS	1 700	1
RESONA HOLDINGS	209	2
ROYAL BANK OF CANADA	109 442	22
ROYAL BANK OF SCOTLAND	1 207 258	6
RSA INSURANCE GROUP PLC	222 116	3
SAMPO A	28 197	4
SBI HOLDINGS	1 674	2
SCHRODERS	7 429	1
SCHWAB (CHARLES) CORP	33 030	4
SCOR	14 979	2
SEGRO	248 066	6
SHINSEI BANK	113 000	1
SHIZUOKA BANK	19 000	2
SIMON PROPERTY GROUP	10 510	4
SINGAPORE EXCHANGE	49 000	1
SKAND.ENSKILDA BANKEN A	30 523	2
SL GREEN REALTY CORP	4 900	1
SLM CORP	31 500	2
SOCIETE GENERALE	31 905	11
SOMPO JAPAN INSURANCE	57 200	3
SOVEREIGN BANCORP	20 500	0
STANDARD CHARTERED	51 172	4
STANDARD LIFE	92 035	2
STATE STREET CORP	18 943	5
STOCKLAND	94 243	2
SUMITOMO MITSUI FINL GRP	277	8
SUMITOMO REALTY&DEV CO	15 500	2
SUMITOMO TRUST AND BANK	85 100	3
SUN HUNG KAI PROPERTIES	53 700	3
SUN LIFE FINANCIAL	78 962	13
SUNCORP-METWAY	270 054	11
SUNTRUST BANKS	22 948	5
SVENSKA HANDELSBK A	29 896	3
SWEDBANK	29 700	1
SWIRE PACIFIC A	60 600	3
SWISS LIFE HOLDING	3 469	2
SWISS REINSURANCE CO	51 699	17
SYNOVUS FINANCIAL CORP	16 800	1
T&D HOLDINGS	11 100	3
TAKEFUJI CORP	3 720	0
TD AMERITRADE HOLDING CO	10 800	1
TOKIO MARINE HOLDINGS INC	26 219	5
TOKYO TATEMONO CO	19 000	1
TORCHMARK CORP	33 300	10
TORONTO-DOMINION BANK	65 396	16
TRAVELERS COS	38 099	12
UBI BANCA	38 210	4
UBS NAMEN	139 651	14
UDR	2 800	0
UNIBAIL-RODAMCO	4 069	4
UNICREDIT SPA	1 039 688	18
UNIPOL PRIV	68 787	1
UNITED OVERSEAS BANK	73 400	5
UNITED OVERSEAS LAND	1 000	0
UNUM GROUP	22 866	3
US BANCORP	108 596	19
VENTAS	40 600	10
VORNADO REALTY TRUST	26 500	11
WACHOVIA CORP (NEW)	152 180	6
WELLS FARGO&CO	226 090	47
WESTFIELD GROUP	103 539	7
WESTPAC BANKING	194 823	16
WHARF HOLDINGS	146 000	3
WHITE MOUNTAIN INSURANCE	400	1
WILLIS GROUP HLDGS	10 000	2
XL CAPITAL	28 400	1
YAMAGUCHI FINANCIAL GROUP IN	6 000	0
ZIONS BANCORP	45 700	8

NOK million	Quantity	Market value
ZURICH FINL SERVICES	14 981	22
TOTAL FINANCE		1 613
ACCIONA	653	1
AEM	660 574	8
AGL ENERGY	28 543	2
ALLEGHENY ENERGY	5 800	1
ALLIANT ENERGY CORP	52 400	11
AMEREN CORP	57 020	13
AMERICAN ELECTRIC POWER	71 827	17
AQUA AMERICA	1 400	0
BRITISH ENERGY GROUP	41 649	3
CANADIAN UTILITIES A	3 300	1
CENTERPOINT ENERGY	141 400	12
CENTRICA PLC	153 465	4
CHUBU ELECTRIC POWER CO	40 500	9
CHUGOKU ELECTRIC POWER	16 200	3
CLP HOLDINGS	306 100	14
CONSOLIDATED EDISON	19 718	5
CONSTELLATION ENERGY GRP	74 700	13
DOMINION RESOURCES	39 502	10
DRAX GROUP PLC	15 800	1
DTE ENERGY	12 563	3
E. ON	149 119	41
EDF	7 297	3
EDISON INTERNATIONAL	60 400	14
EDP ENERGIAS DE PORTUGAL	496 992	13
ELECTRIC POWER DEV	12 140	3
ENEL	492 250	22
ENERGEN CORP	37 700	8
ENTERGY CORP	30 314	18
EQUITABLE RESOURCES	8 600	2
EXELON CORP	38 894	15
FIRSTENERGY CORP	19 884	7
FORTIS	3 400	0
FORTUM OYJ	16 623	2
FPL GROUP	24 250	9
GAS NATURAL SDG	53 749	10
GDF SUEZ	89 016	31
HOKKAIDO ELECTRIC POWER	9 600	2
HOKURIKU ELECTRIC POWER	11 500	2
HONGKONG CHINA GAS	160 434	2
HONGKONG ELECTRIC HLDGS	346 000	14
IBERDROLA	289 173	18
IBERDROLA RENOVABLES	47 069	1
INTEGRYS ENERGY GROUP INC	1 700	1
INT'L POWER	43 609	1
KANSAI ELECTRIC POWER CO	42 000	8
KYUSHU ELECTRIC POWER CO	26 900	5
MDU RESOURCES GROUP INC	67 100	10
MIRANT CORP	23 100	3
NATIONAL GRID	229 900	16
NISOURCE	130 900	10
NORTHEAST UTILITIES	3 400	1
NRG ENERGY	8 800	1
ONEOK INC	49 500	10
OSAKA GAS CO	96 700	3
PEPCO HOLDINGS	87 100	11
PG&E CORP	66 373	18
PINNACLE WEST CAPITAL	5 000	1
PPL CORP	22 606	5
PROGRESS ENERGY	18 816	5
PUBLIC SV ENTERPRISE CO	80 402	16
QUESTAR CORP	47 300	11
RED ELECTRICA CORPORACION SA	4 197	1
RELIANT ENERGY	35 900	1
RWE STAMM	24 096	15
RWE VORZUG	879	0
SCANA CORP	10 200	3

NOK million	Quantity	Market value
SCOTTISH&SOUTH. ENERGY	98 100	12
SEMPRA ENERGY	47 193	14
SEVERN TRENT	16 009	2
SHIKOKU ELECTRIC POWER	9 700	2
SNAM RETE GAS	58 635	2
SOUTHERN CO	51 307	13
SUEZ ENVIRONNEMENT SA	11 888	1
TERNA	54 818	1
TOHOKU ELECTRIC POWER CO	20 600	4
TOKYO ELECTRIC POWER CO	58 500	14
TOKYO GAS CO	115 100	4
TRANSALTA CORP	11 700	2
UNION FENOSA	13 528	2
UNITED UTILITIES GROUP PLC	178 542	11
VEOLIA ENVIRONNEMENT	14 569	3
VERBUND OESTERR ELEK A	4 888	2
WISCONSIN ENERGY CORP	9 000	3
XCEL ENERGY	31 600	4
TOTAL DISTRIBUTION		622
ACCENTURE A	22 200	5
ACTIVISION BLIZZARD INC	17 200	1
ADOBE SYSTEMS	15 504	2
ADVANCED MICRO DEVICES	28 500	0
ADVANTEST CORP	9 700	1
AFFILIATED COMPUTER A	4 100	1
AGILENT TECHNOLOGIES	10 321	1
AKAMAI TECHNOLOGIES	12 200	1
ALCATEL LUCENT	161 891	2
ALLIANCE DATA SYSTEMS	3 300	1
AMPHENOL CORP	5 700	1
ANALOG DEVICES	76 315	10
APPLE	26 960	16
APPLIED MATERIALS	45 185	3
ARROW ELECTRONICS	4 900	1
ASML HLDG	12 222	2
ATOS ORIGIN	2 015	0
AUTODESK	7 400	1
AUTOMATIC DATA PROCESS	24 216	7
AVNET	12 600	2
BMC SOFTWARE	7 222	1
BROADCOM CORP A	12 619	1
BROTHER INDUSTRIES	8 400	0
CA INC	11 924	2
CANON INC	42 350	9
CAP GEMINI SA	8 035	2
CGI GROUP A	4 200	0
CISCO SYSTEMS	192 425	22
CITIZEN HOLDINGS CO	4 400	0
COGNIZANT TECH SOLUTIONS	8 400	1
COMPUTER SCIENCES CORP	12 567	3
CORNING	51 172	3
DASSAULT SYSTEMES	3 966	1
DELL	70 898	5
EBAY	37 320	4
ELECTRONIC ARTS	9 298	1
ELPIDA MEMORY	11 600	0
EMC CORP	71 000	5
ERICSSON (LM) B	180 119	9
FIDELITY NAT'L INFO SVCS	93 300	11
FISERV	4 761	1
FLEXTRONICS INT'L	72 300	1
FUJI FILM HOLDINGS CO	30 900	5
FUJITSU	88 200	3
GOOGLE A	7 300	16
HARRIS CORP	4 500	1
HEWLETT-PACKARD CO	86 665	22
HIROSE ELECTRIC CO	2 200	2

Note 14 continues on the next page

Note 14 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
HITACHI	175 000	5
HOYA CORP	16 200	2
IBIDEN CO	8 900	1
IBM CORP	47 602	28
INFINEON TECHNOLOGIES	46 359	0
INGRAM MICRO	9 100	1
INTEL CORP	320 214	33
INTUIT	8 856	1
JUNIPER NETWORKS	14 900	2
KEYENCE CORP	1 038	1
KLA TENCOR CORP	6 788	1
KONAMI CO	8 300	1
KONICA MINOLTA HOLDINGS	34 000	2
KYOCERA CORP	10 700	5
LAM RESEARCH CORP	6 800	1
LEXMARK INTERNATIONAL A	1 700	0
LINEAR TECHNOLOGY CORP	7 187	1
LOGICA	31 131	0
LOGITECH NAMEN	9 315	1
MABUCHI MOTOR CO	800	0
MARVELL TECHNOLOGY GROUP	22 900	1
MASTERCARD A	2 500	3
MCAFEE	6 300	2
MEMC ELECTRONIC MATRLS	200	0
MICROCHIP TECHNOLOGY	7 200	1
MICRON TECHNOLOGY	17 400	0
MICROSOFT CORP	381 566	52
MOTOROLA	151 761	5
MURATA MANUFACTURING CO	13 000	4
NATIONAL SEMICONDUCTOR	11 200	1
NEC CORP	149 400	3
NETWORK APPLIANCE	17 339	2
NIDEC CORP	3 100	1
NINTENDO CO	3 200	8
NIPPON ELECTRIC GLASS CO	24 000	1
NOKIA CORP	125 024	14
NORTEL NETWORKS CORP	13 400	0
NTT DATA CORP	71	2
NVIDIA	20 050	1
OMRON CORP	18 000	2
ORACLE CORP	138 175	17
ORACLE CORP JAPAN	4 900	1
PAYCHEX	9 465	2
QUALCOMM	52 610	13
RESEARCH IN MOTION	14 400	4
RICOH CO	158 600	14
ROHM CO	7 300	3
SAGE GROUP (THE)	511 386	9
SAIC INC	4 700	1
SALESFORCE.COM	2 800	1
SANDISK CORP	10 400	1
SANMINA - SCI CORP	5 300	0
SAP STAMM	28 497	7
SEAGATE TECHNOLOGY	37 100	1
SEIKO EPSON CORPORATION	5 800	1
STMICROELECTRONICS	35 102	2
SUN MICROSYSTEMS	47 462	1
SYMANTEC CORP	45 000	4
SYNOPSYS	3 600	0
TDK CORP	8 200	2
TECH DATA CORP	3 900	0
TEXAS INSTRUMENTS	45 385	5
TOKYO ELECTRON	6 900	2
TOSHIBA CORP	134 700	4
TOTAL SYSTEM SERVICES	13 201	1
TREND MICRO	2 500	1
TYCO ELECTRONICS LTD	30 450	3
VERISIGN	8 300	1
VISA INC-CLASS A SHARES	13 000	5

NOK million	Quantity	Market value
WESTERN DIGITAL	10 100	1
WESTERN UNION	21 494	2
XEROX CORP	59 330	3
XILINX	9 073	1
YAHOO JAPAN CORP	440	1
YOKOGAWA ELECTRIC CORP	2 800	0
TOTAL IT		495
AMERICAN TOWER CORP A	11 200	2
AT&T	405 833	81
BCE INC	17 094	2
BELGACOM	52 006	14
BT GROUP	1 089 479	15
CABLE & WIRELESS	107 929	2
CENTURYTEL INC	2 500	0
CHINA MOBILE HK LTD (HK0941009	21 100	1
CROWN CASTLE INT'L CORP	8 700	1
DEUTSCHE TELEKOM	201 310	21
ELISA A	6 712	1
EMBARQ	9 858	2
FRANCE TELECOM	175 323	34
FRONTIER COMMUNICATIONS CORP	9 400	1
KDDI	129	6
KPN (KON.)	69 803	7
LEVEL 3 COMMUNICATIONS	4 700	0
MILLICOM INTERNATIONAL CELLULAR SA	3 200	1
NII HOLDINGS B	8 500	1
NTT CORP	740	27
NTT DOCOMO	1 023	14
OTE HELLENIC TELECOM.	10 232	1
PORTUGAL TELECOM SGPS	47 810	3
QWEST COMMUNI. INT'L	131 326	3
ROGERS COMMUNICATIONS B	16 700	3
SEARS ROEBUCK AND CO	241 579	3
SINGAPORE TELECOM	352 680	4
SOFTBANK CORP	29 500	4
SWISSCOM	6 569	15
TELE2 B	7 900	0
TELECOM CORP NEW ZEALAND	156 594	1
TELECOM ITALIA ORD	1 935 504	22
TELECOM ITALIA RNC	452 341	3
TELEFONICA	155 228	24
TELEKOM AUSTRIA	28 588	3
TELEPHONE & DATA SYSTEMS	700	0
TELIASONERA	137 430	5
TELSTRA CORP	717 279	13
TELUS CORP NV	8 700	2
TELUS CORP VTG	1 400	0
VERIZON COMMUNICATIONS	194 334	46
VODAFONE GROUP	3 322 625	46
WINDSTREAM CORPORATION	168 900	11
TOTAL TELECOM		448
ABBOTT LABORATORIES	54 094	20
ACTELION LTD-REG	3 625	1
AETNA	17 156	3
ALLERGAN	8 600	2
AMERISOURCEBERGEN	50 900	13
AMGEN	37 565	15
AMYLIN PHARMACEUTICALS	10 600	1
ASTELLAS PHARMA	62 844	18
ASTRAZENECA	124 154	35
BARD (C.R.)	2 800	2
BAXTER INTERNATIONAL	21 260	8
BAYER	27 586	11
BECTON DICKINSON	8 291	4
BIOGEN IDEC	9 869	3
BIOVAIL CORP	2 600	0
BOSTON SCIENTIFIC CORP	84 976	5

NOK million	Quantity	Market value
BRISTOL-MYERS SQUIBB CO	204 250	33
CARDINAL HEALTH	50 270	12
CELESIO (GEHE)	49 482	9
CELGENE CORP	12 400	5
CEPHALON	2 800	2
CHUGAI PHARMACEUTICAL CO	12 800	2
CIGNA CORP	19 650	2
COVANCE	100	0
COVENTRY HEALTH CARE	10 000	1
COVIDIEN LTD	23 050	6
CSL LIMITED	16 943	3
DAIICHI SANKYO CO	29 075	5
DAVITA	3 000	1
DENTSPLY INTERNATIONAL	5 600	1
EISAI CO	14 700	4
ELAN CORP	7 137	0
ESSILOR INTERNATIONAL	5 688	2
EXPRESS SCRIPTS	8 000	3
FOREST LABORATORIES	11 800	2
FRESENIUS MED. CARE ST	6 871	2
FRESENIUS VORZUG	3 775	2
GENENTECH	14 424	8
GENZYME GENERAL DIVISION	8 812	4
GETINGE B	91 543	8
GILEAD SCIENCES	25 600	9
GLAXOSMITHKLINE	279 116	36
HEALTH NET	4 000	0
HENRY SCHEIN INC	4 400	1
HISAMITSU PHARMACEUTICAL	39 100	11
HOLOGIC INC	11 300	1
HOSPIRA	6 200	1
HUMANA	4 800	1
IMS HEALTH	86 000	9
INTUITIVE SURGICAL	1 100	1
JOHNSON & JOHNSON	129 246	54
LABORATORY CORP OF AMER	3 200	1
LIFE TECHNOLOGIES CORP	10 615	2
LILLY (ELI) AND CO	98 163	28
LONZA GROUP	1 675	1
MCKESSON CORP	46 369	13
MEDCO HEALTH SOLUTIONS	20 908	6
MEDICEO PALTAC HOLDINGS	27 800	2
MEDTRONIC	70 087	15
MERCK AND CO	177 907	38
MERCK KGAA STAMM	3 441	2
MITSUBISHI TANABE PHARMA CORP	18 900	2
NOBEL BIOCARE HLDGS INH	2 309	0
NOVARTIS	84 850	29
NOVO NORDISK B	14 575	5
OLYMPUS CORP	6 800	1
ONO PHARMACEUTICAL CO	40 500	15
ORION-YHTYMAE B	763	0
PFIZER	513 276	64
PHARMACEUTICAL PRDCT DEV	2 600	1
QUEST DIAGNOSTICS	37 948	14
ROCHE HOLDING GENUSS	23 592	25
SANOFI-AVENTIS	84 653	37
SCHERING-PLOUGH CORP	55 400	7
SHIONOGI & CO	8 800	2
SHIRE PLC	15 864	2
SMITH & NEPHEW	25 155	1
SONIC HEALTHCARE	19 250	1
ST JUDE MEDICAL	9 554	2
STRYKER CORP	9 590	3
SYNTHES	1 682	1
TAISHO PHARMACEUTICAL CO	5 000	1
TAKEDA PHARMACEUTICAL	44 600	16
TENET HEALTHCARE CORP	24 200	0
TERUMO CORP	4 800	2

NOK million	Quantity	Market value
TEVA PHARMACEUTICAL-SP ADR	1 881	1
THERMO FISHER SCIENTIFIC	14 600	3
UCB (GROUPE)	10 060	2
UNITEDHEALTH GROUP	43 408	8
VARIAN MEDICAL SYSTEMS	3 600	1
VERTEX PHARMACEUTICALS	9 200	2
WATERS CORP	3 653	1
WELLPOINT	20 172	6
WYETH	119 806	31
ZIMMER HOLDINGS	6 859	2
TOTAL HEALTH		780
3M CO	38 656	16
ABB LTD	85 513	9
ABERTIS INFRAESTRUCTURAS	10 522	1
ACE AVIATION HOLDINGS A	7 000	0
ACS ACTIV. CONST. Y SVCS	8 928	3
ADECCO	45 880	11
AGCO CORP	5 100	1
AIR FRANCE-KLM	19 881	2
ALFA LAVAL	20 975	1
AMADA CO	17 000	1
AMR CORP	13 000	1
AP MOLLER MAERSK A	39	1
AP MOLLER MAERSK B	45	2
ASAHI GLASS CO	74 800	3
ASSA ABLOY B	6 621	1
ATLANTIA	16 251	2
ATLAS COPCO A	32 000	2
ATLAS COPCO B	42 592	2
AVERY DENNISON CORP	43 111	10
AVIS BUDGET GROUP	11 900	0
BALFOUR BEATTY	344 593	11
BOMBARDIER B	86 700	2
BOUYGUES ORD	18 515	5
BRAMBLES	41 396	1
BRISA AUTO-ESTRADAS PORT	28 636	1
BRITISH AIRWAYS	16 632	0
BUNZL	17 758	1
BURLINGTON NTHN SANTA FE	12 942	7
CANADIAN NAT'L RAILWAY	51 506	13
CAPITA GROUP	18 039	1
CATERPILLAR	32 728	10
CATHAY PACIFIC AIRWAYS	154 000	1
CENTRAL JAPAN RAILWAY CO	237	14
CH ROBINSON WORLDWIDE	4 800	2
CITIC PACIFIC LTD.	17 000	0
COBHAM	61 141	1
COOPER INDUSTRIES A	8 900	2
CP RAILWAY	37 246	9
CSX CORP	15 342	3
CUMMINS	6 800	1
DAI NIPPON PRINTING CO	41 000	3
DAIKIN INDUSTRIES	12 600	2
DANAHER CORP	10 098	4
DEERE & CO	25 334	7
DEUTSCHE POST	135 739	16
DONNELLEY (RR) AND SONS	11 900	1
DOVER CORP	11 677	3
DSV DE SAMMENSLUT VOGN	7 100	1
DUN AND BRADSTREET CORP	2 200	1
EAST JAPAN RAILWAY CO	352	19
EATON CORP	11 652	4
EIFFAGE	3 126	1
EMERSON ELECTRIC CO	54 498	14
EQUIFAX	6 300	1
EXPEDITORS INTL WASH.	6 000	1
EXPERIAN PLC	30 586	1
FANUC	7 600	4

Note 14 continues on the next page

Note 14 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
FASTENAL CO	4 400	1
FEDEX CORP	12 571	6
FINNING INT'L	97 500	8
FIRST SOLAR INC	1 400	1
FIRSTGROUP	21 893	1
FLOWSERVE CORP	2 400	1
FLUOR CORP	7 700	2
FOMENTO CONST Y CONTR	2 434	1
FOSTER WHEELER CORP	6 200	1
FRASER AND NEAVE	42 000	1
FURUKAWA ELECTRIC CO	50 000	2
GAMESA CORP TECNOLOGICA	7 215	1
GEBERIT	1 718	1
GENERAL ELECTRIC CO	833 544	94
GOLDEN OCEAN	116 500	1
GOODRICH CORP	6 400	2
GRAINGER (WW)	2 300	1
HANKYU HANSHIN HLDG	42 000	2
HARSCO CORP	2 700	1
HAYS	38 772	0
HERTZ GLOBAL HOLDING	15 200	1
HITACHI CONSTR. MACHINE.	9 200	1
HOCHTIEF	4 239	1
HUTCHISON WHAMPOA	141 400	5
IHI CORP	37 000	0
ILLINOIS TOOL WORKS	57 550	14
IMI	7 396	0
INGERSOLL-RAND CO A	23 624	3
INVENSYS	57 213	1
IRON MOUNTAIN	8 450	1
ITOCHU CORP	105 800	4
ITT CORP	7 610	2
JACOBS ENGINEERING GROUP	4 800	2
JAPAN STEEL WORKS	17 000	2
JGC CORP	13 700	1
JINHUI SHIPPING	111 900	1
JOY GLOBAL	5 100	1
JS GROUP CORP	12 300	1
JTEKT CORP	7 000	0
KAJIMA CORP	98 000	2
KAWASAKI HEAVY IND	176 300	2
KAWASAKI KISEN KAISHA	65 000	2
KBR	3 500	0
KEIO CORP	34 000	1
KEPPEL CORP	43 600	1
KINTETSU CORP	65 900	2
KOMATSU	46 600	4
KONE B	8 018	1
KUBOTA CORP	82 100	4
LEGRAND	2 089	0
LOOMIS AB-B	33 617	1
LUFTHANSA	21 821	2
MACQUARIE INFRASTRUCTURE	224 124	2
MAN STAMM	6 386	2
MANPOWER	4 900	1
MARUBENI CORP	109 000	3
MASCO CORP	35 201	3
MCDERMOTT INTERNATIONAL	9 000	1
METSO CORP	12 540	1
MITSUBISHI CORP	82 400	8
MITSUBISHI ELECTRIC CORP	93 200	4
MITSUBISHI HEAVY IND	169 100	5
MITSUI & CO	119 800	8
MITSUI OSK LINES	69 100	3
MTR CORP	106 102	2
NGK INSULATORS	17 000	1
NIPPON EXPRESS CO	86 000	2
NIPPON SHEET GLASS CO	42 000	1
NIPPON YUSEN K.K	70 000	3

NOK million	Quantity	Market value
NORFOLK SOUTHERN CORP	22 346	7
NSK	52 000	1
NTN CORP	21 000	0
OBAYASHI CORP	77 000	3
ODAKYU ELECTRIC RAILWAY	28 000	2
OWENS CORNING INC	4 300	1
PACCAR	17 686	4
PALL CORP	7 500	1
PANASONIC ELECTRIC WORKS CO LT	32 800	2
PARKER HANNIFIN CORP	12 089	4
PENTAIR	5 900	1
PHILIPS ELECTRS (KON.)	75 535	10
PITNEY BOWES	62 793	11
PRECISION CASTPARTS CORP	4 800	2
QANTAS AIRWAYS	95 050	1
Q-CELLS SE	427	0
RANDSTAD HOLDING	6 266	1
REPUBLIC SERVICES	21 880	4
ROCKWELL AUTOMATION	11 200	3
ROCKWELL COLLINS	5 585	2
ROLLS-ROYCE GROUP	130 137	4
ROPER INDUSTRIES	3 800	1
SAINT-GOBAIN	24 669	8
SANDVIK	60 925	3
SCANIA B	31 979	2
SCHINDLER PART	3 680	1
SCHNEIDER ELECTRIC	16 069	8
SECOM CO	45 700	16
SECURITAS B	168 088	10
SEMBCORP INDUSTRIES	44 000	0
SGS	182	1
SHIMIZU CORP	73 000	3
SIEMENS	39 836	20
SINGAPORE AIRLINES	200 800	11
SKANSKA B	181 731	12
SKF B	165 518	11
SMC CORP	2 000	1
SMITHS GROUP	19 868	2
SNC-LAVALIN GROUP	5 200	1
SOJITZ CORP	199 300	2
SOLARWORLD	4 920	1
SOUTHWEST AIRLINES CO	17 500	1
SPX CORP	3 900	1
STERICYCLE INC	1 900	1
STOLT NIELSEN	287 050	20
SULZER AG-REG	1 860	1
SUMITOMO CORP	82 800	5
SUMITOMO ELECTRIC IND	48 500	3
SUMITOMO HEAVY IND	62 000	2
TAISEI CORP	73 000	1
TEREX CORP	7 100	1
TNT	75 276	10
TOKYU CORP	78 200	3
TOLL HOLDINGS	66 833	2
TOMKINS	67 864	1
TOPPAN PRINTING CO	34 700	2
TOTO	5 000	0
TOYOTA TSUSHO	25 900	2
TRANSURBAN GROUP	70 492	2
TYCO INTERNATIONAL LTD	37 150	6
UAL CORP	6 300	0
UNION PACIFIC CORP	19 172	6
UNITED PARCEL SERVICE B	39 124	15
VALLOUREC	3 729	3
VESTAS WIND SYSTEMS	6 391	3
VINCI	30 463	9
VOLVO A	27 860	1
VOLVO B	87 871	3
WARTSILA B	7 776	2

NOK million	Quantity	Market value
WASTE MANAGEMENT	28 758	7
WEST JAPAN RAILWAY CO	456	14
WIENERBERGER	1 790	0
WOLSELEY	68 511	3
YAMATO HOLDINGS CO	30 700	3
ZARDOYA OTIS	9 615	1
ZODIAC	1 619	0
TOTAL INDUSTRY		796
ACERINOX	3 480	0
AGNICO-EAGLE MINES	4 800	2
AGRIUM	7 400	2
AIR LIQUIDE	9 674	6
AIR PRODUCTS & CHEMICALS	37 600	13
AKZO NOBEL	15 388	4
ALCOA	54 550	4
ALLEGHENY TECHNOLOGIES	400	0
ALUMINA	109 708	1
AMCOR	82 671	2
ANGLO AMERICAN (GB)	56 482	9
ARCELOR-MITTAL A	51 093	9
ASAHI KASEI CORP	78 200	2
ASHLAND INC	3 400	0
BALL CORP	7 600	2
BARRICK GOLD CORP	30 361	8
BASF	62 193	17
BHP BILLITON LTD	116 883	17
BHP BILLITON PLC	76 978	10
BLUESCOPE STEEL	67 806	1
BORAL	74 918	2
CELANESE CORP	11 000	1
CF INDUSTRIES HOLDINGS INC	3 300	1
CLARIANT	11 300	1
CLIFFS NATURAL RESOURCES INC	5 200	1
CREW GOLD	3 598 200	1
CRH	32 876	6
DOW CHEMICAL CO	65 556	7
DU PONT (E.I) DE NEMOURS	98 900	18
EASTMAN CHEMICAL CO	6 000	1
ECOLAB	7 400	2
EURASIAN NATURAL RESOURCES	22 349	1
FIRST QUANTUM MINERALS	6 000	1
FORTESCUE METALS GROUP	11 144	0
GIVAUDAN	219	1
GOLDCORP	25 209	5
HARDIE (JAMES) IND	14 058	0
HEIDELBERGCEMENT	2 538	1
HOLCIM	12 696	5
HOLMEN B	1 600	0
HUNTSMAN CORP	5 400	0
IMERYS	2 106	1
INCITEC PIVOT LTD	51 024	1
INT'L FLAVORS FRAGRANCES	41 600	9
INT'L PAPER CO	32 150	3
JFE HOLDINGS	33 500	6
JOHNSON MATTHEY	85 283	9
K AND S	4 965	2
KANEKA CORP	17 000	1
KAZAKHMYS	4 529	0
KINROSS GOLD CORP	20 600	3
KOBE STEEL	160 000	2
KONINKLIJKE DSM	11 621	2
KURARAY CO	21 600	1
LAFARGE (FRANCE)	8 682	4
LAPPLAND GOLDMINERS AB	134 200	1
LINDE	21 942	13
LONMIN	8 765	1
MARTIN MARIETTA MATRLS	2 000	1
MEADWESTVACO CORP	17 500	1

NOK million	Quantity	Market value
MITSUBISHI CHEMICAL HLDG	89 250	3
MITSUBISHI GAS CHEMICAL	11 000	0
MITSUBISHI MATERIALS	104 000	2
MITSUBISHI RAYON CO	24 000	0
MITSUI CHEMICALS	71 100	2
MONDI PLC	22 788	0
MOSAIC CO (THE)	7 200	2
NEWCREST MINING	15 156	2
NEWMONT MINING HLDG	16 357	5
NIPPON PAPER GROUP	55	2
NIPPON STEEL CORP	290 700	7
NITTO DENKO CORP	12 300	2
NORTHLAND RES	2 600 300	8
NOVA CHEMICALS CORP	2 200	0
NOVOZYMES B	2 375	1
NUCOR CORP	19 864	6
OJI PAPER CO	65 800	3
ONESTEEL	56 840	1
ORICA	11 850	1
OUTOKUMPU	6 624	1
OWENS-ILLINOIS	10 400	2
OZ MINERALS LTD	163 152	0
POTASH CORP SASKATCHEWAN	9 564	5
PPG INDUSTRIES	39 726	12
PRAXAIR	11 582	5
REXAM	55 382	2
ROHM AND HAAS CO	5 660	2
SALZGITTER	1 928	1
SCA SV CELLULOSA B	46 024	3
SHERRITT INT'L CORP RV	10 100	0
SHIN-ETSU CHEMICAL CO	15 400	5
SHOWA DENKO K.K	148 000	1
SIGMA-ALDRICH	4 344	1
SIMS METAL MANAGEMENT LTD	9 005	1
SMURFIT-STONE CONTAINER	8 700	0
SOLVAY	18 121	9
SOUTHERN COPPER CORP.	4 200	0
SSAB SVENSKT STAL A	18 249	1
STORA ENSO R	46 853	3
SUMITOMO CHEMICAL CO	110 100	3
SUMITOMO METAL IND	195 000	3
SUMITOMO METAL MINING CO	34 700	3
SYNGENTA	3 456	5
TAIHEIYO CEMENT CORP	28 000	0
TECK COMINCO B	35 067	1
TEIJIN	83 000	2
THYSSEN KRUPP	27 545	5
TORAY INDUSTRIES	61 100	2
TOYO SEIKAN KAISHA	15 600	2
UBE INDUSTRIES	77 000	1
UMICORE	11 365	2
UPM-KYMMENE	41 956	4
US STEEL CORP	8 500	2
VOESTALPINE	11 442	2
VULCAN MATERIALS CO	5 985	3
VULCAN RESOURCES LTD	12 037 200	4
WEYERHAEUSER CO	16 864	4
XSTRATA	21 245	1
YAMANA GOLD	40 400	2
TOTAL RAW MATERIALS		375
ACERGY	1 540 900	60
ADDAX PETROLEUM	11 600	1
ALPHA NATURAL RESOURCES INC	4 400	0
AMEC	19 017	1
ANADARKO PETROLEUM CORP	44 530	12
APACHE CORP	30 604	16
ARC ENERGY TRUST	81 600	9
ARCH COAL	6 800	1

Note 14 continues on the next page

Note 14 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
BAKER HUGHES	15 272	3
BG GROUP	154 599	15
BJ SERVICES CO	24 762	2
BP	1 627 208	86
BW OFFSHORE LIMITED	5 853 200	25
CABOT OIL & GAS CORP	10 400	2
CAIRN ENERGY	5 687	1
CAMECO CORP	13 100	2
CAMERON INTERNATIONAL	8 200	1
CANADIAN NAT RESOURCES	25 920	7
CANADIAN OIL SANDS TRUST	18 500	2
CGG VERITAS	6 966	1
CHESAPEAKE ENERGY CORP	50 400	6
CIMAREX ENERGY CO	7 700	1
CNOOC LTD	106 400	1
CONOCOPHILLIPS	171 900	62
CONSOL ENERGY	6 900	1
COSMO OIL CO	80 000	2
CRESCENT POINT ENERGY TRUST	2 900	0
DEVON ENERGY CORP	39 244	18
DIAMOND OFFSHORE DRILL.	2 600	1
EL PASO CORP	66 995	4
ENBRIDGE	17 500	4
ENCANA CORP	37 600	12
ENERPLUS RESOURCES FUND	12 900	2
ENI	339 300	55
ENSCO INTERNATIONAL	7 500	1
EOC LTD	1 032 000	5
EOG RESOURCES	11 400	5
FMC TECHNOLOGIES	4 900	1
FOREST OIL	8 700	1
FRONTLINE	2 160	0
FUGRO CERT	3 731	1
HALLIBURTON CO	56 800	7
HARVEST ENERGY TRUST	6 200	0
HELLENIC PETROLEUM	5 036	0
HELMERICH AND PAYNE	5 000	1
HUSKY ENERGY	20 900	4
IDEMITSU KOSAN CO	2 900	1
IMPERIAL OIL	19 441	5
INDEPENDENT TANKERS CORP LTD	2 186 233	7
INGRAIN INC	500 000	14
INPEX CORPORATION	45	2
KINDER MORGAN MANAGEMENT LLC	7 000	2
MONGOLIA ENERGY CO LTD	397 000	1
MURPHY OIL CORP	38 400	12
NABORS INDUSTRIES	22 184	2
NATIONAL OILWELL VARCO	25 863	4
NESTE OIL	9 317	1
NEWFIELD EXPLORATION CO	12 300	2
NEXEN	43 900	5
NIKO RESOURCES	5 200	1
NIPPON MININGS HLDGS	120 500	4
NIPPON OIL CORP	159 600	6
NOBLE DRILLING CORP	11 106	2
NOBLE ENERGY	14 200	5
NORTHERN OFFSHORE LTD	361 600	1
OCCIDENTAL PETROLEUM	87 200	37
OMV AG	15 550	3
ORIGIN ENERGY	45 549	4
PA RESOURCES	632 900	6
PATTERSON-UTI ENERGY	17 500	1
PEABODY ENERGY CORP	10 300	2
PENN WEST ENERGY TRUST	31 275	2
PETRO-CANADA	46 354	7
PETROHAWK ENERGY CORP	9 400	1
PIONEER NATURAL RES.	10 100	1
PLAINS EXPLORATION AND PROD	10 600	2
PRECISION DRILLING TRUST	2 900	0

NOK million	Quantity	Market value
PRIDE INTERNATIONAL	14 400	2
PROSAFE	1 281 600	33
PROSAFE PRODUCTION	189 700	2
PROVIDENT ENERGY TRUST	13 200	0
QUESTERRE ENERGY	1 400 300	16
RANGE RESOURCES CORP	5 900	1
REPSOL YPF	87 996	13
ROWAN COS	10 300	1
ROYAL DUTCH SHELL A	294 229	53
ROYAL DUTCH SHELL B	208 659	36
SAIPEM ORD	10 055	1
SANTOS	30 970	2
SARAS SPA	14 964	0
SBM OFFSHORE	16 123	1
SCHLUMBERGER	54 430	16
SEADRILL LTD	96 100	5
SHOWA SHELL SEKIYU K.K	7 900	1
SMITH INTERNATIONAL	8 334	1
SOUTHWESTERN ENERGY CO	14 100	3
SPECTRA ENERGY	55 100	6
SUBSEA 7	550 700	22
SUNCOR ENERGY	42 418	6
SUNOCO	11 800	4
TALISMAN ENERGY	96 100	7
TECHNIP	10 283	2
TENARIS SA	19 442	1
TESORO CORP	2 100	0
TONENGENERAL SEKIYU	36 000	2
TOTAL	193 085	73
TRANSCANADA CORP	55 653	10
TRANSOCEAN LTD	14 273	5
TULLOW OIL	27 340	2
ULTRA PETROLEUM CORP	6 300	2
VALERO ENERGY CORP	55 182	8
WEATHERFORD INT'L	33 384	3
WILLIAMS COS	51 943	5
WOODSIDE PETROLEUM	22 825	4
WORLEYPARSONS	2 258	0
XTO ENERGY	33 275	8
TOTAL ENERGY		948
ABERCROMBIE & FITCH CO A	5 400	1
ACCOR	10 796	4
ADIDAS	37 546	10
ADVANCE AUTO PARTS	5 200	1
AISIN SEIKI CO	18 300	2
AMAZON.COM	8 862	3
AMERICAN EAGLE OUTF.	4 400	0
APOLLO GROUP A	3 700	2
AUTONATION	9 600	1
AUTOZONE	1 300	1
BED BATH & BEYOND	10 747	2
BENESSE CORP	42 200	13
BERKELEY GRP HLDGS UNIT	2 606	0
BEST BUY CO	15 784	3
BLACK & DECKER CORP	32 593	10
BLOCK (H&R)	87 094	14
BMW STAMM	32 552	7
BMW VORZUG	1 641	0
BORGWARNER INC	8 100	1
BRITISH SKY BROADCASTING	44 702	2
CABLEVISION SYSTEMS A	13 800	2
CANADIAN TIRE CORP A	38 400	9
CARNIVAL CORP	28 638	5
CARNIVAL PLC(P AND O PRINCES	73 426	11
CASIO COMPUTER CO	23 100	1
CBS CORP B	47 377	3
CENTEX CORP	6 200	0
COMCAST A SPECIAL (NEW)	34 748	4

NOK million	Quantity	Market value
COMCAST CORP A (NEW)	80 972	10
COMPASS GROUP	115 521	4
CROWN LTD	35 779	1
D.R. HORTON	37 100	2
DAIEI	14 800	1
DAIHATSU MOTOR CO	6 000	0
DAIMLERCHRYSLER	87 704	23
DARDEN RESTAURANTS	56 200	11
DENSO CORP	41 100	5
DENTSU	145	2
DIOR (CHRISTIAN)	5 559	2
DIRECTV GROUP (THE)	22 488	4
DISCOVERY COMMUNICATIONS-C	14 000	1
DISH NETWORK CORP	19 400	2
DISNEY (WALT)	159 343	25
DSG INTERNATIONAL	136 200	0
EASTMAN KODAK CO	31 741	1
ELECTROLUX B	20 802	1
ESPRIT HOLDINGS	41 600	2
EUTELSAT COMMUNICATIONS	4 022	1
EXPEDIA	12 600	1
FAIRFAX MEDIA	149 204	1
FAST RETAILING CO	2 100	2
FIAT ORD	68 131	3
FORD MOTOR CO	346 113	5
FORTUNE BRANDS	10 139	3
FUJI HEAVY INDUSTRIES	87 000	2
GAMESTOP CORP A	5 800	1
GANNETT CO	19 789	1
GAP	124 301	12
GARMIN	6 300	1
GENERAL MOTORS CORP	107 000	2
GENUINE PARTS CO	52 175	14
GKN	79 825	1
GOODYEAR TIRE & RUBBER	3 000	0
HAKUHODO DY HOLDINGS	550	0
HARLEY-DAVIDSON	20 344	2
HASBRO	6 100	1
HENNES & MAURITZ B	16 538	4
HERMES INTERNATIONAL	2 102	2
HOME DEPOT	120 107	19
HOME RETAIL GROUP	45 449	1
HONDA MOTOR CO	205 500	30
HUSQVARNA B	28 487	1
INDITEX	8 559	3
INTERCONTINENTAL HOTELS	24 574	1
INTERVAL LEISURE GROUP-W/I	2 000	0
INT'L GAME TECHNOLOGY	15 400	1
ISETAN CO	17 600	1
ISUZU MOTORS	152 000	1
ITV	282 025	1
J FRONT RETAILING CO LTD	37 000	1
JARDINE CYCLE & CARRIAGE	9 000	0
JOHNSON CONTROLS	53 500	7
KB HOME	6 700	1
KINGFISHER	279 209	4
KOHLS CORP	12 494	3
LADBROKES	73 579	1
LAGARDERE	9 580	3
LAS VEGAS SANDS CORP	3 300	0
LEAR CORP	5 700	0
LEGGETT & PLATT	1 900	0
LENNAR CORP A	700	0
LI & FUNG	86 460	1
LIBERTY CAPITAL A	1 400	0
LIBERTY GLOBAL A	9 220	1
LIBERTY GLOBAL C	11 100	1
LIBERTY INTERACTIVE A	32 559	1
LIBERTY MEDIA CORP-ENT SER A	29 024	4

NOK million	Quantity	Market value
LIMITED BRANDS	26 555	2
LOWE'S COS	60 370	9
LUXOTTICA GROUP	5 525	1
LVMH	9 961	5
MACY'S	33 556	2
MAGNA INTERNATIONAL A	43 485	9
MAKITA CORP	3 800	1
MARKS & SPENCER GROUP	105 826	2
MARRIOTT INT'L A	8 200	1
MARUI GROUP CO LTD	9 900	0
MATTEL	113 476	13
MAZDA MOTOR CORP	115 000	1
MCDONALD'S CORP	39 771	17
MCGRAW-HILL COS	64 704	10
MEDIASET	327 487	13
MGM MIRAGE	1 600	0
MICHELIN	12 418	5
MITCHELLS & BUTLERS	28 060	0
MITSUBISHI MOTORS CORP	212 000	2
MOHAWK INDUSTRIES	6 800	2
NEWELL RUBBERMAID	23 518	2
NEWS CORP A	117 880	7
NEWS CORP B	31 992	2
NEXT	16 283	2
NGK SPARK PLUG CO	8 000	0
NIKE B	14 100	5
NISSAN MOTOR CO	486 000	12
NOK CORP	5 200	0
NOKIAN RENKAAT	13 928	1
NORDSTROM	12 100	1
OFFICE DEPOT	7 100	0
OMNICOM GROUP	54 250	10
OPAP	67 083	14
ORIENTAL LAND CO	500	0
PAGESJAUNES	11 846	1
PANASONIC CORP	106 100	9
PEARSON	54 019	3
PENNEY (J.C) CO	15 400	2
PERSIMMON	4 678	0
PEUGEOT SA	64 847	8
POLO RALPH LAUREN CORP A	3 200	1
PORSCHE AUTOMOBIL HOLDING SE	7 845	4
PPR	24 816	11
PUBLICIS GROUPE	7 100	1
PULTE HOMES	11 900	1
RAKUTEN	414	2
REED ELSEVIER (GB)	31 212	2
REED ELSEVIER (NL)	17 753	1
RENAULT	18 350	3
ROSS STORES	5 700	1
ROYAL CARIB CRUS	40 800	4
ROYAL CARIBBEAN CRUISES	1 600	0
SANKYO CO (6417)	5 400	2
SANYO ELECTRIC CO	175 200	2
SEARS HOLDINGS CORP	6 065	2
SEGA SAMMY HOLDINGS	9 900	1
SEKISUI CHEMICAL CO	47 900	2
SEKISUI HOUSE	42 500	3
SES A-FDR	4 023	1
SHARP CORP	218 800	11
SHAW COMMUNICATIONS B	9 862	1
SHERWIN-WILLIAMS CO	4 600	2
SINGAPORE PRESS HLDG	659 550	10
SODEXHO ALLIANCE	2 155	1
SONY CORP	64 900	10
STANLEY ELECTRIC CO	12 400	1
STAPLES	27 135	3
STARBUCKS CORP	29 578	2
STARWOOD HOT.&RES. WORLD	13 099	2

Note 14 continues on the next page

Note 14 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
SUMITOMO RUBBER IND	8 700	1
SUZUKI MOTOR CORP	19 800	2
SWATCH GROUP INH	965	1
SWATCH GROUP NAM	3 892	1
TABCORP HOLDINGS	51 685	2
TARGET CORP	64 300	16
TATTS GROUP LTD	34 771	0
TAYLOR WIMPEY	21 311	0
TF1 TELEVISION FRANCAISE	14 830	2
THOMSON	4 878	0
THOMSON REUTERS CORP	13 648	3
THOMSON REUTERS PLC	16 352	2
TICKETMASTER	2 000	0
TIFFANY & CO	8 665	1
TIM HORTONS	7 300	1
TIME WARNER	238 663	17
TIME WARNER CABLE-A	15 300	2
TJX COS	69 289	10
TOLL BROTHERS	3 600	1
TOYOTA INDUSTRIES CORP	13 000	2
TRW AUTOMOTIVE HOLDINGS CORP	6 500	0
TUI	26 633	2
TUI TRAVEL	2 413	0
URBAN OUTFITTERS INC	6 600	1
VALEO	6 850	1
VF CORP	27 500	10
VIACOM B (NEW)	19 577	3
VIRGIN MEDIA	6 400	0
VIVENDI	75 290	17
VOLKSWAGEN STAMM	6 903	17
VOLKSWAGEN VORZUG	9 716	4
WASHINGTON POST CO B	300	1
WHIRLPOOL CORP	25 840	7
WHITBREAD	14 763	1
WILLIAM HILL	15 169	0
WOLTERS KLUWER	15 975	2
WPP PLC	81 555	3
WYNDHAM WORLDWIDE	9 500	0
WYNN RESORTS	2 600	1
YAMADA DENKI CO	2 460	1
YAMAHA CORP	18 900	1
YAMAHA MOTOR CO	22 400	2
YELL GROUP	7 563	0
YELLOW PAGES INCOME FUND	14 600	1
YUE YUEN INDUSTRIAL	18 500	0
YUM BRANDS	16 732	4
TOTAL CONSUMABLES		761
AEON CO	59 000	4
AHOLD (KON.)	77 402	7
AJINOMOTO CO	215 000	16
ALBERTO-CULVER COMMON	4 500	1
ARCHER-DANIELS-MIDLAND	44 315	9
ASAHI BREWERIES	112 800	13
ASSOCIATED BRITISH FOODS	154 428	11
AVON PRODUCTS	15 690	3
BEIERSDORF	4 003	2
BROWN-FORMAN CORP B	3 625	1
BUNGE	9 400	3
CADBURY PLC	76 554	5
CAMPBELL SOUP CO (US)	13 548	3
CARLSBERG B	4 181	1
CARREFOUR	81 978	22
CASINO ORD	22 024	12
CHINA UNICOM	54 700	0
CLOROX CO	31 505	12
COCA-COLA AMATIL	42 201	2
COCA-COLA CO	149 300	47
COCA-COLA ENTERPRISES	112 500	9

NOK million	Quantity	Market value
COCA-COLA HBC	9 651	1
COLGATE-PALMOLIVE	17 200	8
COLRUYT	668	1
CONAGRA FOODS	120 239	14
CONSTELLATION BRANDS A	14 900	2
COSTCO WHOLESALE CORP	23 869	9
CVS/CAREMARK	65 590	13
DANISCO	1 650	0
DANONE (GROUPE)	19 721	8
DEAN FOODS CORP	12 100	2
DELHAIZE GROUPE	9 262	4
DIAGEO	118 890	11
DR PEPPER SNAPPLE GROUP-W/I	18 158	2
ESTEE LAUDER COS A	4 100	1
FAMILYMART CO	2 600	1
FOSTERS GROUP	144 730	4
GENERAL MILLS	19 880	8
GOODMAN FIELDER	63 870	0
HEINEKEN HOLDING	49 104	10
HEINEKEN NV	50 803	11
HEINZ (H.J) CO	19 830	5
HENKEL AG & CO KGAA	8 782	2
HENKEL AG & CO KGAA	2 275	0
HERSHEY CO (THE)	10 700	3
HORMEL FOODS CORP	43 800	10
INBEV	36 996	6
J.M.SMUCKER	7 400	2
JERONIMO MARTINS SGPS	13 900	1
KAO CORP	79 400	17
KELLOGG CO	12 600	4
KERRY GROUP A	65 362	8
KESKO B	2 311	0
KIMBERLY-CLARK CORP	48 063	18
KIRIN HOLDINGS CO	58 400	5
KRAFT FOODS A	164 589	31
KROGER CO	41 631	8
LAWSON	37 400	15
LION NATHAN	28 088	1
LOBLAW	13 100	3
LOREAL	8 803	5
MCCORMICK & CO NV	7 900	2
METCASH LTD	61 467	1
METRO A	64 100	13
METRO STAMM	7 717	2
MOLSON COORS BREWING B	43 800	15
MORRISON WM SUPERMARKETS	128 780	4
NESTLE	170 714	47
NIPPON MEAT PACKERS	14 200	1
NISSHIN SEIFUN GROUP	23 000	2
NISSIN FOODS HOLDINGS CO LTD	47 900	12
PARMALAT	138 370	2
PEPSI BOTTLING GROUP	61 500	10
PEPSICO	67 631	26
PERNOD RICARD	7 633	4
PROCTER & GAMBLE CO	152 024	66
RECKITT BENCKISER GROUP PLC	53 489	14
SABMILLER	39 043	5
SAFEWAY INC	106 154	18
SAINSBURY (J)	85 347	3
SAPUTO	76 500	10
SARA LEE CORP	64 054	4
SEVEN AND I HOLDINGS CO	45 140	11
SHISEIDO CO	12 800	2
SHOPPERS DRUG MART CORP	8 300	2
SMITHFIELD FOODS	5 400	1
SUPERVALU	22 885	2
SYSCO CORP	34 552	6
TATE & LYLE	271 416	11
TESCO	416 142	15

NOK million	Quantity	Market value
TYSON FOODS A	41 100	3
UNI-CHARM CORP	1 500	1
UNILEVER NV CERT	98 979	17
UNILEVER PLC	74 236	12
UNY CO	5 000	0
WALGREEN CO	105 623	18
WESTON (GEORGE)	36 200	12
WHOLE FOODS MARKET	10 300	1
WOOLWORTHS LTD	58 942	8
YAKULT HONSHA CO	6 600	1
TOTAL CONSUMER GOODS		817
TOTAL FOREIGN		7 655
TOTAL SHARES		9 388
TOTAL FINANCIAL		1 695
TOTAL DISTRIBUTION		622
TOTAL, IT		674
TOTAL, TELECOM		497
TOTAL, HEALTH		806
TOTAL, INDUSTRY		1 023
TOTAL, RAW MATERIALS		555
TOTAL, ENERGY		1 534
TOTAL, CONSUMABLES		779
TOTAL, CONSUMER GOODS		818
TOTAL UNSPECIFIED		384
TOTAL SHARES		9 388
EQUITY FUNDS		
CEVIAN CAPITAL II LP EUR CLASS C	250 000	143
KLP AKSJEASIA INDEKS I	54 008	40
KLP AKSJEASIA INDEKS II	717 042	406
KLP AKSJEEUROPA INDEKS I	594 866	421
KLP AKSJEEUROPA INDEKS II	811 384	546
KLP AKSJEGLOBAL INDEKS I	813 245	789
KLP AKSJEGLOBAL INDEKS II	501 060	410
KLP AKSJEGLOBAL INDEKS III	165 000	135
KLP AKSJEGLOBAL INDEKS IV	9 990	7
KLP AKSJENORDEN	813 309	1 029
KLP AKSJENORGE	416 779	703
KLP AKSJENORGE INDEKS	0	0
KLP AKSJENORGE INDEKS II	10 000	6
KLP AKSJEUSA INDEKS II	901 400	560
KLP AKSJEUSA INDEKS USD	155 009	896
ALLIANCE VENTURE IP COMM.	12 245	1
ALLIANCE VENTURE IP PREF.	137 755	7
CAPMAN BUYOUT VIII FUND A LP	6 817 667	60
CUBERA SECONDARY (GP) KS	5 987 242	6
CUBERA SECONDARY KS	59 872 411	56
ENERGY VENTURES II KS	45 514 225	50
ENERGY VENTURES III KS	15 325 819	13
FSN CAPITAL L.P. II	11 998 491	119

NOK million	Quantity	Market value
HERKULES PRIVATE EQUITY III (JERSEY-I) L.P.	13 739 165	14
HITEC VISION III AS	191 960	4
HITEC VISION PRIVATE EQUITY IV L.P.	8 751 990	88
HITEC VISION PRIVATE EQUITY V L.P.	3 167 500	17
INCITIA VENTURES II AS	17 992	0
INCITIA VENTURES II IS	8 144	7
INNKAP 4 PARTNERS L.P.	1 550 000	10
NEOMED INNOVATION IV LP	2 850 000	24
NMI FRONTIER FUND KS	5 400 000	5
NMI GLOBAL FUND KS	8 100 000	8
NORTHZONE V K/S (DANMARK)	2 607 856	22
NORVESTOR IV L.P.	7 386 700	45
NORVESTOR V L.P.	4 319 633	32
PARTNERS GROUP SECONDARY 2008, L.P.	2 138 860	18
VERDANE CAPITAL VI K/S	25 198 944	12
VERDANE V B K/S	27 697 410	13
ABERDEEN INDIRECT PARTNERS EUROPA	249 922	229
ABERDEEN INDIRECT PROPERTY PARTNERS ASIA	172 758	112
EUROPRISE SUB-FUND A	1 995	171
JPMORGAN EUROPEAN PROPERTY FUND	1 990	161
MORGAN STANLEY EUROZONE OFFICE FUND CLASS C2	1 824 497	187
TOTAL EQUITY FUNDS		7 581
ALTERNATIVE PLACEMENTS IN SHARES		
JWM PARTNERS RELATIVE VALUE I	75 000	59
JWM PARTNERS RELATIVE VALUE II (NEW SERIE)	10 000	48
SECTOR MARITIME	146 446	115
KLP ALTERNATIV INVESTMENTS -RELATIVE VALUE	1 500 000	153
KLP ALTERNATIV INVESTMENTS -FIXED INCOME	1 411 791	184
KLP ALTERNATIVE INVESTMENTS	5 026 874	544
TOTAL ALTERNATIVE INVESTMENTS		1 104
INTEREST-BEARING FUNDS		
VIKING GLOBAL BOND FUND I (PARETO)	21 632 900	308
VIKING GLOBAL BOND FUND II (INDOCAM)	18 539 000	285
KLP RENTEFOND II	147 654	156
KLP PENGEMARKED	133 643	135
KLP PENSJON	138 761	143
KLP AKTIV RENTE	0	0
KLP OBL. GLOBAL I	13 443 443	12 427
GOLDMAN SACHS INTERNATIONAL	73 141 157	7 135
KLP RENTEFOND II	0	0
TOTAL INTEREST-BEARING FUNDS		20 589
TOTAL INVESTMENT		38 661

Note 15 Investment properties

NOK million	2008
Rental income	33
Operating expenses	-1
Change in fair value	249
Total income from investment properties	281
Book value 1 January	3
Additions through purchase	649
Net up/downright from change in fair value	249
Book value 31 December	901

Note 16 Technical matters

Changes in insurance liabilities

Contractural liabilities

NOK million	Premium reserve	Supplementary reserves	Securities adjust. fund	Claim provi-sion	Premium fund [1]	Total
Opening balance 2008	163 277	7 784	7 132	92	4 030	182 314
Changes in insurance liabilities taken to profit/loss						
Net provisions taken to profit/loss	14 719	-3 823	-7 204	-8	79	3 763
Risk profit/loss assigned to insurance contracts					366	366
Other assignment of surplus					1 537	1 537
Total changes taken to profit/loss	14 719	-3 823	-7 204	-8	1 982	5 666
Changes in insurance liabilities not taken to profit/loss						
Reclassification 1 January 2008 - New Insurance Activity Act			83	3		86
Business transfer as at 1 January 2008	-250	-3	-11		-15	-279
To/from funds on transfer settlement					-62	-62
Transfers between funds/allocation to premium payment	-2	-19			-3 602	-3 623
Total changes not taken to profit/loss	-252	-22	72	3	-3 679	-3 877
Closing balance 2008	177 744	3 940	0	87	2 332	184 103
Insurance liabilities distributed by sector						
Group pension insurance - Public [2]						
- Defined benefit without investment choice						
Opening balance	163 277	7 784	7 132		4 030	182 223
Closing balance	177 744	3 940	0		2 332	184 016
Group life insurance						
Opening balance				92		92
Closing balance				87		87

Current liabilities and receivables

NOK million	Group pensions	Group life insurance	Total 31.12.08
Net current liabilities and receivables related to direct insurance	-239	10	-229

Profit/loss distributed by sector

NOK million	Group pension insurance - Public [2]	Group life insurance	Total 31.12.08
Premium income	21 893	189	22 082
Net income from investments in the common portfolio	-5 483	1	-5 482
Other insurance-related income	633		633
Claims	-9 911	-187	-10 099
Changes in insurance liabilities taken to profit/loss	-3 771		-3 771
Funds assigned to insurance contracts	-1 903		-1 903
Insurance-related operating expenses	-638	-13	-651
Other insurance-related costs	-661		-661
Technical profit/loss	159	-9	150
Profit/loss analysis distributed by sector			
Profit/loss allocation between customer and Company			
Returns profit/loss			
Net income from investments in the common portfolio	1 693	1	1 695
Share of securities adjustment fund paid out on transfer	-112		-112
Interest due	-5 286	-7	-5 293
Returns profit/loss	-3 705	-6	-3 710
From supplementary reserve to cover interest loss	3 705		3 705
Profit/loss after supplementary reserves	0	-6	-6
Risk profit/loss	366	-4	362

NOK million	Group pension insurance - Public [2]	Group life insurance	Total 31.12.08
Profit/loss of effect from conversion to new tariff and changed special supplement	1 445		1 445
Administration profit/loss			
Calculated costs	736	13	749
Actual insurance-related costs	-638	-13	-651
Administration profit/loss	98	0	98
Interest guarantee premium	154		154
Other items	-2		-2
Total profit/loss from insurance business	2 062	-9	2 052

Profit allocation

NOK million	Customers	Company	Total
Profit/loss from insurance business	1 811	241	2 052
Allocation of non-technical profit/loss	92	156	248
Total profit/loss allocated	1 903	397	2 300

Transfer in group pension insurance

NOK million	Received	Ceded	Net transfer
Premium reserves	89	-2 567	-2 477
Supplementary reserves	1	-118	-117
Securities reserves		-112	-112
Net transfer through profit/loss	91	-2 796	-2 706
To/from premium fund		-62	-62
Net transfer customer funds	91	-2 858	-2 768

Premium reserves taken to income from other insurance companies / pension funds covered 14 contracts with an annual premium volume of NOK 6 million. Transfers of reserves from movements out 1 Jan 2008 (contract end 31 Dec 2007) covered 8 contracts in KLP's joint pension scheme with an annual premium volume of NOK 89 million.

New business

NOK million	Premium volume	Number of contracts
Group pension insurance - Public	17,9	66
Group life insurance	13,4	105

[1] Including the Pensioners surplus fund
[2] Group pension insurance for local authorities and institutions with similar pension plans - Defined benefit schemes without investment choice

Note 17 Intangible assets

NOK million	2008
Book value 1 January	157
Acquisition cost 1 January	255
Total additions	94
of which internally developed	8
of which bought	86
Disposals	0
Acquisition cost 31 December	349
Acc. depreciation previous years	-98
Ordinary depreciation for the year	-32
Write-down	0
Book value 31 December	220
Depreciation period	3 to 8 years

Note 18 Subordinated loan capital and perpetual hybrid Tier 1 securities

NOK million **Borrowings**	Loan amount currency	Loan amount NOK	Unrealised income (+) / cost (-)	Interest cost	Interest provision	Book value 31 December 2008	Due date
Oct 1997	JPY 9 500	554	180			739	Perpetual
April 2006	EUR 300	2 373	548	146	111	3 033	Perpetual
Total subordinated loan capital		2 927	728	171	116	3 771	
April 2004	JPY 15 000	984	266	44	1	1 250	Perpetual
Total perpetual hybrid Tier 1 securities		984	266	44	1	1 250	
Total subordinated loan capital and perpetual hybrid Tier 1 securities		3 911	994	215	117	5 022	

JPY 9 500 : The interest on the loan is fixed at 4.0 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan after 20 years. After 30 October 2017 the interest will be the higher of fixed 4.75 per cent p.a. and 6 mnth JPY-interest plus 2.05 per cent p.a. A balancing transaction has been struck with a loan issued for JPY 9,500 at 6 mnth JPY interest+1.30 per cent p.a. Linked with this an interest rate swap has also been entered into with an underlying value of JPY 9,500 where KLP receives 4.10 per cent p.a. and pays 6 mnth JPY-interest +1.30 per cent p.a. This interest rate swap matures on 30 Oct 2017. The hedging/balancing transactions KLP has in the loan and in the interest rate swap are shown in the table below.

EUR 300 : The interest on the loan is fixed at 5.25 per cent p.a. until 11 April 2016 after which it changes to a variable rate set at 2.27 per cent above three months' EURIBOR. The loan is perpetual but KLP has the right to redeem it at par on 11 April 2016. The loan is currency hedged by a similar investment in EURO-denominated bonds as shown in the table below.

JPY 15 000 : The interest on the loan is fixed USD-interest of 5.07 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in the table below.

Subordinated loan capital is incorporated in supplementary capital when calculating the capital adequacy (see Note 22).
According to the capital adequacy rules, the lower of the exchange rate on the date of uptake and that on the calculation date is used for calculating eligible subordinated capital. The total proportion of subordinated loan capital that makes up the supplementary capital in the capital adequacy calculation is NOK 3,079 million as at 31 December 2008. This represents 26.4 per cent of net subordinated capital.
The perpetual hybrid Tier 1 securities contribute NOK 983 million as core capital in the capital adequacy. This represents 11.5 per cent of total core capital.

NOK million **Hedging transactions**	Nominal currency	Nominal NOK on contr. date	Acquisition cost NOK	Unrealised income (+) / cost (-)	Book value 31 December 2008	Due date
Lending	JPY 9 500	554 [1]	554	180	734	2017
Interest rate swaps	JPY 9 500			101	101	2017
Bonds	EUR 309	2 363 [1]	2 369	450	2 819	2015/2016
Interest rate and currency swap	JPY 15 000			266	266	2034
Total hedging transactions		4 454 [1]	2 923	997	3 919	

[1] Nominal in NOK is calculated on the basis of the exchange rate on contracting date.

Note 19 Capital adequacy

NOK million	2008
Core capital	8 800
Reduction in core capital for intangible assets	-220
Reduction subordinated capital in other financial institutions	-3
Core capital after reduction for intangible assets	8 577
Supplementary capital	3 079
Reduction subordinated capital in other financial institutions	-3
Net subordinated capital	11 652
Assets and off-balance sheet items by risk category	
Risk weighted 0 %	50 803
Risk weighted 10%	823
Risk weighted 20%	71 570
Risk weighted 35%	8 093
Risk weighted 50%	12 504
Risk weighted 100%	54 394
Risk weighted 150%	1 104
Off-balance sheet items	29 816
Weighted sum balance sheet assets	79 329
Weighted sum off-balance sheet items	676
Reduction subordinated capital in other financial institutions	-7
Risk-weighted calculation basis	79 997
Capital adequacy in per cent	14,6 %

Capital adequacy requirement
The authorities' minimum requirement for capital adequacy is set at 8 % for insurance companies as for other financial institutions.

Core capital
Perpetual hybrid Tier 1 securities are included as core capital with a maximum of 15 % of other core capital (equity contributions and retained earnings). Any surplus counts as supplementary capital. Perpetual hybrid Tier 1 securities are reclassified from supplementary capital to core capital in step with other core capital increasing. Reduction in subordinated capital in other financial institutions is distributed 50/50 to core capital and supplementary capital i.a.w. § 7 of the Regulations on calculation of subordinated capital.

Supplementary capital
Subordinated loans in foreign currency are valued at the lower of the exchange rate on the calculation date and the exchange rate on the contracting date, apart from the subordinated loan in Japanese Yen (JPY). For this, the exchange rate is as at 29 October 2001, the date of the application to the FSA of Norway to use a different rate of exchange. Reduction subordinated capital in other financial institutions is distributed 50/50 on core capital and supplementary capital i.a.w. § 7 of the Regulations on calculation of subordinated capital.

Note 20 Solvency margin requirement and solvency margin capital

NOK million	2008	2007	2006	2005	2004
Solvency margin requirement in accordance with regulations issued by the Norw. Ministry of Finance	7 030	6 453	5 794	5 305	4 918
Equity and subordinated capital	11 652	10 008	9 401	6 876	6 519
Proportion of risk equalisation fund that can be included (Contingency fund until end of 2007)	117	166	81	72	67
50 per cent of supplementary reserves	1 970	3 892	3 286	2 644	2 016
Solvency margin capital 31 December	13 740	14 066	12 768	9 593	8 602
Solvency margin adequacy	195,5 %	218,0 %	220,4 %	180,8 %	174,9 %

Note 21 Returns on investments in the common portfolio

Per cent	2008	2007	2006	2005	2004
Return on the common portfolio					
Return I	1,0	7,5	6,6	5,7	6,0
Return II	-3,0	6,7	7,6	8,0	6,9
Return III	-1,7	5,4	5,2	7,5	7,7
Average yield	(-)[1]	7,5	6,6	5,7	6,0

Calculation of capital return yield has been governed by the Regulation of 19 February 1993 No. 192 on targets for life insurance companies' capital returns. This regulation has not been adjusted to new legislation. The Financial Supervisory Authority of Norway has put forward a draft new regulation on calculation of the returns yield. The draft has currently not been agreed and has not been implemented for the returns calculations for 2008 which is the first year after the division of management into common and corporate portfolios. The returns calculations presented have been calculated in accordance with the method shown in the Regulation of 1993, however only in regard to the common portfolio's funds and returns for 2008. The returns figures for previous years apply to the combined management.

Return I = Book return

Return II = Value adjusted return. This is the book return +/-unrealised value changes taking to the securities adjustment fund

Return III = Value adjusted return including value changes in the held-to-maturity portfolio. Value changes in the held-to-maturity portfolio are not included in the accounting result for the year.

In 2008 the common portfolio was divided into three sub-portfolios.

Balanced portfolio 1 covered all customers in the joint pension scheme for county authorities, the joint pension scheme for health and prices and the pension scheme for elected representatives. This portfolio also covers customers in the joint pension scheme for municipalities and enterprises with the exception of one municipality which chose the Proactive portfolio.

Balanced portfolio 2 covers all customers in the pension scheme for nurses and the joint pension scheme for hospital doctors.

For 2008 the common portfolio's sub-portfolios have had the following returns:

Per cent	Book	Value adjusted
Balanced portfolio 1	0,9	-3,1
Balanced portfolio 2	1,1	-2,8
Proactive portfolio	2,7	-2,3

[1] Not relevant for 2008

Note 22 Sales costs

NOK million	2008
Staff costs	37,1
Commission	0,2
Other costs	52,7
Sales costs	90,0

Note 23 Pensions obligations, own employees

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen").
The company also offers a pension scheme in addition to Fellesordningen This obligation is covered through operation. Fellesordningen is a benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ('obligatorisk tjenestepension', or OTP). The company has a contract pension (AFP) scheme.

The accounting treatment of pension liabilities is described in more detail in Note 2.

NOK million	Fellesordningen	Through operation	Total
Pension costs			
Accumulation for the year	32	2	34
Interest cost	23	3	26
Gross pension cost	54	5	60
Expected return	-17	0	-17
Estimate deviation taken to profit/loss	-1	0	-1
Administration costs/Interest guarantee	2	0	2
Net cost of pension including administrative cost	39	4	43
Empl's NIC net pension cost incl admin cost	5	1	6
Extraordinary costs			
Net pension cost incl empl's NIC & admin cost	44	5	49
Pension obligations	0	0	0
Pension obligations			
Gross accrued obligations	544	72	617
Pension assets	295	6	301
Net pension obligations before Employer's NI Contrib.	250	66	316
Employer's NI contribution	35	9	45
Net obligations incl. employer's NIC	285	75	360
Estimate deviation not taken to p/l excl empl's NIC	0	-1	0
Estimate deviation not taken to p/l empl's NIC	0	0	0
Net oblig/assets incl empl's NIC taken to p/l	285	75	360
Of which employer's NIC taken to profit/loss	35	9	44
Member status ("Fellesordningen")			
The number of employees the obligations cover			382
The number of pensioners the obligations cover			117
The number of deferred entitlements the obligations cover			117
Financial assumptions (common to KLP FP and Collective Annuity)			
Discount rate			3,80 %
Salary growth			4,00 %
G adjustment/P adjustment			3,75 %
Expected return			5,80 %
Rate of employer's NIC			14,10 %
Amortisation time			15 år

Actuarial assumptions:

KLP's joint pension scheme for municipalities and companies ("Fellesordningen")

The calculations are based on mortality and disability assumptions for the members of the pension scheme as well as frequencies of take up of the contractual early retirement scheme (AFP).

The following has been assumed:

Take-up of AFP for 2008 and 2009 (per cent in relation to remaining employees):

On reaching 62 years there are 45% who retire with an AFP pension. The remainder retire on reaching pensionable age.

Voluntary termination for Fellesordning during 2008 and 2009 (in %)

Age (in years)	< 20	20-23	24-29	30-39	40-50	51-55	>55
Turnover	20 %	15 %	10 %	7,5 %	5 %	2 %	0 %

Longevity:

A variant of K2005 has been used for mortality assumptions.

Pensions through operation:

Take-up of AFP/premature retirement is not relevant to this scheme. In regard to mortality the same variant of K2005 has been used as for Fellesordningen.

Note 24 Salary and obligations for leading employees/governing bodies

The Kommunal Landspensjonskasse senior management group is defined as the Group Chief Executive Officer and all the Group Directors in the Company.

There are no obligations to provide the Group Chief Executive Officer or the Chairman of the Board with special consideration or other benefits on termination or change in employment contract or appointment.

No KLP employees have bonus agreements.

All employees in the Group may take up loans with KLP on lending terms and conditions for staff. No senior management have terms and conditions that deviate from this. Loans to external members of the Board of Directors, the Control Committee and the Supervisory Board are only made on ordinary lending terms and conditions.

2008

NOK million	Ordinary salary	Other benefits	Annual pension costs	Total remuneration	Loan from the group	Interest rate plan[2]	Payments plan[2]
Senior staff 1)							
Sverre Thornes, Group CEO	2,46	0,19	0,81	3,45	7,11	4,25-5,70	A2038
Ida Espolin Johnson	1,87	0,17	0,47	2,51	6,38	4,70-6,70	A2039
Ole Jacob Frich	1,17	0,16	0,38	1,71	6,11	4,70-6,70	A2038
Mari Thjømøe (until 30 June 2008)	0,75	0,09	0,28	1,12			
Øyvind Amundsen (until 30 June 2008)	0,61	0,05	0,00	0,67			
Aage E. Schaanning (from 1 July 2008)	1,20	0,08	0,21	1,49	3,42	4,70-4,95	A2033
Rune Mæland (from 1 July 2008)	0,53	0,07	0,15	0,75	1,84	4,95	A2036
Roy Halvorsen (from 1 July 2008)	0,64	0,08	0,24	0,96	4,60	4,70-6,70	A2036
Board of Directors	Fees						
Siri Austeng, Chair (until 14 May 2008)	0,11			0,11			
Arne Øren, Chair from (14 May 2008)	0,12			0,12			
Finn Jebsen, Vice Chair	0,17			0,17			
Ann Inger S. Døhl	0,13			0,13			
Herlof Nilssen	0,13			0,13	0,57	7,50	A2026
Anne Grethe Skårdal	0,13			0,13			
Ole K. Hetland (until 14 May 2008)	0,07			0,07			
Gunn Marit Helgesen (from 14 May 2008)	0,03			0,03			
Kari Bakken, staff representative	0,13			0,13	0,16	4,95	A2013
Rune Brakstad, staff representative	0,13			0,13	1,83	4,70-6,70	A2036
Control Committee							
Kjell Pettersen, Chair (until 21 April 2008)	0,03			0,03			
Ole Hetland, Chair (from 21 April 2008)	0,03			0,03			
Anne-Marie Barane, Deputy Chair	0,05			0,05			
Aud Mork	0,05			0,05			
Jan Rune Fagermoen	0,05			0,05			
Paul M. Nilsen (until 21 April 2008)	0,02			0,02			
Trond Knudsen (from 21 April 2008)	0,03			0,03			
Tor Berge (from 21 April 2008)	0,02			0,02			
Supervisory Board							
Total Supervisory Board, incl. staff representatives	0,41				25,95		
Loans to Group staff					1 004,13		

1) Declared salary/remuneration applies only for the period the senior staff have held their position.
2) S= Serial loan, A= Annuity loan, lost payment.

Note 25 Taxes

NOK million	2008
Profit/loss before taxes	397
Permanent differences linked to:	
Shares / shares derivatives within the EU / EEA	4 806
Securities adjustment fund shares / shares derivatives within the EU / EEA	-281
Share dividend received from companies within the EU / EEA	48
Other permanent differences	4 970
Tax base for the year	
Change in temporary differences related to:	-128
Fixed assets	0
Profit / loss account	1 211
Long-term receivables / long-term debt in foreign currency	7
Pension obligations	-2 056
Pension corridor	222
Sec. adjust. fund short-term fin. assets except shares/share derivatives in the EU/EEA	3
Shares and other securities	-5 199
Shares in internal partnerships	1 207
Carry-forward deficit for the year	-239
Base for tax payable	0
Allocation of tax expense:	
Tax payable on profit/loss for the year	0
Change in deferred tax	0
Tax expense on profits for the year	0

NOK million	31.12.2008
Fixed assets	
Profit / loss account	-1
Long-term receivables / long-term debt in foreign currency	1
Pension obligations	814
Securities adjustment fund	360
Shares and other securities	460
Shares in internal partnerships	3
Accumulated deficit / credit to be carried forward	6 545
Basis for deferred tax / deferred tax assets in the balance sheet	8 181
Deferred tax (-) / deferred tax asset (+), tax rate 28 %	2 291
Of which deferred tax asset not recorded on balance sheet	2 291
Wealth tax	
Wealth	184 123
Liabilities	-194 747
Net wealth	-10 625
Wealth tax (0.3 %)	0

Note 26 Number of employees

	2008
Total permanent employees 31 Dec	407
Average number of employees	397

Note 27 Audit fee for Kommunal Landspensjonskasse

NOK million	2008
Auditor's fee	2,1
Other certification services	0,0
Tax consultancy	0,0
Other services excluding audit	2,6
Total Auditoris fee	4,7

The sums above include VAT.

Note 28 Transactions with related parties

All transactions with related parties are carried out on market terms and conditions. The exception is administrative services used across the Group, as well as business transfers carried out in accordance with the continuity method. Costs for administrative services are allocated at actual cost in accordance with actual usage.

All accounts between companies in the same Group are settled on a current basis.

NOK million	2008
Income statement items	
Purchase of administrative services from KLP Kapitalforvaltning AS	209
Lease of office premises from Paleèt ANS	21
Purchase of non-life insurance from KLP Skadeforsikring AS	8
Sale of the pension insurance/group life to subsidiaries	57
Interest income from loans to subsidiaries	86
Interest income loans associated companies	3
Net repayment administrative services	82
Total	467

NOK million	31.12.2008
Net accounts to:	
KLP Skadeforsikring AS	
KLP Bedriftspensjon AS	10
KLP Forsikringsservice AS	1
KLP Kapitalforvaltning ASA	0
KLP Fondsforvaltning AS	-14
KLP Eiendom AS	0
KLP Ørestaden 5H AS	1
KLP Ørestaden 5G AS	302
KLP Ørestaden 3A AS	513
Karmøy Rådhus AS	173
Karmøy Rådhus AS	23
Total	1 010

Business transfer

KLP's holdings of enterprise schemes, group annuities and free standing policies stemming from such schemes, were transferred on 1 January 2008 from KLP to its wholly-owned subsidiary KLP Bedriftspensjon AS. This business transfer was carried out in accordance with the rules on accounting continuity. Obligations and assets at an accounting value of NOK 279 million were transferred.

Note 29 Contingent liabilities

NOK million	2008
Guarantee liability	2

Income statement Group accounts

Notes	NOK million	2008	2007
20	Premium income for own account	22 610	19 025
6	Current return on financial investments	6 853	7 425
6	Net gain on financial investments	-10 885	362
16	Net income from investment properties	184	4 261
17	Net result on investments in associated companies	70	25
32	Other income	770	743
	TOTAL INCOME	19 601	31 840
	Claims for own account	-10 481	-8 069
	Change in insurance provisions - non-life business	11	-22
	Change in insurance provisions - life business	-3 807	-18 142
7, 18	Net costs subordinated loan and perpetual hybrid Tier 1 securities	-1 480	18
31	Operating expenses	-835	-755
32	Other expenses	-757	-610
	TOTAL EXPENSES	-17 349	-27 580
	Operating profit / loss	2 253	4 259
	Assets allocated to insurance customers - life	-1 905	-3 607
	Group profits before tax	348	652
26	Tax	0	0
	PROFIT/LOSS	348	652

Balance sheet Group accounts

Notes	NOK million	31.12.08	31.12.07
	ASSETS		
21	Intangible assets	281	208
22	Tangible fixed assets	960	783
17	Investments in associated companies	433	270
16	Investment property	20 383	17 818
7, 13	Debt instruments held to maturity	37 842	31 657
7, 13	Debt instruments at fair value through profit/loss	66 499	53 840
7, 15	Equity capital instruments at fair value through profit/loss	18 289	45 537
7	Financial derivatives	3 043	977
7, 13, 14	Loans and receivables linked to investment business	54 366	44 944
7, 13	Other loans and receivables incl. receivables from policyholders	1 224	689
8	Assets in life insurance with investment option	6	2
	Cash and bank deposits	1 937	1 069
	TOTAL ASSETS	205 264	197 795
	OWNERS' EQUITY AND LIABILITIES		
4	Owners' equity contributed	4 633	4 220
4	Retained earnings	3 796	3 488
4	Total owners' equity	8 429	7 708
7, 13, 18	Perpetual hybrid Tier 1 securities	1 250	577
7, 13, 18	Subordinated loan capital	3 771	2 937
20	Technical provisions - life insurance	184 416	182 314
20	Provisions in life insurance with investment option	6	2
20	Premiums, claims and contingency fund provisions - non-life ins.	2 155	2 050
27	Pension obligations	481	463
7	Financial derivatives	2 770	486
	Other current liabilities	1 986	1 258
	TOTAL OWNERS' EQUITY AND LIABILITIES	205 264	197 795
	OFF-BALANCE SHEET ITEMS		
	Conditional liabilities	2	2

Oslo, 20 March 2009
The Board of Directors of Kommunal Landspensjonskasse

Arne Øren, Chair
Finn Jebsen, Vice Chair
Ann Inger Stokkvik Døhl
Gunn Marit Helgesen
Herlof Nilssen
Anne Grethe Skårdal
Rune Brakstad
Sverre Thornes
CEO
Kari Bakken

Cash flow analysis Group accounts

NOK million	2008	2007
CASH FLOWS FROM OPERATIONS		
Direct insurance premiums received	17 947	15 068
Reinsurance premiums paid	-35	-52
Direct insurance claims and benefits paid	-7 270	-6 645
Reinsurance settlement received for claims and insurance benefits	11	51
Payments received on transfer	184	227
Payments made on transfer	-2 781	-937
Payments to other suppliers for products and services	-767	28
Payments to staff, pension schemes, Employer's NI contribution etc.	-392	-333
Interest paid	-64	-192
Interest received etc	6 815	5 838
Dividend received	577	1 952
Tax and public charges paid	-109	-1
Net receipts/payments from property activities	2 495	1 087
NET CASH FLOW FROM OPERATIONS	16 611	16 092
CASH FLOW FROM INVESTMENT ACTIVITIES		
Advances of loans to customers etc.	-10 906	-3 453
Receipts on loans to customers etc.	4 407	2 980
Receipts on the sale of shares	13 727	3 860
Payments on the purchase of shares	-2 610	-10 056
Receipts on the sale of bonds	7 603	28 640
Payments on the purchase of bonds	-21 057	-29 404
Receipts on the sale of certificates	3 639	7 307
Payments on the purchase of certificates	-4 582	-11 797
Receipts on the sale of property	0	218
Payments on the purchase of property	-4 164	-1 772
Net cash flow from purchase/sale of other short-duration securities	-2 059	-1 417
Net receipts and payments for investments in assets in insurance with investment choice	-4	-2
Receipts holdings in general partnerships (ANS)	1	0
Payments holdings in ANS	-25	0
Payments on investments in long-term financial assets	-15	-233
Payments on the purchase of tangible fixed assets etc.	-119	-116
NET CASH FLOW FROM INVESTMENT ACTIVITIES	-16 164	-15 247
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on repayment of subordinated loan capital	0	-818
Receipts of owners' equity contributions	487	521
Payments on repayment of owners' equity contributions	-66	-22
NET CASH FLOW FROM FINANCING ACTIVITIES	421	-318
NET CHANGES IN CASH AND BANK DEPOSITS	868	527
HOLDINGS OF CASH AND BANK DEPOSITS AT START OF PERIOD	1 069	542
HOLDINGS OF CASH AND BANK DEPOSITS AT END OF PERIOD	1 937	1 069

Consolidated statement of income, expenses and value changes taken to account

NOK million	2008	2007
Value changes before tax		
Actuarial changes related to pension obligations	57	-31
Revaluation own properties	-8	84
Currency effects	63	-11
Net income taken directly to owners' equity	57	42
Profit for the year	-348	652
Total income, expenses and value changes taken to account	-291	694

Notes to the accounts – Group

Note 1 General information

Kommunal Landspensjonskasse (the Company) and its subsidiaries (together the Group) provides pension finance and insurance services to municipalities and county administrations, health enterprises and to enterprises both in the public and private sector.

The biggest product area is group pension insurance. Within pension insurance the Group offers local authority occupational pensions, defined benefit pensions/corporate pensions and defined contribution pensions. In addition the Group offers group life and non-life insurance, loans, funds and asset management.

Kommunal Landspensjonskasse (KLP) is a mutual insurance company registered and domiciled in Norway. KLP has its head office at Karl Johansgt. 41b, Oslo, Norway.

The Company has subordinated bond issue listed on the London Stock Exchange.

Note 2 Summary of the principal accounting principles

Below follows a description of the most important accounting principles used in the Group accounts. These principles have been applied consistently for all periods presented.

2.1 FUNDAMENTAL PRINCIPLES

The Group accounts for KLP have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the EU.

The Group annual accounts have been prepared based on the principle of historic cost, with the following exceptions:

- Investment property is measured at fair value.
- Properties for the Group's own use is valued at fair value
- Financial assets and liabilities (including financial derivatives) are valued at fair value through profit and loss.

To prepare the Group accounts in accordance with IFRS, management has to make accounting estimates and approximate valuations. This will affect the value presented in the accounts of the Group's assets and liabilities, income and expenses. Actual figures may deviate from estimates used. Areas in which approximate valuations and estimates of material significance for the Group have been utilised are described in Note 3.

All amounts are presented in NOK millions without decimals unless otherwise stated.

The accounts have been prepared in accordance with going concern assumption.

2.1.1 Changes resulting from new life insurance activity rules

The amended Norwegian Insurance Act came into effect on 1 January 2008. The Act involves inter alia a fundamental revision of the principles for the apportionment of surpluses between the insurance customers and the companies' owners. Previously profits were divided between customer and company so the customer received at least 65 per cent of the profit. In accordance with the new rules the profit is allocated as follows:

Interest result

To calculate interest profit/loss, separation has been introduced between the customers' accumulated funds and the insurance company's, i.e. the owners', own funds. These are presented in the report as, respectively, the common portfolio and the corporate portfolio. The common portfolio may be further divided into sub-portfolios with different investment profiles. Interest profit/loss thus comprises the return on the common portfolio less guaranteed interest. Interest profit is credited to the customer, whereas an interest loss must be covered from the customers' supplementary reserves and/or from owners' equity. The company invoices a special premium element (interest guarantee premium) to guarantee the interest guarantee. This premium element is included in the Company's results.

Risk result

Risk profit/loss is an expression of the development of mortality and disability in the insured population during the period as a ratio of that assumed in the Company's premium tariff. A risk profit is credited to the customers but it is permissible to retain up to half of a risk profit in a risk equalisation fund as part of owners' equity. The risk equalisation fund may only be used to cover later deficits in the risk result and may amount to a maximum of 150 per cent of risk premium for the year.

Administration result

Administration profit/loss is a result of how the Company's actual expenses deviate from the premium tariff. The administration profit/loss is credited entirely to the Company.

Return on the corporate portfolio

Returns on assets in the corporate portfolio accrue to the Company.

Free-standing policies

For free-standing policies a modified profit allocation has been introduced, so that at least 80 per cent of the return achieved on the assets managed accrues to the customers and a maximum of 20 per cent accrues to the Company.

2.2 CONSOLIDATION PRINCIPLES

2.2.1 Subsidiaries

All entities in which the Group has deciding influence/control are considered subsidiaries. Deciding influence is normally achieved through ownership of more than half of the voting capital. Subsidiaries are consolidated from the date on which the Group takes over control and they are omitted from consolidation when that control ceases. Securities funds in which the Group has the majority of investments are omitted from the consolidation. This applies regardless of the securities fund's legal form and whether the fund's asset management is carried out by the Group.

Purchase of subsidiaries is taken to account in accordance with the acquisition method. Acquisition cost is set at fair value of assets provided by way of consideration for the purchase, equity instruments issued, liabilities assumed on transfer of control and direct costs associated with the actual acquisition. The identifiable assets and liabilities of the acquired company are valued at fair value. If cost of acquisition exceeds fair value of identifiable net assets in the subsidiary, the excess is capitalised as goodwill. If the cost of acquisition is lower, the difference is taken to profit/loss on the date of acquisition.

Internal Group transactions and accounts between Group companies are eliminated. Where Group companies present accounts in accordance with principles other than those of the Group, these are converted to correspond with the Group's accounting principles before they are consolidated. The Group's accounts are presented in NOK and those of subsidiaries in foreign currency are converted to NOK at the exchange rate on the date of the balance sheet. On consolidation of income statement items in foreign currency, average foreign exchange rates are used.

2.2.2 Associated companies.

Associated companies are entities in which the Group has substantial influence without having control. Normally substantial influence is reached through a holding of between 20 per cent and 50 per cent of voting capital. In addition to owning at least 20 per cent of the voting capital the Group has substantial influence through board representation or in some other way in all companies defined as associated with the Company.

On the date of acquisition investments in associated companies are taken to account at cost of acquisition. The equity capital method is used for accounting in subsequent periods. This means that the Group's share of profit or loss in associated companies is taken to profit/loss and is added to the balance sheet value together with owners' equity changes not taken to profit/loss. The Group does not take a share of the loss to profit/loss if this involves the balance sheet value of the investment becoming negative unless the Group has assumed liabilities on behalf of the associated company.

Where necessary accounting principles in associated companies are changed to achieve harmonisation with the Group's accounting principles.

2.3 SEGMENT INFORMATION

The Group's business segments have been defined in relation to business areas where risk and returns are differentiated from each other. The Group's business areas are grouped in life insurance, non-life insurance and other business.

2.4 CONVERSION OF TRANSACTIONS IN FOREIGN CURRENCY

a) Functional currency and presentational currency
The Group accounts are presented in NOK, which is the functional currency of the parent company.

b) Transactions and balance sheet items
Transactions in foreign currency have been converted to NOK by using the conversion rate on the date of the transaction. Currency gains and losses on transactions in foreign currency are taken to expenses. This also applies to conversion of money items (assets and liabilities) on the balance sheet date.

Conversion differences on non-money items are included as part of the gain and loss on valuation at fair value. Conversion differences associated with non-money items, such as shares at fair value through profit and loss, are included as an element of value change taken to profit/loss.

c) Group companies
Entities that are consolidated and that have functional currency other than the presentation currency are treated as follows:
   a. The balance sheet is converted at the final exchange rate on the balance sheet date
   b. The income statement is converted at average exchange rate
   c. Conversion differences are taken directly to owners' equity

2.5 TANGIBLE FIXED ASSETS

In the main, the Group's tangible fixed assets comprise office machinery, inventory, vehicles, real estate used by the Group in its business, and installations under development.

Real estate used by the Group is revalued at fair value based on periodic valuations carried out by the Group, with deductions for depreciation. Valuation review is carried out regularly. The principles for valuation of properties are the same for investment property and are described in detail in connection with the principles for accounting treatment of investment property. Other tangible fixed assets are booked at cost of acquisition including costs that can be attributed directly to the fixed asset, with deduction for depreciation.

Subsequent costs relating to fixed assets are capitalised as part of the fixed asset if it is likely that the expenditure well contribute to future financial benefit for the Group and the cost can be measured reliably. Repair and maintenance are taken to profit/loss during the period the expenses are incurred.

Increase in capitalised value as a result of valuation of property used in-house is taken directly to owners' equity as a change in the revaluation fund. A reduction of the property's fair value is first booked against the property's share of the revaluation fund. Any further reduction is taken to profit/loss. Depreciation is by straight-line so the acquisition cost of fixed assets or their reassessed value is depreciated to residual value over expected life, which is:

Buildings:	50 years
Office machinery:	3 – 5 years
Vehicles:	5 years
Inventory:	3 – 5 years

For some fixed assets, where the drop in value is expected to be highest at the start, reducing balance depreciation is used.

Buildings are divided into components if substantial parts have significantly different usable lives. Each component is depreciated in accordance with that component's life.

The utilisable life of tangible fixed assets is assessed annually. Where there are indications of value reduction in excess of residual value, the recoverable sum is calculated. If the recoverable sum is lower than the residual value, write-down is carried out to the recoverable sum.

Gains and losses on disposals comprise the price of sale less the book value at the time of sale. Gains and losses on disposals are taken to profit/loss. On the sale of revalued fixed assets, any sum in the revaluation reserve linked to the fixed asset is transferred to retained earnings.

2.6 INVESTMENT PROPERTY

Real estate not used by the Group is classified as investment property. If a property is partially used by the Group and partially leased to external tenants, the part that is leased to external tenants is classified as investment property if it can be sectioned out.

Investment property comprises buildings and sites, and is valued at fair value on the balance sheet date. The Group uses a valuation model to estimate market value.

The valuation method is based on discounting of the property's expected net cash flow by the market's return requirements.

In the first instance, the market rent at currently applicable terms is used in calculating net cash flow whereas for periods after the expiry of contracts an estimated market rent is used. In addition an income deduction is taken into account based on expected vacancy, expected maintenance/improvement costs and normal operating costs.

Expected cash flow is discounted by a return requirement determined on the basis of the risk-free interest rate (10-year Norwegian Government Bond interest rate) adjusted by a supplement for estimate on a 20-year risk-free interest rate. The estimate on the 20-year interest rate corresponds to the slope of the swap curve between 10 and 20 years. This risk-free interest rate is then loaded with a management overhead corresponding to KLP Eiendom's operating costs and comprising those costs that are not directly attributable to the individual managed property. Finally a risk premium is added that is determined on the basis of the willingness of the investors to accept risk in the property market taking account of matters specific to the property such as for example geography, property type, tenants etc.

Annually about 10 per cent of the Group's property stock is valued by external, independent and qualified assessors. As far as possible different assessors are used from year to year. In the event of significant deviation from our own valuation of fair value the differences are analysed and the valuation model's parameters are adjusted if this proves necessary.

Changes in fair value are taken to profit/loss.

If an investment property is occupied by the Group, the property is reclassified as a tangible fixed asset. Fair value on the date of reclassification provides the cost price for the reclassified property.

If a property the Group has used is leased externally, the property is reclassified as investment property. Any difference between book value and fair value on the date of reclassification is taken to owners' equity as a revaluation.

2.7 INTANGIBLE ASSETS

In the main the Group's intangible assets comprise capitalised IT systems. On the purchase of a new IT system, directly attributable costs paid to the system supplier, as well as external consultancy support and internally accrued costs of having the system installed and readied for use, are capitalized.

On further development of IT systems both external and internal costs are capitalized in accordance with the above. System changes regarded as maintenance are taken to expenses as they occur.

When an IT system is operational the capitalized costs are depreciated by straight line over the expected life (3 – 12 years). In the event of subsequent capitalization because of further development this is depreciated over the originally set life unless the expenditure increases the total expected life of the system.

If there are indications that the book value of a capitalized IT system is higher than the recoverable sum, a test of decline in value is carried out. If the book value is higher than the recoverable sum (present value on continued use/ownership), the asset is depreciated to the recoverable sum.

2.8 FINANCIAL ASSETS

The Group's financial assets are divided into the following categories: Financial assets at fair value through profit and loss, loans and receivables and financial assets held to maturity. The purpose of the asset determines the classification and management undertakes classification on acquisition of the financial asset.

a) Fair value through profit and loss

This category is divided into two subcategories: (1) Held for trading, (2) Voluntarily categorised at fair value through profit is/loss on acquisition according to the fair value option.

Financial assets held for trading are assets acquired primarily with a view to providing a profit from short-term price fluctuations. The Group's derivatives are included in this category unless they form part of hedging. Fair value is determined on the basis of observable prices in an active market, or where such prices are not available, through internal modelling with regular collection of external pricing to quality-assure the internal pricing model.

Financial assets voluntarily categorised at fair value through profit and loss on acquisition comprise financial assets managed as a group and where their earnings are valued and reported to management on the basis of fair value. The size of the portfolio is decided on the basis of the Group's desired risk exposure to interest and equity markets.

Gains or losses from changes in fair value of assets classified as financial assets at fair value through profit and loss are included in the income statement in the period they arise. This is included in the line "Net gains from financial investments".
Coupon interest is taken to income as it accrues and included in the line "Current returns on financial investments". Share dividend is also taken to profit/loss as "Current returns on financial investments" when the Group's entitlement to dividend is determined.

Fair value in this category is determined in relation to observable purchase prices in an active market, or where such purchase prices are not available, through internal valuation models based on external data.

b) Loans and receivables

Loans and receivables are financial assets, with the exception of derivatives, with set or determinable payments, and that are not traded in an active market or that the Group intends to sell in the short term or has earmarked at fair value through profit and loss.

Loans and receivables are divided into two subcategories:
- Loans and receivables linked to investment business
- Other loans and receivables including receivables from policyholders

Loans and receivables in the investment business comprise bonds at amortised cost that are not priced in an active market, mortgage loans and other lending.

Other loans and receivables including premiums receivable comprise premiums receivable and various other receivables.

Loans and receivables are initially recognized on the balance sheet at fair value. Subsequent measurement is at amortised cost using the effective interest rate method with write-down for credit losses if appropriate.

The effective interest rate on loans and receivables in the investment business are taken to profit and loss and included in the line "Current returns on financial investments".
Fair value in this category is determined on the basis of internal valuation models based on external observable data.

c) Financial assets held to maturity

Financial assets held to maturity comprise financial assets that are not derivatives and that have set or determinable payments and a defined date of maturity and that the Group has the intention and the ability to hold to maturity with the exception of:
- those the business on first recognition earmarks at fair value through profit and loss
- those that meet the definition of loans and receivables.

Financial assets held to maturity are recognized in the balance sheet for the first time at fair value. Subsequent measurement is at amortised cost using the effective interest rate method with deductions for write-downs for credit losses, and this change in value is included in the line "Current returns on financial investments" in the income statement.

Purchases and sales of financial assets are taken to account on the trading date, i.e. when the Group has committed itself to buy or sell that financial asset. Financial assets are valued at fair value. Direct costs of purchase are included in acquisition cost except for purchase costs associated with assets at fair value over profit and loss. For these assets purchase costs are taken to expenses directly. Financial assets cease to be recognized when the Group is no longer entitled to receive the cash flow from the asset or the Group has transferred all risk and entitlements associated with its ownership.

2.8.1 Calculation of fair value

Fair value of market-listed investments is based on the applicable purchase price. If the market for the security is not active, or the security is not listed on a stock market or similar, the Group uses valuation techniques to set fair value. These are based for example on information on recently completed transactions carried out on business terms and conditions, reference to trading in similar instruments and pricing using externally collected interest rate curves and spread curves. As far as possible the estimates are based on externally observable market data and rarely on company-specific information.

The different financial instruments are thus priced in the following way:

a) Shares (listed)

Liquid shares are generally valued on the basis of prices provided by an index provider. At the same time prices are compared between different sources to identify any errors. The following sources are used for shares:
Oslo Børs
Morgan Stanley Capital International (MSCI)
Reuters
Oslo Børs has first priority, followed by MSCI
and finally Reuters.

b) Shares (unlisted)

As far as possible the Group uses the industry recommendations of the Norwegian Mutual Fund Association (NMFA). Broadly this means the following:
The last traded price has the highest priority.
If the last traded price lies outside the Bid/Ask spread in the

market, price is adjusted accordingly. I.e. if the last traded price is below "bid", price is adjusted up to "bid". If it is above "ask", it is adjusted down to "ask". If the price picture is considered outdated the price is adjusted according to a market index. The Group has selected the Oslo Børs's Small Cap Index (OSESX) as an approach for unlisted shares. For shares on which very little information is available, valuations are obtained from brokers to provide a basis for estimating an assumed market price.

c) Foreign interest-bearing securities
Foreign interest-bearing securities are generally priced on the basis of prices obtained from an index provider. At the same time prices are compared between several different sources to identify any errors. The following sources are used:
JP Morgan
Barclays Capital Indices
Bloomberg
Reuters

JP Morgan and Barclays Capital Indices have the first priority (they cover government and corporate bonds respectively). After that Bloomberg is used ahead of Reuters based on Bloomberg's BVAL price source. BVAL contains verified prices from Bloomberg. The final priority is Reuters.

d) Norwegian interest-bearing securities – government
Reuters is used as a source for pricing Norwegian government bonds. It is Oslo Børs that provides the price (via Reuters). The prices are compared with the prices from Bloomberg to reveal any errors.

e) Norwegian interest-bearing securities – other than government
All Norwegian interest-bearing securities except government are priced theoretically. A zero coupon curve is used, as well as a spread for pricing. Reuters is used as the source for the zero coupon curve from 0 to 10 years. From 12 years and over, Bloomberg is used as the source since Reuters does not provide prices over 10 years.

The spread curves are received from the NMFA. These are based on spread curves collected from five different market operators and converted to an average curve.

f) Interest-bearing securities issued by foreign enterprises, but denominated in NOK
Fair value is calculated in accordance with the same principle as for Norwegian interest-bearing securities described above. Spread curves provided by SE Banken and Swedbank are converted to an average curve used as the basis for calculation of fair value.

g) Futures/FRA/IRF
All futures contract are traded on stock exchanges. Reuters is used as a source of pricing. Prices are also obtained from Bloomberg to check the Reuters prices are correct.

h) Options
Bloomberg is used in source for pricing of stock market traded options.

i) Interest rate swaps
Interest rate swaps are valued on a model taking account of observable market data such as yield curves and appropriate credit spreads.

j) Mortgage loans, loans to the local government sector or enterprises with local government guarantees

The principles for calculating fair value depend on whether the loans have fixed interest rates or not.

Fair value of fixed interest loans is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin on balance sheet day.

Fair value of variable interest rate loans is considered virtually the same as book value since the contract terms and conditions can be continually changed in step with change in market interest rates.

k) Investments with credit institutions
Investments with credit institutions deposits with shorter duration. Fair value is calculated by discounting contracted cash flows by market interest rates including a relevant risk margin on balance sheet day.

2.8.2 Write-down
In assessing whether there is value reduction, emphasis is placed on whether the issuer/debtor has significant financial difficulties, on whether there is a breach of contract, including default; an assessment is made whether it is probable the debtor will be bankrupted, whether there is no longer an active market for the asset because of financial difficulties, or whether measurable reduction is being seen in expected cash flow from a group of financial assets. The assessment is based exclusively on historical data: future events are not considered regardless of the degree of probability.

If there is objective proof, write-down is carried out. The depreciation is calculated by comparing the new, anticipated cash flow with the original cash flow discounted by the original effective interest rate (fixed interest assets) or by the effective interest rate at the time of measurement (variable interest assets). The write-down is set against provisions and included within the income statement. Any reversal of previous write-down is returned to provisions via profit/loss.

2.9 DERIVATIVES AND HEDGING
Derivatives are capitalised at fair value at the time they are contracted. On subsequent measurement the derivatives are booked at fair value. Booking of associated gains and losses depends on whether the derivative has been identified as an accounting hedging instrument and in which type of accounting hedging the derivative is included.

For derivatives not included in accounting hedging, gains and losses are taken to profit/loss as they arise on the line for "Net gains on financial investments". These are included in the category "Financial assets at fair value through profit/loss".

The Group has in one case used accounting hedging (hedging accounting). Hedging accounting is used on hedging of perpetual hybrid Tier 1 securities issued (the hedging object) against value changes resulting from changes in interest rates and exchange rates (fair value hedging). The hedging instrument is a combined interest rate and currency swap (CIRCUS). KLP has documented the hedging and continuously monitors the effectiveness of the hedging.

Change in fair value of the hedging instrument is included in the income statement at the line for "Net gains on financial investments". Value changes on the hedging object that can be attributed to the hedge risk are booked as a correction of the hedging object's capitalised value and included in the income statement at the line for "Net costs subordinated loan and perpetual hybrid Tier 1 securities".

2.10 SET-OFF
Financial assets and financial liabilities are only set off to the extent there is a legal entitlement to set off liability against receivable as well as the maturity date of the asset corresponding with the date the debt is due payment.

2.11 CASH AND CASH EQUIVALENTS
Cash holdings and bank deposits associated with daily operations are shown as cash and bank deposits. Bank deposits associated with the securities business are defined as financial assets. The cash flow analysis has been prepared in accordance with the direct method.

2.12 INSURANCE CONTRACTS
In accordance with IFRS 4 significant insurance risk must be associated with the contract for it to be able to be defined as an insurance contract. The insurance products the Group offers satisfy the requirement for significant insurance risk and are taken to account in accordance with IFRS 4. In accordance with IFRS 4, the insurance contracts are valued together as an insurance contract even though this contains a financial element.

Adequacy testing has been carried out to check that the level of the obligations on the insurance contracts taken to account in is in proportion with the insurance customers' contractual entitlements. The Group's provisions satisfy the requirements of this test and IFRS 4 therefore imposes no further requirements for reserves. The Group has therefore used applicable Norwegian regulations to account for insurance contracts.

2.12.1 Sectors
The Group offers products to its customers in the following sectors:
a) Group pensions
b) Group life
c) Non-life insurance

a) Group pensions comprise mainly defined benefit local government schemes covering retirement pension, survivor pension, disability pension and premium suspension while unfit to work.

The group pension schemes are based on straight line accumulation. This means that the individual's accumulated benefits always amount to the proportionate part of the benefits to which they would be entitled in the event of continued service up to pensionable age. The proportionate part is the result of the ratio between the period of service the individual has already accumulated and the total period of service the individual would achieve by continued service to pensionable age, although the latter figure may not exceed 40 years in calculating the proportionate part. The schemes are based on the final salary principle. Indexation of current pensions and paid-up polices (deferred entitlements) to the Norwegian National Insurance 'basic amount' ('grunnbeløpet' or 'G') is part of the pension scheme's defined benefits. The benefits of the schemes are coordinated with National Insurance in accordance with prevailing rules and guarantee a defined gross level of pension.

The indexation of current pensions and accumulated pension entitlements is financed entirely by a separate indexation premium. Gross guarantees etc. are financed through single payment premiums at the start of and possibly on later changes to the pension.

The net premium reserve in the pension schemes is set as a net single payment premium for the accumulated age, disability and survivors' pensions. In addition administration reserves are set aside for the purposes designated by the Financial Supervisory Authority of Norway and based on the Group's actual costs for these purposes. Additionally provision for insured events that have occurred but not yet been settled, including a waiting period provision for disability risks, is included in the pension schemes' premium reserve.

In addition to the guaranteed future gross benefits scheme described above, benefits-based defined benefit pensions and defined contribution pensions are offered. These are also group schemes. Defined contribution pension is a pension savings scheme in which the organisation pays contribution in accordance with agreed contribution plan to the members' future retirement pension. The defined contribution pension scheme has an associated risk-benefit that as at 31 December 2008 comprised contributions relief and disability pension without free standing policy accumulation, both with 12 months' waiting period. For these a waiting period provision (IBNR/RBNS) is made of 12 months' risk premium. For contracts where at the end of the year there was premium due for less than 12 months, IBNR/RBNS provision is made only for the risk premium due. On the same principle provision is made for (up to) 12 months' administration reserve premium as administration reserve, to cover administration of the expected disability benefits the IBNR/RBNS is to cover.

Provisions in life insurance with investment choice comprise the customers' deposited savings capital supplemented by returns made.

b) Group life is mainly concentrated on local government group life and teacher group life covering only whole life risk. Other cover exists for a small number of customers. In addition there is debt group life that covers whole life risk and for a large number of existing customers also covers disability risk.

The technical insurance provisions in group life insurance are based on the risk theory methods. The claims reserve includes provisions for the expected payments on insured events that have occurred but are not yet settled regardless of whether or not these have been reported.

c) In non-life insurance the following products are offered to employer customers:

Occupational injury, Safety and Accident
Insurance contracts cover the customers' employees for occupational injury within the scope of the Occupational Injury Act and the Basic Collective Agreement for the Civil Service. In addition insurance contracts are taken out to cover the employees for accidents during their own time. Insurance contracts are also drawn covering school pupils during school time.

Fire-Combined
Insurance contracts covering damage to customers' property and any loss incurred by the customer in the event of damage to or loss of the property. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess a certain amount per claim.

Motor Vehicle
Insurance contracts covering damage occurring through use of the customers' motor vehicles. The risk for the Company is reduced through taking reinsurance contracts covering compensation in excess a certain amount per claim.

Third-part liability
Insurance contracts that cover damage incurred by third parties as result of customers' activities. The cover applies both for property claims and personal claims.

Travel
Travel contracts that cover the customers employees for the injury and loss arising on travel for the employer.

Personal customers are offered the following products: Fire-Combined, Motor Vehicle, Travel and Accident.

The Group is at all times to have technical reserves fully covering the technical liability and other risk emanating from the insurance business. The Group's provisions are in any event at all times to satisfy the minimum requirements for reserves pursuant to the regulations or from decisions and rules laid down pursuant to the "Regulations concerning technical provisions and risk statistics in non-life insurance" of 10 May 1991, No. 301, and "Supplementary regulations concerning technical provisions and risk statistics in non-life insurance" of 18 November 1992, No. 1242.

2.12.2 Provisions in insurance funds

The Group's most important insurance funds are described below:

Premium reserve
The premium reserve represents the actuarial cash value of pension entitlements accumulated on the date of calculation. The premium reserve also includes administration reserve, as well as provisions for incurred, not yet settled insurance claims, including waiting period provisions for disability risk.

Supplementary reserves
Supplementary reserves are brought to account in the line 'Changes in technical provisions' as statutory provisions. The supplementary reserves are allocated to customers but this is conditional and they may be used to offset any interest deficits.

Premium Fund
The premium fund contains premiums paid in advance and any surplus assets allocated to the individual customer's premium fund accounts. Premium fund assets may be used to cover future premiums.

Claims reserve
Claims provision relates to and incorporates provision for unsettled claims for group life insurance and non-life insurance.

Securities adjustment fund
The securities adjustment fund is defined in Norwegian insurance legislation and is associated with the common portfolio in life insurance.

The securities adjustment fund comprises net unrealised gains associated with short-term financial assets. If net securities adjustment reserves are negative, the securities adjustment fund is set at zero. Changes in the securities adjustment fund are taken through profit/loss.

Unrealised securities reserves associated with short term financial assets in foreign exchange that result from foreign exchange rate changes are not allocated to the securities adjustment fund if the investment is hedged against exchange rate changes. Foreign currency rate changes linked to the hedging instrument are thus not allocated to the securities adjustment fund but are taken directly to profit/loss.

2.12.3 Guaranteed ("base") interest

The Group's defined benefit insurance contracts in the group pension sector contain an interest guarantee (guaranteed rate). The interest guarantee must be met annually. For newly agreed contracts entered into on 1 January 2006 or later the guaranteed interest rate is 2.75 per cent.

For other contracts the following applies:
In Fellesordningen for kommuner og bedrifter (the joint pension scheme for municipalities and enterprises), Fellesordningen for fylkeskommuner (the joint pension scheme for county authorities) and Fellesordningen for helseforetak (the joint pension scheme for health enterprises) the guaranteed interest rate is 3.4 per cent for accumulation before 1 January 2004 (although 3.0 per cent for a small number of customers), while for new accumulation after 1 January 2004 it is 3.0 per cent. The guaranteed interest rate is 3.0 per cent in the Pension Scheme for Nurses, the Joint Pension Scheme for Hospital Doctors and the Pension Scheme for Publicly Elected Representatives.

In the defined benefit pension schemes, some schemes have guaranteed interest of 4 per cent for accumulation before 1 January 2004. All defined benefit pension schemes have guaranteed interest of 3 per cent for new accumulation after 1 January 2004.

Gross premium reserve allocated to guaranteed interest rate

31.12.08	
2.75 %	0.0 %
3.00 %	68.5 %
3.40 %	31.5 %
4.00 %	0.0 %

The total average interest rate guarantee in the group pensions sector amounted to 3.14 per cent in 2008.

2.13 PENSION OBLIGATIONS OWN EMPLOYEES

The Group's pension obligations are partially insurance-covered through KLP public sector occupational pensions through membership of the joint pension scheme for municipalities and enterprises ("Fellesordningen"). Pension liability in excess of Fellesordningen is covered through operation. Pension costs are treated in accordance with IAS 19.

Net pension liability is the difference between the pension assets' fair value (i.e. transfer value) and the current value of the calculated pension obligations. These calculations have been carried out according to straight line accruals on the basis of assumptions on mortality, disability, voluntary cessation, take-up of early retirement (AFP), future pay developments (in the local government sector for the Joint pension scheme), future growth in the National Insurance basic sum ('G'), assumptions on future returns etc. The financial assumptions have been set in line with the principles in the Norwegian Accounting Standards Board's (NASB) guidance on pension assumptions. Net liability is classified as provision for obligations in the balance sheet. If the value of the pension assets exceeds the current value of calculated pension liabilities, net assets are shown as long-term receivables.

The period's net pension costs comprise the sum of the period's pension accumulation, interest costs on the calculated liabilities and expected returns on the pension assets.

The joint pension scheme is a 'Multi-enterprise scheme', i.e. the technical insurance risk is spread between all of the local authorities and enterprises participating in the scheme. The financial and actuarial assumptions underlying the calculation of net pension obligations are thus based on assumptions that are representative of the whole group.

Employer's NI contributions are calculated on net obligations. Gross pension liabilities as the basis for determining the amortisation basis for the corridor do not include employer's NI contribution.

Premiums associated with the Groups' employees are eliminated in the Group accounts.

2.14 FINANCIAL LIABILITIES

The Group's financial liabilities comprise subordinated loan and perpetual hybrid Tier 1 securities issued.

2.14.1 Subordinated loan

Subordinated loan is lending with priority after all other liabilities and forms part of supplementary capital in calculating capital adequacy. Subordinated loan can be divided into two categories:

(a) Time-limited subordinated loan (can count by 50 per cent as core capital in the capital adequacy calculation)

(b) Perpetual hybrid Tier 1 securities (can count by up to 100 per cent of core capital in the capital adequacy calculation)

The total of (a) and (b) can represent a maximum 100 per cent of total core capital (or 50 per cent of the core capital requirement).

Subordinated loan is taken to account at fair value on subscription. On subsequent measurement subordinated loan is brought to account at amortised cost using the effective interest rate method. Effective interest is posted through profit/loss in the line "Net costs subordinated loan and perpetual hybrid Tier 1 securities". Subordinated loan in foreign currency is converted to NOK on the balance sheet date. Value change as a result of the currency change is posted through profit/loss and included in the line "Net cost subordinated loan and perpetual hybrid Tier 1 securities".

2.14.2 Perpetual hybrid Tier 1 securities issued

A perpetual hybrid Tier 1 security is a bond issued with a nominal coupon interest, but where the issuer is not liable to pay out coupon interest during a period where returns are not paid to the owner. The terms and conditions for the perpetual hybrid specify in detail in what circumstances inadequate returns to the owner qualify for suspension/deferral of interest servicing of the perpetual hybrid. Perpetual hybrid Tier 1 securities have been approved as an element of core capital within a limit of 15 per cent of total core capital. The Financial Supervisory Authority of Norway can require perpetual hybrids to be written down proportionally with owners' equity if the Group's core capital adequacy falls below 5 per cent or total capital adequacy falls below 6 per cent. Any write-down of perpetual hybrids must be reversed before owners' returns can be paid out or owners' equity be written up.

Perpetual hybrids are taken to account at nominal on date of issue and valued subsequently at amortised cost. For perpetual hybrids hedged against currency and interest rate changes (fair value hedging), book value is adjusted on value change in hedged risk. The value change is posted through profit/loss in the line "Net costs subordinated loan and perpetual hybrid Tier 1 securities".

2.15 THE GROUP'S OWNERS' EQUITY

Owners' equity in the Group is divided into two classes:

a) Owners' equity contributed

Paid-up equity comprises owners' equity contribution. Owners' equity contribution is owners' equity contributed by members of Kommunal Landspensjonskasse Gjensidig Forsikringsselskap. The contribution is determined in relation to premium reserves and is calculated separately for the individual group scheme by the Company's Board for the individual calendar year. Owners' equity contribution may be used to cover losses or deficits in current operation. Owners' equity contribution may be repaid in connection with movement of a customer's business from the Company only after approval in advance from the Financial Supervisory Authority of Norway. The member's share of the actual combined owners' equity contribution at the termination date calculated in relation to the member's share of the Company's total technical provisions may be subject to repayment. Returns cannot be given on the owners' equity contribution regardless of the annual operating profit/loss. The owners' capital contribution is not a negotiable equity instrument.

b) Retained earnings

The Group's retained earnings comprise mainly an equity capital fund. The equity capital fund arose through a transfer from the contingency fund and a special fund associated with the annual settlement for 1989. The accrued retained earnings have since attracted interest corresponding to the accumulated return on the assets. Ordinary company law rules apply for any allocation or use of the equity capital fund.

In 2008 the risk equalisation fund, administration reserve fund, natural perils fund and guarantee reserve fund were reclassified from liabilities to owners' equity. The funds are included in retained earnings in the Group of NOK 453 million.

2.16 PRESENTATION OF INCOME IN THE ACCOUNTS

Income on sale of goods and services is valued at fair value of the consideration, net after deductions for VAT and any discounts. Sales internal to the Group are eliminated.

(a) Income from services

Income from leasing of real estate is taking to income by straight line over the duration of the lease. Fees for asset management are taking to income in proportion to the management carried out for the period up to the balance sheet date. Other services are taking to income by straight line over the contract period.

Premium income is taken to income by the amount falling due during the accounting year. Accrual of earned premium is dealt with through provisions against unearned premiums. Reserves transferred in are also taken to profit/loss and included in the premium income. The share of the period's gross premium income accruing to reinsurers in connection with reinsurance is shown as a deduction from gross premium income.

(b) Interest income/costs

Interest income and interest costs associated with all interest-bearing financial instruments valued at amortised cost, are taken to income using the effective interest rate method. Setting-up fees for lending are included in the amortisation and taken to income over the loan's expected duration.

For interest-bearing financial investments measured at fair value the interest income is classified as "Current returns from financial investments", whereas the effect of changes in interest is classified as "Net unrealised gains from financial investments".

2.17 TAX

The Group's parent company has a large deficit to be carried forward that can be used to set off any taxable profit in its subsidiaries. In presenting the Group accounts capitalisation of deferred tax at Group level is considered. Deferred taxes are capitalised to the extent it can be shown probable that the companies in the Group will have sufficient taxable profit to exploit the deferred tax. In assessing the probability, emphasis is placed on historic earnings and expected future taxable income.

Wealth tax is calculated on net taxable wealth. Tax assessment values are used to calculate taxable wealth.

2.18 SURPLUS SET ASIDE TO CUSTOMERS

Surplus assets credited to the customer contracts are set aside in the customers' premium fund and included as part of the insurance liabilities on the balance sheet date.

Note 3 Important accounting estimates and valuations

The Group prepares estimates and assumptions on future circumstances. These are continuously evaluated and are based on historic data and expectations on probable future events considered on the basis of data available at that time of presentation of the accounts.

It must be expected that the estimates will deviate from the final outcome and below are discussed the areas where there is significant risk of substantial changes in capitalised value in future periods.

3.1 INSURANCE CONTRACTS

In calculating technical provisions in the group pension insurance sector, assumptions on disability risk are based on KLP's disability data for the period 2005 - 2007. For other risk elements, including longevity risk , the assumptions from calculation basis K2005 are used with contingency margins in accordance with the minimum standard set by the Financial Supervisory Authority of Norway in 2007.

Examples of technical annual net premiums for authority occupational pension for retirement, disability and survivor pensions based on salary NOK 300,000 for individual ages:

Men			
Age	30 years	45 years	60 years
Premium	8 880 NOK	13 991 NOK	18 902 NOK
Women			
Age	30 years	45 years	60 years
Premium	12 045 NOK	19 567 NOK	22 641 NOK

In calculating technical provisions in the group life sector, provisions are made for claims incurred but not settled. The provisions are set using statistical models. The models take account of the experience-based reporting pattern.

In calculating technical provisions in the non-life insurance industry individual claim provisions are made for all reported claims (RBNS). The provisions are continuously adjusted as claims are processed. All open claims should have a special assessment at least once a year. Provision for claims incurred but not yet reported to the Company (IBNR) is made using statistical models. The models take account of the historic reporting pattern in the different risk groups.

In non-life insurance, measurements and adjustments are also made of the total claim provisions (RBNS+IBNR) so the total level of provision is measured against changes in risk elements such as claim frequency, major claim occurrence, population mix and population size. The claims provisions are assessed at the expectation level, i.e. they contain no safety margins. Claim provision is not discounted, i.e. financial income from the provisional assets up to date of pay-out is not taken into account. This represents a safety margin in relation to future claim payments.

Non-life insurance contingency reserves should cover extraordinary fluctuations. The minimum requirement corresponds to a level that will cover fluctuations in claims results with 99 per cent probability.

The minimum requirement for provisions in non-life insurance is calculated with models provided in the Regulations concerning technical provisions (and risk statistics in non-life insurance) (*Forskrift om forsikringstekniske avsetninger = Forskrift om forsikringstekniske avsetninger og risikostatistikk i skadeforsikring*) laid down by the Financial Supervisory Authority of Norway. The actual provisions exceed the minimum requirements.

An insurance contract with longevity risk is formulated so that the sum assured is payable if the insured is alive at an agreed date or period.

3.2 INVESTMENT PROPERTIES

The Group's portfolio of investment properties is valued at fair value, with value change over profit/loss. Valuation is based on an internal pricing model based on a long term returns requirement for the individual property.

To quality-assure the Group's internal valuation process, external valuations are carried out each quarter for 2-3 "representative properties" so that the brokers' assessment of the value evolution on these is obtained from quarter to quarter. These valuations are carried out ahead of the internal valuation so that the results can be applied to the whole property portfolio. External valuation of 10 per cent of the property stock is carried out annually.

The returns requirement is calculated based on risk-free interest (10-years government bonds interest adjusted for an interest supplement towards 20-years interest). In addition an administrative supplement and a risk premium are added. The risk premium is individually set for the individual property. The risk premium is assessed in relation to the market's valuations based on formal valuations carried out by external, independent and competent valuation companies.

Minor changes in the returns requirement will have relatively large impact on property values.

3.3 PENSION OBLIGATIONS - OWN EMPLOYEES

The present value of net pension obligations the Group has for its employees depends on a range of economic and demographic assumptions. Small changes in these variables can have a relatively large effect on gross accrued pension obligations and thus gross pension costs. The Group cushions the accounting effect of changed assumptions when quantifying pension obligations by allocating and taking to profit/loss over the remaining duration only estimate deviations in excess of 10 per cent of the higher of gross pension obligations and gross pension assets.

The Group has followed "Guidance for Determining Pension Assumptions" published by the Norwegian Accounting Standards Board (NASB), 6 January 2009. Emphasis is placed on the assumptions being mutually consistent. Those parameters that are of the greatest significance for net pension obligations are the discounting interest rate, assumptions on future salary growth, assumptions on future adjustment of the National Insurance basic sum (G adjustment), pension adjustments, assumptions on future longevity and future likely take-up of the contractual early retirement scheme (AFP).

The discounting interest rate is set on the basis of government bonds interest and was assessed as at 31 December 2008 at 3.8 per cent and as at 31 December 2007 at 4.7 per cent (25 years weighted duration).

The assumptions on future salary growth, future G-adjustment/pension adjustment are set in line with the actual recommendations of the Guidance at 4.0 per cent (salary growth) and 3.75 per cent (G and pensions adjustment). The pension adjustment for the local government pension scheme should be the same as the G-adjustment.

The assumptions on longevity (mortality) are based on the latest mortality table (K2005).

Future take-up of contractual early retirement scheme (AFP) has been assumed at 45 per cent, i.e. 45 per cent will take AFP on reaching the age of 62.

3.4 FAIR VALUE OF FINANCIAL ASSETS

Financial assets classified as assets for which changes in fair value are taken to profit/loss are generally assets traded in a market,

so the market value can be determined with a great deal of certainty. For listed securities with little turnover, assessment is made whether the observable price can be taken as realistic.
If it is concluded the observable market price is not representative of the fair value of the asset or the security is not traded on a listed market, the market value is estimated. The estimate is based on the market circumstances prevailing on the date of the balance sheet. Unlisted interest-bearing securities are priced on the basis of a yield curve with a risk supplement that represents the market's pricing of the issuer's industry-specific risk. External prices for a significant proportion of these unlisted securities are collected regularly to test our own valuation models.
The pricing methods are described in detail in Note 2 Subparagraph 2.8.1 and the accounting figures are specified in Note 7.

3.5 LOSSES ON FINANCIAL ASSETS

Financial assets not measured at market value are assessed for possible loss of value on the balance sheet date. The Group's lending portfolio is valued individually for loans on which default has been observed. If there is an objective event on the balance sheet date that has influence on future cash flow, the loan is written down. In addition, each quarter valuation is carried out by groups of loans with uniform risk profiles. This is described in more detail under Note 2.

The Group's lending portfolio has historically shown only insignificant losses. The reason for this is that there is very good security in mortgages for loans to the private market and that other lending is virtually all to the public sector or enterprises with public sector guarantees. The Group has insignificant loss provisions, so any future losses will have a direct effect on the income statement.

The Group's portfolio of long-term bonds, including long-term bonds held to maturity, is valued individually each quarter. The portfolio comprises highly rated issuers and, if the issuer's rating changes negatively the need for write-down is assessed.

3.6 FIXED ASSETS AND CAPITALISED SOFTWARE

If depreciation is suspected, a write-down test is carried out to check whether the book value of fixed assets and capitalised software is present. In this context the recoverable sum is estimated. There are uncertainties associated with estimating cash flows and discounting factors in connection with calculating a recoverable sum. Buildings used for own use are revalued at fair value. The uncertainty associated with estimates of value for these properties is similar to that described for investment properties.

Note 4 Change in the Group's owners' equity

NOK million	Owners' equity contributed	Other owners' equity	Total owners' equity
Owners' equity 1 January 2008	4 220	2 945	7 165
Change of Opening balance - funds		542	542
New owners' equity 1 January 2008	4 220	3 487	7 708
Net receipt/repayment of equity contributions	413		413
Revaluation properties used by the Group		-8	-8
Risk equalisation fund		-25	-25
Currency conversion foreign subsidiaries		64	64
Profit/loss for the period		348	348
Funds in non-life insurance		-64	-64
Other changes		-6	-6
Owners' equity 31 December 2008	4 633	3 796	8 429

Note 5 Information on business sectors

The management has identified the business sector is based on internal reporting.
The Group's main business areas are life insurance and non-life insurance.

NOK million	2008	2007
Life insurance (NGAAP)		
Interest profit/loss	-3 715	6 586
Risk profit/loss	1 809	99
Administration profit/loss	88	-220
Yield on capital	1,0 %	7,5 %
Average yield	(-)[1]	7,5 %
Yield on value-adjusted capital	-3,0 %	6,7 %
Administration costs as % of average customer funds	0,4 %	0,5 %
Solvency margin ratio 31 December	195,1 %	218,0 %
Capital adequacy	14,6 %	12,1 %
Profit/loss before allocation	-1 417	5 122
- to supplementary reserves	3 710	-1 248
- to premium fund	-1 905	-3 607
to owners' equity	388	267
Total assets	202 255	194 455
Non-life insurance (NGAAP)		
Return on investments	0,4 %	4,0 %
Solvency margin ratio 31 December	526,0 %	467,0 %
Capital adequacy	39,4 %	27,4 %
Claims ratio, net of reinsurance	70,6 %	82,2 %
Combined ratio, net of reinsurance	97,3 %	105,3 %
Result before taxes	35	53
Total assets	2 942	2 778
Other business (NGAAP)		
Total externally managed assets	10 036	5 673
Result before taxes	61	59
Reconciliation profit/loss		
Total profit/loss and sector reporting	485	379
Group eliminations	-87	-112
Valuation differences NGAAP/IFRS	-49	385
Profit/loss Group accounts	348	652
Reconciliation assets		
Total assets and sector reporting	205 409	197 233
Group eliminations	-57	100
Valuation differences NGAAP/IFRS	-88	462
Total assets in Group balance sheet	205 264	197 795

The rates of return are calculated in accordance with the regulations issued by the Financial Supervisory Authority of Norway relating to targets for the life insurance companies' return on capital. Returns in non-life insurance are calculated as net financial income as a proportion of financial assets.

The return on capital is the calculated return on the company's total assets, excluding the securities adjustment fund based on the book financial income for the year after provisions to or transfers from the securities adjustment fund.

The yield on value-adjusted capital goods the calculated return on the company's total assets based on book financial income for the year before transfers for the year to/from securities adjustment fund.

Capital adequacy requirement
The authorities' minimum requirement for capital adequacy is set at 8 per cent for insurance companies as for other financial institutions.

[1] Not applicable

Note 6 Net income for different classes of financial instruments

NOK million 2008	Current return on financial investments	Net realised gain on financial investments	Net unrealised gain on financial investments at fair value through profit/loss	Total net gain from financial assets
Net income financial instruments held to maturity				
Listed bonds	971	530		530
Unlisted bonds	775			
Debt instruments at fair value through profit/loss				
Bonds	965	-3 035	3 166	131
Certificates	400	-1	106	105
Interest-bearing funds	37	-1	-4	-5
Equity capital instruments at fair value through profit/loss				
Shares and unit trusts	601	-663	-10 293	-10 956
Financial derivatives				
Foreign exchange forwards, interest rate swaps, futures, options	-6	-1 319	-52	-1 372
Loans and receivables linked to investment business				
Bonds	1 444			
Lending	1 134			
Cash and bank deposits	532	681		681
Total	6 853	-3 808	-7 077	-10 885

NOK million 2007	Current return on financial investments	Net realised gain on financial investments	Net unrealised gain on financial investments at fair value through profit/loss	Total net gain from financial assets
Net income financial instruments held to maturity				
Listed bonds	818			
Unlisted bonds	717	-80		-80
Debt instruments at fair value through profit/loss				
Bonds	954	-1 365	-1 114	-2 479
Certificates	182	2	-1	1
Interest-bearing funds	1 300			
Equity capital instruments at fair value through profit/loss				
Shares and unit trusts	646	1 003	-1 170	-167
Financial derivatives				
Foreign exchange forwards, interest rate swaps, futures, options	8	3 067	528	3 595
Loans and receivables linked to investment business				
Bonds	1 701	-56		-56
Lending	631			
Cash and bank deposits	467	-453		-453
Total	7 425	2 117	-1 755	362

Note 7 Fair value of financial assets and liabilities

NOK million	2008		2007	
Financial assets	Capitalised value	Fair value	Capitalised value	Fair value
Debt instruments held to maturity - at amortised cost				
Norwegian HTM bonds	15 249	15 905	12 708	12 773
Foreign HTM bonds	22 594	23 105	18 948	18 271
Total debt instruments held to maturity	37 842	39 009	31 657	31 044
Debt instruments at fair value through profit/loss				
Norwegian bonds	27 558	27 558	20 364	20 364
Norwegian certificates	7 064	7 064	5 286	5 286
Foreign bonds	19 341	19 341	16 826	16 826
KLP Eiendom's bonds			424	424
Investments with credit institutions	11 563	11 563	9 384	9 384
Foreign certificates	973	973	1 557	1 557
Total debt instruments at fair value through profit/loss	66 499	66 499	53 840	53 840
Equity capital instruments at fair value through profit/loss	18 289	18 289	45 537	45 537
Loans and receivables linked to investment business at amortised cost				
Norwegian lien notes	8 548	8 512	9 405	9 175
Earned not due interest	220	220		
Foreign lien notes	22 938	23 415	20 198	19 795
Earned not due interest	542	542		
Loans secured by mortgage or enterprises with local government guarantee	9 396	9 406	6 935	6 919
Loans to local govt. sector/ enterprs w/ local govt guarantee	12 780	13 061	8 406	7 635
Other receivables	-57	-57		
Total loans and receivables linked to investment business	54 366	55 099	44 944	43 524
Other loans and receivables including receivables from policyholders - at amortised cost				
Receivables related to direct business	982	982	347	347
Receivables related to reinsurance agreements	4	4	11	11
Reinsurers' share of unearned gross premium			9	9
Reinsurers' share of gross claims reserve	71	71	42	42
Accounts receivable from associated companies			1	1
Other receivables	166	166	280	280
Total other loans and receivables incl. receivables from policyholders	1 224	1 224	689	689
Financial liabilities				
Perpetual subordinated loan	1 250	1 250	577	577
Subordinated loan	3 771	3 921	2 937	3 075
Assets in life insurance with investment choice	6	6	2	2
Provisions in life insurance with investment choice	6	6	2	2

	2008		2007	
Derivatives	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	71	338	859	39
Interest rate swaps	1 064	1 383	103	5
Interest rate options			15	35
Interest rate and currency swaps		705		408
Share options	1 908	343		
Total derivatives	3 043	2 770	977	486

Note 8 Assets in insurance with investment options

NOK million	Number of units 31.12.08	Price 31.12.08	Fair value 31.12.08	Average return per unit	Average return per unit whole NOK	Fair value 31.12.07
Units in equity funds						
KLP Aksje Global Indeks II	2 178	818,66	1,78	-39,69 %	-539	0,87
KLP Aksje Norge Indeks	952	703,86	0,67	-53,83 %	-821	0,39
Total units in equity funds	3 130		2,45			1,26
Units in bond funds						
KLP Pensjon II	1 435	1 197,26	1,72	10,35 %	116	0,59
KLP Obligasjon Global I	1 733	924,39	1,60	-1,91 %	-18	0,61
Total units in bond funds	3 168		3,32			1,20
Units in money market funds						
KLP Pengemarked	50	1 009,37	0,05	6,87 %	69	0,00
Total units in money market funds	50		0,05			0,00
Total units in securities funds	6 348		5,77			2,46
Bank deposits			0,00			0,01
Total assets in insurance with investment options			5,77			2,47

	Q1	Q2	Q3	Q4
Returns per quarter	-4,87 %	1,22 %	-9,99 %	-7,71 %

The return on the holdings is value change of deposited sum and takes account of transactions during the period. This is called money-weighted return. The return on fund is the total return on fund, also called time-weighted return.

If there are no transactions during the period, the return on the holding and the fund is the same.

Note 9 Risk management

Through its activity, the Group is exposed to both insurance risk and financial risk. For the Group overall risk management aims to manage financial risk in such a way that the liabilities inherent in the insurance contracts are met at all times.

Overall risk is handled centrally by the Group's Economics and Finance Division which, in close cooperation with the operating units, ensures compliance with the Board's guidelines for risk management.

9.1 INSURANCE RISK

Insurance risk comprises the risk that a future, defined event for which the Group has undertaken to pay out financial consideration, occurs. Insurance profit/loss will be more stable and predictable the larger the portfolio.

The Group's insurance business is divided into the group pension, group life and non-life insurance sectors. As described in Note 2, the most significant risks in group pension are disability risk and longevity risk, whereas mortality risk is somewhat less significant. Group life covers primarily the risk of death, whereas debt group life covers the risk of death and, for a large proportion of existing customers, disability risk. Guidelines have been prepared for non-life insurance for the types of risks the company accepts in its portfolio. In the first instance risks are accepted from customers from within the Group's primary target groups on non-life insurance provided the scope of the insurance lies within the standard products the Group offers.

In non-life insurance, insurance risk is generally managed through provisions for future expected claims on existing contracts, pricing of the risk element in insurance premium, and through reinsurance contracts. In addition more specific measures have been taken according to the insurance cover offered.

Insurance risk in the group pension and group life sectors is generally managed through close monitoring of the risk incidence and if appropriate, subsequent change in the tariffs. The company is safeguarded against extreme events through catastrophe reinsurance.

9.1.1 Insurance provisions

Insurance provisions are set at the level of expectation, with a supplement of contingency margins depending on sector. In addition provisions are made to the contingency fund in non-life insurance and the risk equalisation fund in group pension to meet unexpected fluctuations in claims incidence.

For disability risk in the group pension sector assumptions based on KLP's disability data for the period 2005 - 2007 are used.

For the other risk elements in group pension the assumptions from the K2005 calculation base are used with contingency margins in accordance with the minimum standard set by the Financial Supervisory Authority of Norway in 2007. KLP has an excess weight of longevity risk of. In relation to longevity risk there is a contingency margin of 15 per cent for men in regard to estimated mortality and 2020 and 10 per cent for women. In the short term this means an annual risk surplus of relatively substantial proportions.

9.1.2 Premium setting

Development in the Group's insurance risk is continuously monitored. Risk profit/loss and future expectations of development in insured risk based on observations and/or theoretic risk models create the basis for pricing of the risk element in the premium. The premiums are set annually, except for the non-life insurance sector. Here the premium is assessed continuously, but the premium given to the customer applies for one year at a time.

In the group pension sector the Group has a large number of insured which provides a high degree of predictability and stability in its premiums. Normally they will therefore remain constant for several years at a time. In non-life insurance premium is differentiated based on the individual customer's risk.

9.1.3 Reinsurance and reinsurance programme

a) Group pension and group life insurance

The way the insurance contracts are set, current risk is generally within the limits of the Group's risk-bearing ability. The need for reinsurance is therefore limited.

Since more/many insured are working at the same location there is however a need for protection against a large number of deaths and/or disability cases occurring as a result of one and the same event. The Group has therefore taken out a catastrophe insurance agreement with Swiss Re. The agreement covers up to NOK 300 million in excess of the Company's NOK 50 million on own account for events that lead to more than 10 people dying or becoming disabled. The agreement does not cover events resulting from epidemics, war or terrorism.

b) Non-life insurance

The reinsurance contracts cover all claims over a certain sum per event/accident. The group has guidelines to minimise counter party risk in the reinsurance contracts in non-life insurance. Inter alia a maximum limit is set for the individual reinsurer and a minimum level is defined for the reinsurers' credit ratings.

9.1.4 Concentration risk in non-life insurance

Continuous assessment of concentration risk is carried out. This risk is primarily associated with property risks. The portfolio of insured properties is characterised generally by a good geographic diversity, however with greater concentration in the Oslo region. There is no significant accumulation between these risks. The group has suffered property risks with insured sums higher than NOK 500 million at NOK 1,077, 960, 778, 689, 634, 631 and 540 million.

9.1.5 Sensitivity calculations

9.1.5.1 Sensitivity calculations in group pension

The effect of an immediate 20 per cent increase in the incidence of disability would, with current numbers, be NOK 120.4 million on the risk profit/loss for the year. The effect on the premium reserve of a corresponding permanent change in the incidence of disability would be NOK 4,019 million.

An immediate 10 per cent reduction in mortality would, with current numbers, be NOK 582.1 million on the risk profit/loss for the year. The effect on the premium reserve of a corresponding permanent change in mortality would be NOK 2,212 million.

9.1.5.2 Sensitivity calculations in non-life insurance

The effect on profit/loss in non-life insurance:

1 per cent change in the costs ratio	NOK 1,2 million
1 per cent change in premium level	NOK 5,6 million
1 per cent change in claims ratio	NOK 4,2 million
1 per cent change in claims reserves for previous years	NOK 12,2 million

9.2 FINANCIAL RISK

The Group's financial risk comprises liquidity risk, market risk and credit risk.

9.2.1 Liquidity risk

The risk that the Group would not have adequate liquidity to meet its current liabilities is very limited since a major part of the Group's assets is liquid. The Group has significant funds invested in the money market, bonds and shares that can be sold in the event of a liquidity requirement. The liquidity risk for the Group is therefore primarily associated with the costs of realisation of assets.

During the second half of 2008 liquidity in the securities markets became generally poorer and a risk arose of normally liquid securities no longer being traded to the extent indicating an active market. This increased the risk of securities being traded at a lower price than book value. The Group's need to release liquidity by selling securities has been modest in scope during this period and the need to realise securities at a lower price than the Group has estimated as market value at the time of sale has not occurred.

The Group's liquidity strategy involves the Group always having adequate liquid assets to meet the Group's liabilities as they fall due without accruing significant costs associated with releasing assets. Asset composition in the Group's portfolios should be adequately liquid to be able to cover other liquidity needs that may arise.

KLP Kapitalforvaltning manages the Group's liquidity. Internal parameters have been established for the size of the liquidity holding. The Group's risk management unit monitors and reports developments in the liquidity holding continuously. The Group Board has agreed an asset management and liquidity strategy for 2009. The liquidity strategy includes limits, responsibilities, risk targets and contingency plans for liquidity management.

9.2.2 Market risk

Market risk is the risk of losses as a result of changes in market prices of various assets such as shares, bonds, property and other securities and currency. The market risk depends on how large an exposure there is to the various assets and of the volatility in the market prices. Developments in the Norwegian and international securities markets generally have major significance for the Group's results.

Risk of a fall in the value of various assets is the biggest financial risk in the short term. Of the risk in regard to assets, equity exposure is the largest financial risk factor. The Group's interest rate risk associated with a prolonged low interest rate level is however limited. Technical provisions are not directly affected, with the current formulation of the rules, by changes in market interest rates. On the future transition to market value for liabilities, annual pricing of the interest rate guarantee will mean that the risk of the interest rate level being lower than the base interest rate is not born by the insurance company. Since the Group mainly provides pension schemes to the public sector, the Group will price the interest rate guarantee right up to the demise of the insured, which means the interest rate risk arising from the insurance obligations is limited.

The Group has a policy that involves currency-rate hedging of the major part of international exposure. Hedging of currency exposure is done through derivatives. As a general rule all of the Group's interest-bearing investments and property investments in foreign currency are hedged back to Norwegian kroner, whilst for equity investments in foreign currency the degree of hedging is between 70 and 100 per cent.

All equity and interest rate exposures are included in a risk measurement system that enables simulation and monitoring of equity and interest rate risk across the portfolios. Active risk is managed through specifying a reference index and a maximum tracking error related to the index for each portfolio.

The Group manages equity risk dynamically through the equity holding being continuously adjusted to the Group's financial buffers. The effect of this type of assurance measure reduces the probability of low returns. The dynamic assurance strategy ensures that the Group's risk is correctly exploited in relation to its risk capability. The strategy helps to ensure that as a minimum the Group achieves a predetermined income target. The income target is set in the light of the target-setting on solvency at the end of the period, so the Group should continue to have risk capacity in the "next" period. The strategy means that Group up increases its exposure to equities or other assets with anticipated high risk progressively as solvency is strengthened. When solvency is weakened this means that Group reduces its market risk. This helps to reduce the load on the Group's buffer capital during downturns and thus also to protect owners' equity. In addition the Group has a high proportion of long-term bonds and fixed-interest loans that contribute to stability in returns and reduce the risk of low returns in low interest rate scenarios.

In the Group's management, derivatives are principally used for risk reduction as well as for cost- and time-effective implementation of value-hedging or adjustments in the investment portfolio. In many cases it will be both cheaper and quicker to implement risk changes using derivatives than through trading in underlying instruments. An example could be short-term adjustments of equity exposure in global markets.

Sensitivity analysis - market risk

The Group's market risk is continuously assessed using stress tests and statistical analysis tools. The Group has developed - and continually works on further development of - advanced internal models for measurement and monitoring of risk. During 2008 the Group carried out calculations in accordance with the Financial Supervisory Authority of Norway's new stress test and in accordance with a quantitative impact study (QIS4) for effects of the new insurance solvency regulations (Solvency II).

At the end of 2008 about 6 per cent of the Group's assets were placed in equities (measured by exposure) and 10 per cent placed in property. Other assets were placed in interest-bearing current and fixed assets, including loans. Given the existing buffer capital (measured as valuation reserves and available supplementary reserves) returns on the portfolio will, with 99 per cent probability, be high enough to cover the Group's liabilities in 2009 without drawing on owners' equity.

An interest rate increase of 2 per cent, reduction in the Norwegian equities market by 30 per cent, reduction in the foreign equities market by 20 per cent and reduction in the property market by 10 per cent would give the Group a fall in value of the order of magnitude of NOK 8.4 billion. The corresponding figure for 2007 was NOK 14.3 billion.

9.2.3 Credit risk

Emphasis is placed on diversification of credit exposure to avoid concentration of credit risk against individual debtors. To monitor credit risk in lending and investments a special credit committee has been established, meeting regularly. The limits for credit risk against the individual debtor are set by the committee. Changes in debtors' credit assessments are monitored and followed up by KLP Kapitalforvaltning.

The Group has good balance between Norwegian bonds and international bonds and a good credit quality in its portfolio. In the portfolio of held-to-maturity and loans and receivables close to 60 per cent are rated AAA. The Group has a separate international government bonds portfolio and the element of government bonds is also relatively high in the Norwegian bonds portfolio.

The Group has a lending portfolio of high-quality, with limited credit risk and historically very low losses. In the main the Group provides loans secured on housing with a mortgage level of less than 80 per cent, loans to local authorities and loans with local authority guarantees. Lending secured through mortgages on housing amounts to just over NOK 8 billion. These loans represent about 45 per cent of the value of the underlying security measured at the time the loan was granted. A large part of the portfolio was established some time ago, so there are grounds to assume that underlying mortgage values are higher notwithstanding a falling housing market through 2008.

Note 10 Liquidity risk

Payments are shown with the total of coupons falling due in each period. These payments are in foreign currency, and the payments in NOK below are calculated on forward rates.
Maturity structure for balance sheet items contain sums falling due for payment and can deviate from book value.
The tables contain only derivatives classified as liabilities.

2008 NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs
Interest				
Subordinated loan	183	759	655	0
Perpetual hybrid Tier 1 securities	51	213	299	957
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	71	253	316	980
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-51	-213	-299	-957
Swap contracts, current assets short	248	869	752	0
Swap contracts, current assets long	-280	-924	-729	0
Total	221	957	995	980
Redemption				
Subordinated loan	0	0	4 259	0
Perpetual hybrid Tier 1 securities	0	0	0	1 612
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	0	0	0	984
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	0	0	0	-1 612
Swap contracts, current assets short	0	2 102	4 256	0
Swap contracts, current assets long	0	-1 731	-3 876	0
Foreign exchange forwards short	13 144	0	0	0
Foreign exchange forwards long	-12 561	0	0	0
Share index options	343	0	0	0
Total	927	371	4 639	984
Total				
Subordinated loan	183	759	4 915	0
Perpetual hybrid Tier 1 securities	51	213	299	2 569
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	71	253	316	1 964
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-51	-213	-299	-2 569
Swap contracts, current assets short	248	2 971	5 008	0
Swap contracts, current assets long	-280	-2 655	-4 605	0
Foreign exchange forwards short	13 144	0	0	0
Foreign exchange forwards long	-12 561	0	0	0
Share index options	343	0	0	0
Total	1 148	1 329	5 634	1 964

Payments profile life insurance

NOK million								
1 yr	2-5 yrs	6-10 yrs	11-20 yrs	21-30 yrs	31-40 yrs	41-50 yrs	51-80 yrs	Total
6 521	28 125	45 802	113 189	118 057	93 968	51 838	23 919	481 419

The payments profile for life insurance is based on discounted values.
The premium reserve in the accounts is discounted and shown at present value on the balance sheet date.

Payments profile non-life insurance

NOK thousands					
1 yr	2-5 yrs	6-10 yrs	11-20 yrs	21-30 yrs	Total
378	776	326	136	2	1 618

2007 NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs
Interest				
Subordinated loan	146	606	666	0
Perpetual hybrid Tier 1 securities	40	166	212	697
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	84	336	420	1 385
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-40	-166	-212	-697
Swap contracts, current assets short	6	25	19	0
Swap contracts, current assets long	-5	-19	-14	0
Total	231	948	1 091	1 385
Redemption				
Subordinated loan	0	0	3 276	0
Perpetual hybrid Tier 1 securities	0	0	0	1 055
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	0	0	0	984
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	0	0	0	-1 055
Swap contracts, current assets short	0	0	100	0
Swap contracts, current assets long	0	0	-100	0
Foreign exchange forwards short	42	0	0	0
Foreign exchange forwards long	-3	0	0	0
Share index options	0	0	35	0
Total	39	0	3 311	984
Total				
Subordinated loan	146	606	3 942	0
Perpetual hybrid Tier 1 securities	40	166	212	1 751
Hedging perpetual hybrid T 1 secs., combined int/currency swap short	84	336	420	2 369
Hedging perpetual hybrid T 1 secs., combined int/currency swap long	-40	-166	-212	-1 751
Swap contracts, current assets short	6	25	119	0
Swap contracts, current assets long	-5	-19	-114	0
Foreign exchange forwards short	42	0	0	0
Foreign exchange forwards long	-3	0	0	0
Share index options	0	0	35	0
Total	270	948	4 401	2 369

Note 11 Interest rate risk

2008	Interest rate sensitivity				
NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs	Total
Bonds and other fixed returns securities	-1 058	-373	-550	-176	-2 157
Derivatives current	-10	-2	24	0	12
Investments in credit institutions	-8	0	0	0	-8
Total	-1 076	-375	-526	-176	-2 153

Interest rate sensitivity expresses change in market value on interest-bearing investments – expressed here at 1 per cent rate increase.
Modified duration on interest-bearing investments short-term investments 31 Dec 2008: 4,66

2007	Interest rate sensitivity				
NOK million	Less than 1 yr	1-5 yrs	5-10 yrs	Over 10 yrs	Total
Bonds and other fixed returns securities	-1 010	-272	-344	-211	-1 837
Derivatives current	-1	-2	-12	0	-14
Investments in credit institutions	-14	0	0	0	-14
Total	-1 024	-274	-356	-211	-1 865

Interest rate sensitivity expresses change in market value on interest-bearing investments – expressed here at 1 per cent rate increase.
Modified duration on interest-bearing investments short-term investments 31 Dec 2007: 4,27

Note 12 Currency risk

NOK million	Net position 2008	Net position 2007
Australian dollar	-7	30
Canadian dollar	2	81
Swiss franc	-66	31
Danish krone	-7	7
Euro	-443	312
British pound	-111	172
Hong Kong dollar	-1	21
Japanese yen	494	409
New Zealand dollar	0	2
Swedish krone	-17	17
Singapore dollar	0	8
US dollar	104	912

Note 13 Credit-risk securities

NOK million	2008		2007	
Rating	Market value	Per cent	Market value	Per cent
AAA	50 315	40,0 %	45 319	39,7 %
AA	17 584	14,0 %	19 935	17,5 %
A	34 239	27,2 %	25 911	22,7 %
BBB	6 402	5,1 %	2 089	1,8 %
Unrated/Non investment grade securities issued by:				
Norwegian financial institutions	8 872	7,1 %	6 030	5,3 %
Local government authorities	1 219	1,0 %	7 663	6,7 %
Norwegian finance	7 030	5,6 %	7 125	6,2 %
Total	125 661	100,0 %	114 072	100,0 %

Investments in bonds and other interest-bearing securities in KLP's portfolios is either within specific credit limits decided in KLP's credit committee based on a credit analysis of the borrower or possibly of the specific loan series, or within limits given based on rating from Standard and Poor's, Moody's Investor Services or IBCA/Fitch.

For investment in long-term portfolios (bonds at amortised cost) with remaining life beyond 10 years a rating of AA-or better is required from Standard and Poor's, or similar from another rating bureau. For similar investments with remaining life of less than 10 years a rating of A or better is required from Standard and Poor's, or similar from another rating bureau. If the rating is changed on such bonds to BBB or worse than they no longer satisfy KLP's credit-worthiness requirements for long-term bonds.

For investments in the trading portfolios (measured at market value) an "investment-grade" rating is required (BBB- or better from Standard and Poor's or similar from another rating bureau).

The table shows market value of the investments regardless of accounting valuation principles.
The table shows exposure to the rating categories used by S&P for short-term and long-term bonds together.

The calculation of exposure to rating classes is based on ratings from Moody's and S&P.
The calculation of exposure to rating classes is based on ratings value reductions from Moody's and S&P.

Note 14 Mortgage loans and other lending

Defaulted and doubtful loans NOK million	2008	2007
Total defaulted loans		
Number of loans	68	47
Total principal before write downs / provision	26,3	14,4
Write downs / provision	-1,1	-1,2
Total principal after write downs / provision	25,2	13,3
Other doubtful loans (not in default)		
Number of loans	2	1
Total principal before write downs / provision	0,1	0,1
Write downs / provision	-0,1	0,0
Total principal after write downs / provision	0,0	0,0

NOK million	Housing loans	Other loans issued	Total
Specified loss provision			
Specified loss provision 1 January 2008	1,3	0,0	1,3
Period's known losses on lending	0,1	0,0	0,1
Return of specified loss provision during the period	0,2	0,0	0,2
Specified loss provision 31 December 2008	1,2	0,0	1,2

As at 31 December 2008 there is one loan without interest servicing. The loan is in default and has remaining principal of NOK 38, 276.-

Note 15 Shares and equity fund holdings

NOK million	Quantity	Market value
Norway		
AKTIV KAPITAL	123 500	5
DNB NOR ASA	2 317 500	63
NMI AS	7 500	8
NORWEGIAN FINANS HOLDING ASA	3 747 600	3
STOREBRAND ASA	253 900	4
TOTAL FINANCIAL		82
ATEA ASA	698 400	12
BOUVET ASA	550 000	20
EDB BUSINESS	1 262 200	17
ELTEK	1 627 400	2
NORDIC SEMICOND	1 586 400	29
NORMAN	298 600	7
OPERA SOFTWARE	1 369 900	25
POWEL	990 303	19
TANDBERG ASA	650 000	49
THE MOBILE MEDIA COMPANY AS	384 615	0
TOTAL IT		179
TELENOR	1 040 500	48
TOTAL TELECOM		48
PCI BIOTECH HOLDING ASA	318 800	4
PHOTOCURE	1 039 000	23
REDCORD AS	7 100	0
TOTAL HEALTH		27
BERGEN GROUP AS	570 200	3
CAMILLO EITZEN	570 200	8
MASTER MARINE AS	672 800	4
NORWEGIAN AIR SHUTTLE ASA	640 000	24
ORKLA	2 842 540	129
RENEWABLE ENERGY CORP	385 350	25
TOMRA SYSTEMS	748 000	18
WILHELM WILHELMS	172 900	16
WILHELM WILHELMS	8 400	1
TOTAL INDUSTRY		227
INTEX RESOURCES ASA	304 400	0
NORDIC MINING ASA	4 046 200	2
NORSK HYDRO ASA	2 261 335	63
WEGA MINING ASA	51 068 700	7
YARA INTERNATIONAL	728 617	108
TOTAL RAW MATERIALS		181
2VK INVEST AS	2 690 000	0
AKER	255 360	35
AKER SOLUTIONS ASA	481 200	22
BONHEUR ASA	116 000	17
DET NORSKE OLJESELSKAP	1 479 633	43
DNO ASA	1 702 200	8
DOF	64 100	2
EIDESVIK	724 500	13
ELECTROMAGNETIC GEOSERVICES	267 200	1
ENERGY GROWTH HOLDING AS	14 163	3
FARSTAD SHIPPING	23 100	2
FJELLKRAFT AS	25 819	17
FPS OCEAN AS	50 500	0
FRED OLSEN PRODUCTION ASA	209 700	1
GANGER ROLF ASA	325 850	45

NOK million	Quantity	Market value
INTEROIL	139 800	3
NEXUS	723 300	14
NOR ENERGY AS	950 000	0
NORDIC HEAVY LIFT ASA	2 471 600	3
NORWEGIAN ENERGY CO AS	3 231 811	44
OCEANTEAM ASA	483 900	12
PETRO GEO SVCS	1 044 800	29
PETROLIA DRILLNG	2 423 400	1
PETROMENA AS	186 400	0
RESERVOIR EXPLORATION TECHNOLOGY AS	1 466 350	7
SOLSTAD OFFSHORE	4 100	0
SONGA OFFSHORE	936 100	12
STATOILHYDRO ASA	1 907 300	217
TGS NOPEC GEO	1 016 700	35
VALHALLA OIL AND GAS	287 400	1
TOTAL ENERGY		586
SCHIBSTED	216 000	18
TOTAL CONSUMER GOODS		18
CODFARMERS	461 900	2
TOTAL CONSUMABLES		2
FINANSNÆRINGENES HUS AS	315	30
NORSK TILLITSMANN	11 175	1
OSLO BORS VPS HOLDING ASA	4 300 200	322
SILVER PENSJONSFORSIKRING AS	252 670	30
TOTAL UNSPECIFIED		384
TOTAL NORWAY		1 733
Foreign		
3I GROUP PLC	37 553	1
ACE	50 500	19
ACOM CO	2 930	1
AEGON	108 191	5
AEON CREDIT SERVICE CO	3 400	0
AFLAC	16 615	5
AIFUL CORP	750	0
ALLEANZA ASSICUR. ORD	38 652	2
ALLIANZ	29 605	22
ALLIED CAPITAL CORP	9 700	0
ALLIED IRISH BANKS	20 393	0
ALLSTATE CORP	73 007	17
ALPHA BANK	91 606	6
AMB PROPERTY CORP	7 500	1
AMBAC FINANCIAL GROUP	900	0
AMERICAN CAPITAL LTD	16 200	0
AMERICAN EXPRESS	108 452	14
AMERICAN INT'L GROUP	172 573	2
AMERIPRISE FINANCIAL	14 770	2
AMP LTD	91 579	2
ANGLO IRISH BANK CORP	52 740	0
ANNALY CAPITAL MANAGEMENT IN	141 500	16
ANZ BANKING GROUP	120 413	9
AON CORP	13 346	4
ARCH CAPITAL GROUP	600	0
ASSICURAZIONI GENERALI	45 686	9
ASSOCIATED BANC-CORP	1 800	0
ASSURANT	40 900	9
ASX	11 852	2

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
AVALONBAY COMMUNITIES	4 125	2
AVIVA	194 087	8
AXA	112 884	17
AXA ASIA PACIFIC HLDGS	22 258	1
AXIS CAPITAL HOLDINGS	8 800	2
BALOISE HOLDING NAMEN	1 066	1
BANCA MONTE PASCHI ORD	190 464	3
BANCA POPOLARE MILANO	19 505	1
BANCO ESPIRITO SANTO	8 119	1
BANCO POPOLARE SPA	42 475	2
BANCO POPULAR ESPANOL	52 180	3
BANCO SABADELL	55 611	3
BANK EAST ASIA	120 100	2
BANK IRELAND	52 455	0
BANK KYOTO	6 000	0
BANK MONTREAL	69 234	12
BANK NEW YORK MELLON	63 013	12
BANK NOVA SCOTIA	57 086	11
BANK OF AMERICA CORP	331 063	32
BANK OF PIRAEUS	10 362	1
BANK YOKOHAMA	405 000	16
BARCLAYS	558 174	9
BB&T CORP	78 100	15
BBVA	312 688	26
BCP BANCO COMERCIAL	94 118	1
BENDIGO AND ADELAIDE BANK LTD	7 164	0
BERKLEY (W.R.) CORP	67 000	15
BERKSHIRE HATHAWAY B	370	8
BNP PARIBAS	54 550	16
BOC HONG KONG HOLDINGS	197 700	2
BOSTON PROPERTIES	7 400	3
BRITISH LAND CO	154 525	9
BROOKFIELD ASSET MAN A	78 886	8
BROOKFIELD PROPERTIES	10 300	1
BSCH BCO SANTANDER CENTR	481 837	32
CANADIAN IMPERIAL BANK	52 408	15
CAPITAL ONE FINANCIAL	24 916	6
CAPITALAND	104 000	2
CAPITAMALL TRUST	63 000	0
CFS RETAIL PROP TRUST	73 270	1
CHEUNG KONG HOLDINGS	62 900	4
CHIBA BANK	56 000	2
CHICAGO MERCANTILE EXCH	1 744	3
CHUBB CORP	54 192	19
CHUO MITSUI TRUST HOLDINGS INC	59 000	2
CI FINANCIAL INCOME FUND	3 500	0
CIE NAT'L A PORTEFEUILLE	4 336	1
CINCINNATI FINL CORP	13 400	3
CIT GROUP	13 800	0
CITIGROUP	419 096	20
CITY DEVELOPMENTS	34 000	1
CNA FINANCIAL	4 500	1
CNP ASSURANCES	19 615	10
COMERICA	13 400	2
COMMERZBANK	46 834	3
COMMONWEALTH BANK	84 315	12
CORIO	2 497	1
CREDIT AGRICOLE	61 009	5
CREDIT SAISON CO	7 900	1
CREDIT SUISSE	68 557	13
CRITERIA CAIXACORP SA	62 427	2
DAITO TRUST CONSTRUCTION	44 700	16
DAIWA HOUSE IND CO	43 300	3
DAIWA SECURITIES GROUP	53 900	2
DANSKE BANK	99 841	7
DBS GROUP HOLDINGS	104 100	3

NOK million	Quantity	Market value
DEUTSCHE BANK NAMEN	36 916	10
DEUTSCHE BOERSE	6 546	3
DEUTSCHE POSTBANK	50 372	8
DEVELOPERS DIVERS REALTY	61 500	2
DEXIA	49 550	2
DEXUS PROPERTY GROUP	298 562	1
DISCOVER FINANCIAL SERVICES	31 300	2
DUKE REALTY CORP	14 600	1
E*TRADE GROUP	5 000	0
EFG EUROBANK ERGASIAS	15 163	1
EQUITY RESIDENTIAL	17 399	4
ERSTE GROUP BANK AG	12 842	2
EVEREST RE GROUP	3 800	2
FAIRFAX FINANCIAL HLDGS	1 000	2
FEDERAL REALTY INV TRUST	4 400	2
FIDELITY NAT'L FINANCIAL	10 700	1
FIFTH THIRD BANCORP	40 505	2
FIRST AMERICAN CORP	6 300	1
FIRST HORIZON NATIONAL	7 520	1
FONDIARIA - SAI ORD	4 061	1
FORTIS	62 917	1
FORTIS	9 000	0
FRANKLIN RESOURCES	5 800	3
FRIENDS PROVIDENT	271 886	2
FUKUOKA FINANCIAL GROUP	76 000	2
GECINA	608	0
GENWORTH FINANCIAL A	53 700	1
GOLDMAN SACHS GROUP	18 267	11
GOODMAN INTERNATIONAL	5 439	0
GPT GROUP	588 510	3
GREAT WEST LIFECO	14 748	2
GROUPE BRUXELLES LAMBERT	4 561	3
GUNMA BANK	10 000	0
HACHIJUNI BANK	22 000	1
HAMMERSON	18 114	1
HANG LUNG GROUP	25 000	1
HANG LUNG PROPERTIES	104 500	2
HANG SENG BANK	44 900	4
HARTFORD FINANCIAL SVCS	22 337	3
HBOS GROUP	403 696	3
HEALTH CARE PPTY INVEST	12 400	2
HEALTH CARE REIT	2 000	1
HENDERSON LAND DEV.	82 000	2
HOKUHOKU FINANCIAL GROUP	93 000	2
HONG KONG EXCH.&CLEARING	28 900	2
HOST HOTELS AND RESORTS	32 557	2
HSBC HOLDINGS (GB)	779 234	52
HUDSON CITY BANCORP	13 200	1
HUNTINGTON BANCSHARES	14 700	1
HYPO REAL ESTATE HLDG ST	36 788	1
ICAP	34 031	1
IFI PRIV	5 471	0
IGM FINANCIAL	54 500	11
ING GROEP	233 701	17
INSURANCE AUSTRALIA GRP.	132 311	2
INTERCONTINENTAL	2 500	1
INTESA SANPAOLO ORD	495 641	12
INTESA SANPAOLO RNC	38 505	1
INVESCO LTD	19 158	2
INVESTEC PLC	2 549	0
INVESTOR B	35 135	4
IRISH LIFE & PERMANENT	11 468	0
ISTAR FINANCIAL	9 400	0
IYO BANK LTD/THE	19 000	2
JAPAN REAL ESTATE INV	35	2
JOYO BANK	46 000	2

NOK million	Quantity	Market value
JPMORGAN CHASE & CO	238 844	53
JULIUS BAER HOLDING	6 010	2
KBC GROUPE	27 687	6
KEYCORP	37 400	2
KIMCO REALTY CORP	59 700	8
KLEPIERRE	43 817	7
LAND SECURITIES GROUP	102 289	9
LEGAL & GENERAL GROUP	437 039	3
LEGG MASON	10 700	2
LEND LEASE	19 374	1
LEOPALACE21 CORP	3 600	0
LEUCADIA NATIONAL CORP	9 900	1
LIBERTY INTERNATIONAL	24 521	1
LIBERTY PROPERTY TRUST	43 500	7
LINCOLN NATIONAL CORP	57 382	8
LINK REIT	146 500	2
LLOYDS BANKING GROUP PLC	759 646	10
LOEWS CORP	21 500	4
LONDON STOCK EXCHANGE	11 671	1
M & T BANK CORP	5 000	2
MACERICH CO	4 600	1
MACQUARIE BANK	16 969	2
MAN GROUP	357 357	8
MANULIFE FINANCIAL CORP	52 860	6
MAPFRE	440 529	10
MARFIN INVESTMENT GROUP	30 327	1
MARSH AND MCLENNAN COS	33 681	6
MARSHALL & ILSLEY CORP	19 200	2
MBIA	10 700	0
MEDIOBANCA	30 014	2
MEDIOLANUM	6 893	0
MERRILL LYNCH & CO	101 084	8
METLIFE	82 271	20
MIRVAC GROUP	46 397	0
MITSUBISHI ESTATE CO	38 000	4
MITSUBISHI UFJ FIN GRP	598 860	25
MITSUBISHI UFJ LEASE FIN	6 620	1
MITSUI FUDOSAN CO	30 800	3
MITSUI SUMITOMO INSURANCE GR	16 920	4
MIZUHO FINANCIAL GROUP	375	7
MOODYS CORP	6 682	1
MORGAN STANLEY	70 118	8
MUENCHENER RUECKVERSICH.	13 569	15
NASDAQ OMX GROUP/THE	5 900	1
NATIONAL AUSTRALIA BANK	203 697	21
NATIONAL BANK OF CANADA	44 996	8
NATIONAL BANK OF GREECE	17 617	2
NATIONWIDE FINL SERV A	2 200	1
NATIXIS	21 223	0
NEW WORLD DEVELOPMENT	298 000	2
NEW YORK COMMUN. BANCORP	24 700	2
NIPPON BUILDING FUND	32	2
NIPPONKOA INSURANCE CO	51 000	3
NOMURA HOLDINGS	82 800	5
NORDEA BANK	259 907	13
NORTHERN TRUST CORP	7 123	3
OCBC BANK	419 200	10
OLD MUTUAL (GB)	272 568	2
OLD REPUBLIC INTL CORP	26 000	2
ONEX CORP	300	0
ORIX CORP	4 790	2
PARGESA HOLDING INH	454	0
PARTNERRE	1 100	1
PEOPLES UNITED FINANCIAL	17 100	2
PLUM CREEK TIMBER CO	9 100	2
PNC FINL SERVICES GROUP	25 938	9

NOK million	Quantity	Market value
POHJOLA BANK PLC	1 832	0
POPULAR INC	13 500	0
POWER CORP OF CANADA	79 098	10
POWER FINANCIAL CORP	15 300	2
PRICE (T. ROWE) GROUP	7 000	2
PRINCIPAL FINANCIAL GRP	59 100	9
PROGRESSIVE CORP	35 648	4
PROLOGIS	3 700	0
PROMISE CO	1 500	0
PRUDENTIAL	162 517	7
PRUDENTIAL FINANCIAL	27 405	6
PUBLIC STORAGE	4 700	3
QBE INSURANCE GROUP	41 185	5
RAIFFEISEN INT'L BANK	4 508	1
REGENCY CENTERS CORP	4 900	2
REGIONS FINANCIAL (NEW)	48 241	3
RENAISSANCERE HOLDINGS	1 700	1
RESONA HOLDINGS	209	2
ROYAL BANK OF CANADA	109 442	22
ROYAL BANK OF SCOTLAND	1 207 258	6
RSA INSURANCE GROUP PLC	222 116	3
SAMPO A	28 197	4
SBI HOLDINGS	1 674	2
SCHRODERS	7 429	1
SCHWAB (CHARLES) CORP	33 030	4
SCOR	14 979	2
SEGRO	248 066	6
SHINSEI BANK	113 000	1
SHIZUOKA BANK	19 000	2
SIMON PROPERTY GROUP	10 510	4
SINGAPORE EXCHANGE	49 000	1
SKAND.ENSKILDA BANKEN A	30 523	2
SL GREEN REALTY CORP	4 900	1
SLM CORP	31 500	2
SOCIETE GENERALE	31 905	11
SOMPO JAPAN INSURANCE	57 200	3
SOVEREIGN BANCORP	20 500	0
STANDARD CHARTERED	51 172	4
STANDARD LIFE	92 035	2
STATE STREET CORP	18 943	5
STOCKLAND	94 243	2
SUMITOMO MITSUI FINL GRP	277	8
SUMITOMO REALTY & DEV CO	15 500	2
SUMITOMO TRUST AND BANK	85 100	3
SUN HUNG KAI PROPERTIES	53 700	3
SUN LIFE FINANCIAL	78 962	13
SUNCORP-METWAY	270 054	11
SUNTRUST BANKS	22 948	5
SVENSKA HANDELSBK A	29 896	3
SWEDBANK	29 700	1
SWIRE PACIFIC A	60 600	3
SWISS LIFE HOLDING	3 469	2
SWISS REINSURANCE CO	51 699	17
SYNOVUS FINANCIAL CORP	16 800	1
T&D HOLDINGS	11 100	3
TAKEFUJI CORP	3 720	0
TD AMERITRADE HOLDING CO	10 800	1
TOKIO MARINE HOLDINGS INC	26 219	5
TOKYO TATEMONO CO	19 000	1
TORCHMARK CORP	33 300	10
TORONTO-DOMINION BANK	65 396	16
TRAVELERS COS	38 099	12
UBI BANCA	38 210	4
UBS NAMEN	139 651	14
UDR	2 800	0
UNIBAIL-RODAMCO	4 069	4

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
UNICREDIT SPA	1 039 688	18
UNIPOL PRIV	68 787	1
UNITED OVERSEAS BANK	73 400	5
UNITED OVERSEAS LAND	1 000	0
UNUM GROUP	22 866	3
US BANCORP	108 596	19
VENTAS	40 600	10
VORNADO REALTY TRUST	26 500	11
WACHOVIA CORP (NEW)	152 180	6
WELLS FARGO & CO	226 090	47
WESTFIELD GROUP	103 539	7
WESTPAC BANKING	194 823	16
WHARF HOLDINGS	146 000	3
WHITE MOUNTAIN INSURANCE	400	1
WILLIS GROUP HLDGS	10 000	2
XL CAPITAL	28 400	1
YAMAGUCHI FINANCIAL GROUP IN	6 000	0
ZIONS BANCORP	45 700	8
ZURICH FINL SERVICES	14 981	22
TOTAL FINANCIAL		1 613
ACCIONA	653	1
AEM	660 574	8
AGL ENERGY	28 543	2
ALLEGHENY ENERGY	5 800	1
ALLIANT ENERGY CORP	52 400	11
AMEREN CORP	57 020	13
AMERICAN ELECTRIC POWER	71 827	17
AQUA AMERICA	1 400	0
BRITISH ENERGY GROUP	41 649	3
CANADIAN UTILITIES A	3 300	1
CENTERPOINT ENERGY	141 400	12
CENTRICA PLC	153 465	4
CHUBU ELECTRIC POWER CO	40 500	9
CHUGOKU ELECTRIC POWER	16 200	3
CLP HOLDINGS	306 100	14
CONSOLIDATED EDISON	19 718	5
CONSTELLATION ENERGY GRP	74 700	13
DOMINION RESOURCES	39 502	10
DRAX GROUP PLC	15 800	1
DTE ENERGY	12 563	3
E. ON	149 119	41
EDF	7 297	3
EDISON INTERNATIONAL	60 400	14
EDP ENERGIAS DE PORTUGAL	496 992	13
ELECTRIC POWER DEV	12 140	3
ENEL	492 250	22
ENERGEN CORP	37 700	8
ENTERGY CORP	30 314	18
EQUITABLE RESOURCES	8 600	2
EXELON CORP	38 894	15
FIRSTENERGY CORP	19 884	7
FORTIS	3 400	0
FORTUM OYJ	16 623	2
FPL GROUP	24 250	9
GAS NATURAL SDG	53 749	10
GDF SUEZ	89 016	31
HOKKAIDO ELECTRIC POWER	9 600	2
HOKURIKU ELECTRIC POWER	11 500	2
HONGKONG CHINA GAS	160 434	2
HONGKONG ELECTRIC HLDGS	346 000	14
IBERDROLA	289 173	18
IBERDROLA RENOVABLES	47 069	1
INTEGRYS ENERGY GROUP INC	1 700	1
INT'L POWER	43 609	1
KANSAI ELECTRIC POWER CO	42 000	8

NOK million	Quantity	Market value
KYUSHU ELECTRIC POWER CO	26 900	5
MDU RESOURCES GROUP INC	67 100	10
MIRANT CORP	23 100	3
NATIONAL GRID	229 900	16
NISOURCE	130 900	10
NORTHEAST UTILITIES	3 400	1
NRG ENERGY	8 800	1
ONEOK INC	49 500	10
OSAKA GAS CO	96 700	3
PEPCO HOLDINGS	87 100	11
PG&E CORP	66 373	18
PINNACLE WEST CAPITAL	5 000	1
PPL CORP	22 606	5
PROGRESS ENERGY	18 816	5
PUBLIC SV ENTERPRISE CO	80 402	16
QUESTAR CORP	47 300	11
RED ELECTRICA CORPORACION SA	4 197	1
RELIANT ENERGY	35 900	1
RWE STAMM	24 096	15
RWE VORZUG	879	0
SCANA CORP	10 200	3
SCOTTISH & SOUTH. ENERGY	98 100	12
SEMPRA ENERGY	47 193	14
SEVERN TRENT	16 009	2
SHIKOKU ELECTRIC POWER	9 700	2
SNAM RETE GAS	58 635	2
SOUTHERN CO	51 307	13
SUEZ ENVIRONNEMENT SA	11 888	1
TERNA	54 818	1
TOHOKU ELECTRIC POWER CO	20 600	4
TOKYO ELECTRIC POWER CO	58 500	14
TOKYO GAS CO	115 100	4
TRANSALTA CORP	11 700	2
UNION FENOSA	13 528	2
UNITED UTILITIES GROUP PLC	178 542	11
VEOLIA ENVIRONNEMENT	14 569	3
VERBUND OESTERR ELEK A	4 888	2
WISCONSIN ENERGY CORP	9 000	3
XCEL ENERGY	31 600	4
TOTAL DISTRIBUTION		622
ACCENTURE A	22 200	5
ACTIVISION BLIZZARD INC	17 200	1
ADOBE SYSTEMS	15 504	2
ADVANCED MICRO DEVICES	28 500	0
ADVANTEST CORP	9 700	1
AFFILIATED COMPUTER A	4 100	1
AGILENT TECHNOLOGIES	10 321	1
AKAMAI TECHNOLOGIES	12 200	1
ALCATEL LUCENT	161 891	2
ALLIANCE DATA SYSTEMS	3 300	1
AMPHENOL CORP	5 700	1
ANALOG DEVICES	76 315	10
APPLE	26 960	16
APPLIED MATERIALS	45 185	3
ARROW ELECTRONICS	4 900	1
ASML HLDG	12 222	2
ATOS ORIGIN	2 015	0
AUTODESK	7 400	1
AUTOMATIC DATA PROCESS	24 216	7
AVNET	12 600	2
BMC SOFTWARE	7 222	1
BROADCOM CORP A	12 619	1
BROTHER INDUSTRIES	8 400	0
CA INC	11 924	2
CANON INC	42 350	9

NOK million	Quantity	Market value
CAP GEMINI SA	8 035	2
CGI GROUP A	4 200	0
CISCO SYSTEMS	192 425	22
CITIZEN HOLDINGS CO	4 400	0
COGNIZANT TECH SOLUTIONS	8 400	1
COMPUTER SCIENCES CORP	12 567	3
CORNING	51 172	3
DASSAULT SYSTEMES	3 966	1
DELL	70 898	5
EBAY	37 320	4
ELECTRONIC ARTS	9 298	1
ELPIDA MEMORY	11 600	0
EMC CORP	71 000	5
ERICSSON (LM) B	180 119	9
FIDELITY NAT'L INFO SVCS	93 300	11
FISERV	4 761	1
FLEXTRONICS INT'L	72 300	1
FUJI FILM HOLDINGS CO	30 900	5
FUJITSU	88 200	3
GOOGLE A	7 300	16
HARRIS CORP	4 500	1
HEWLETT-PACKARD CO	86 665	22
HIROSE ELECTRIC CO	2 200	2
HITACHI	175 000	5
HOYA CORP	16 200	2
IBIDEN CO	8 900	1
IBM CORP	47 602	28
INFINEON TECHNOLOGIES	46 359	0
INGRAM MICRO	9 100	1
INTEL CORP	320 214	33
INTUIT	8 856	1
JUNIPER NETWORKS	14 900	2
KEYENCE CORP	1 038	1
KLA TENCOR CORP	6 788	1
KONAMI CO	8 300	1
KONICA MINOLTA HOLDINGS	34 000	2
KYOCERA CORP	10 700	5
LAM RESEARCH CORP	6 800	1
LEXMARK INTERNATIONAL A	1 700	0
LINEAR TECHNOLOGY CORP	7 187	1
LOGICA	31 131	0
LOGITECH NAMEN	9 315	1
MABUCHI MOTOR CO	800	0
MARVELL TECHNOLOGY GROUP	22 900	1
MASTERCARD A	2 500	3
MCAFEE	6 300	2
MEMC ELECTRONIC MATRLS	200	0
MICROCHIP TECHNOLOGY	7 200	1
MICRON TECHNOLOGY	17 400	0
MICROSOFT CORP	381 566	52
MOTOROLA	151 761	5
MURATA MANUFACTURING CO	13 000	4
NATIONAL SEMICONDUCTOR	11 200	1
NEC CORP	149 400	3
NETWORK APPLIANCE	17 339	2
NIDEC CORP	3 100	1
NINTENDO CO	3 200	8
NIPPON ELECTRIC GLASS CO	24 000	1
NOKIA CORP	125 024	14
NORTEL NETWORKS CORP	13 400	0
NTT DATA CORP	71	2
NVIDIA	20 050	1
OMRON CORP	18 000	2
ORACLE CORP	138 175	17
ORACLE CORP JAPAN	4 900	1
PAYCHEX	9 465	2

NOK million	Quantity	Market value
QUALCOMM	52 610	13
RESEARCH IN MOTION	14 400	4
RICOH CO	158 600	14
ROHM CO	7 300	3
SAGE GROUP (THE)	511 386	9
SAIC INC	4 700	1
SALESFORCE.COM	2 800	1
SANDISK CORP	10 400	1
SANMINA - SCI CORP	5 300	0
SAP STAMM	28 497	7
SEAGATE TECHNOLOGY	37 100	1
SEIKO EPSON CORPORATION	5 800	1
STMICROELECTRONICS	35 102	2
SUN MICROSYSTEMS	47 462	1
SYMANTEC CORP	45 000	4
SYNOPSYS	3 600	0
TDK CORP	8 200	2
TECH DATA CORP	3 900	0
TEXAS INSTRUMENTS	45 385	5
TOKYO ELECTRON	6 900	2
TOSHIBA CORP	134 700	4
TOTAL SYSTEM SERVICES	13 201	1
TREND MICRO	2 500	1
TYCO ELECTRONICS LTD	30 450	3
VERISIGN	8 300	1
VISA INC-CLASS A SHARES	13 000	5
WESTERN DIGITAL	10 100	1
WESTERN UNION	21 494	2
XEROX CORP	59 330	3
XILINX	9 073	1
YAHOO JAPAN CORP	440	1
YOKOGAWA ELECTRIC CORP	2 800	0
TOTAL IT		495
AMERICAN TOWER CORP A	11 200	2
AT&T	405 833	81
BCE INC	17 094	2
BELGACOM	52 006	14
BT GROUP	1 089 479	15
CABLE & WIRELESS	107 929	2
CENTURYTEL INC	2 500	0
CHINA MOBILE HK LTD (HK0941009	21 100	1
CROWN CASTLE INT'L CORP	8 700	1
DEUTSCHE TELEKOM	201 310	21
ELISA A	6 712	1
EMBARQ	9 858	2
FRANCE TELECOM	175 323	34
FRONTIER COMMUNICATIONS CORP	9 400	1
KDDI	129	6
KPN (KON.)	69 803	7
LEVEL 3 COMMUNICATIONS	4 700	0
MILLICOM INTERNATIONAL CELLULAR SA	3 200	1
NII HOLDINGS B	8 500	1
NTT CORP	740	27
NTT DOCOMO	1 023	14
OTE HELLENIC TELECOM.	10 232	1
PORTUGAL TELECOM SGPS	47 810	3
QWEST COMMUNI. INT'L	131 326	3
ROGERS COMMUNICATIONS B	16 700	3
SEARS ROEBUCK AND CO	241 579	3
SINGAPORE TELECOM	352 680	4
SOFTBANK CORP	29 500	4
SWISSCOM	6 569	15
TELE2 B	7 900	0
TELECOM CORP NEW ZEALAND	156 594	1
TELECOM ITALIA ORD	1 935 504	22

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
TELECOM ITALIA RNC	452 341	3
TELEFONICA	155 228	24
TELEKOM AUSTRIA	28 588	3
TELEPHONE & DATA SYSTEMS	700	0
TELIASONERA	137 430	5
TELSTRA CORP	717 279	13
TELUS CORP NV	8 700	2
TELUS CORP VTG	1 400	0
VERIZON COMMUNICATIONS	194 334	46
VODAFONE GROUP	3 322 625	46
WINDSTREAM CORPORATION	168 900	11
TOTAL TELECOM		448
ABBOTT LABORATORIES	54 094	20
ACTELION LTD-REG	3 625	1
AETNA	17 156	3
ALLERGAN	8 600	2
AMERISOURCEBERGEN	50 900	13
AMGEN	37 565	15
AMYLIN PHARMACEUTICALS	10 600	1
ASTELLAS PHARMA	62 844	18
ASTRAZENECA	124 154	35
BARD (C.R.)	2 800	2
BAXTER INTERNATIONAL	21 260	8
BAYER	27 586	11
BECTON DICKINSON	8 291	4
BIOGEN IDEC	9 869	3
BIOVAIL CORP	2 600	0
BOSTON SCIENTIFIC CORP	84 976	5
BRISTOL-MYERS SQUIBB CO	204 250	33
CARDINAL HEALTH	50 270	12
CELESIO (GEHE)	49 482	9
CELGENE CORP	12 400	5
CEPHALON	2 800	2
CHUGAI PHARMACEUTICAL CO	12 800	2
CIGNA CORP	19 650	2
COVANCE	100	0
COVENTRY HEALTH CARE	10 000	1
COVIDIEN LTD	23 050	6
CSL LIMITED	16 943	3
DAIICHI SANKYO CO	29 075	5
DAVITA	3 000	1
DENTSPLY INTERNATIONAL	5 600	1
EISAI CO	14 700	4
ELAN CORP	7 137	0
ESSILOR INTERNATIONAL	5 688	2
EXPRESS SCRIPTS	8 000	3
FOREST LABORATORIES	11 800	2
FRESENIUS MED. CARE ST	6 871	2
FRESENIUS VORZUG	3 775	2
GENENTECH	14 424	8
GENZYME GENERAL DIVISION	8 812	4
GETINGE B	91 543	8
GILEAD SCIENCES	25 600	9
GLAXOSMITHKLINE	279 116	36
HEALTH NET	4 000	0
HENRY SCHEIN INC	4 400	1
HISAMITSU PHARMACEUTICAL	39 100	11
HOLOGIC INC	11 300	1
HOSPIRA	6 200	1
HUMANA	4 800	1
IMS HEALTH	86 000	9
INTUITIVE SURGICAL	1 100	1
JOHNSON & JOHNSON	129 246	54
LABORATORY CORP OF AMER	3 200	1
LIFE TECHNOLOGIES CORP	10 615	2

NOK million	Quantity	Market value
LILLY (ELI) AND CO	98 163	28
LONZA GROUP	1 675	1
MCKESSON CORP	46 369	13
MEDCO HEALTH SOLUTIONS	20 908	6
MEDICEO PALTAC HOLDINGS	27 800	2
MEDTRONIC	70 087	15
MERCK AND CO	177 907	38
MERCK KGAA STAMM	3 441	2
MITSUBISHI TANABE PHARMA CORP	18 900	2
NOBEL BIOCARE HLDGS INH	2 309	0
NOVARTIS	84 850	29
NOVO NORDISK B	14 575	5
OLYMPUS CORP	6 800	1
ONO PHARMACEUTICAL CO	40 500	15
ORION-YHTYMAE B	763	0
PFIZER	513 276	64
PHARMACEUTICAL PRDCT DEV	2 600	1
QUEST DIAGNOSTICS	37 948	14
ROCHE HOLDING GENUSS	23 592	25
SANOFI-AVENTIS	84 653	37
SCHERING-PLOUGH CORP	55 400	7
SHIONOGI & CO	8 800	2
SHIRE PLC	15 864	2
SMITH & NEPHEW	25 155	1
SONIC HEALTHCARE	19 250	1
ST JUDE MEDICAL	9 554	2
STRYKER CORP	9 590	3
SYNTHES	1 682	1
TAISHO PHARMACEUTICAL CO	5 000	1
TAKEDA PHARMACEUTICAL	44 600	16
TENET HEALTHCARE CORP	24 200	0
TERUMO CORP	4 800	2
TEVA PHARMACEUTICAL-SP ADR	1 881	1
THERMO FISHER SCIENTIFIC	14 600	3
UCB (GROUPE)	10 060	2
UNITEDHEALTH GROUP	43 408	8
VARIAN MEDICAL SYSTEMS	3 600	1
VERTEX PHARMACEUTICALS	9 200	2
WATERS CORP	3 653	1
WELLPOINT	20 172	6
WYETH	119 806	31
ZIMMER HOLDINGS	6 859	2
TOTAL HEALTH		780
3M CO	38 656	16
ABB LTD	85 513	9
ABERTIS INFRAESTRUCTURAS	10 522	1
ACE AVIATION HOLDINGS A	7 000	0
ACS ACTIV. CONST. Y SVCS	8 928	3
ADECCO	45 880	11
AGCO CORP	5 100	1
AIR FRANCE-KLM	19 881	2
ALFA LAVAL	20 975	1
AMADA CO	17 000	1
AMR CORP	13 000	1
AP MOLLER MAERSK A	39	1
AP MOLLER MAERSK B	45	2
ASAHI GLASS CO	74 800	3
ASSA ABLOY B	6 621	1
ATLANTIA	16 251	2
ATLAS COPCO A	32 000	2
ATLAS COPCO B	42 592	2
AVERY DENNISON CORP	43 111	10
AVIS BUDGET GROUP	11 900	0
BALFOUR BEATTY	344 593	11
BOMBARDIER B	86 700	2

NOK million	Quantity	Market value
BOUYGUES ORD	18 515	5
BRAMBLES	41 396	1
BRISA AUTO-ESTRADAS PORT	28 636	1
BRITISH AIRWAYS	16 632	0
BUNZL	17 758	1
BURLINGTON NTHN SANTA FE	12 942	7
CANADIAN NAT'L RAILWAY	51 506	13
CAPITA GROUP	18 039	1
CATERPILLAR	32 728	10
CATHAY PACIFIC AIRWAYS	154 000	1
CENTRAL JAPAN RAILWAY CO	237	14
CH ROBINSON WORLDWIDE	4 800	2
CITIC PACIFIC LTD.	17 000	0
COBHAM	61 141	1
COOPER INDUSTRIES A	8 900	2
CP RAILWAY	37 246	9
CSX CORP	15 342	3
CUMMINS	6 800	1
DAI NIPPON PRINTING CO	41 000	3
DAIKIN INDUSTRIES	12 600	2
DANAHER CORP	10 098	4
DEERE & CO	25 334	7
DEUTSCHE POST	135 739	16
DONNELLEY (RR) AND SONS	11 900	1
DOVER CORP	11 677	3
DSV DE SAMMENSLUT VOGN	7 100	1
DUN AND BRADSTREET CORP	2 200	1
EAST JAPAN RAILWAY CO	352	19
EATON CORP	11 652	4
EIFFAGE	3 126	1
EMERSON ELECTRIC CO	54 498	14
EQUIFAX	6 300	1
EXPEDITORS INTL WASH.	6 000	1
EXPERIAN PLC	30 586	1
FANUC	7 600	4
FASTENAL CO	4 400	1
FEDEX CORP	12 571	6
FINNING INT'L	97 500	8
FIRST SOLAR INC	1 400	1
FIRSTGROUP	21 893	1
FLOWSERVE CORP	2 400	1
FLUOR CORP	7 700	2
FOMENTO CONST Y CONTR	2 434	1
FOSTER WHEELER CORP	6 200	1
FRASER AND NEAVE	42 000	1
FURUKAWA ELECTRIC CO	50 000	2
GAMESA CORP TECNOLOGICA	7 215	1
GEBERIT	1 718	1
GENERAL ELECTRIC CO	833 544	94
GOLDEN OCEAN	116 500	1
GOODRICH CORP	6 400	2
GRAINGER (WW)	2 300	1
HANKYU HANSHIN HLDG	42 000	2
HARSCO CORP	2 700	1
HAYS	38 772	0
HERTZ GLOBAL HOLDING	15 200	1
HITACHI CONSTR. MACHINE.	9 200	1
HOCHTIEF	4 239	1
HUTCHISON WHAMPOA	141 400	5
IHI CORP	37 000	0
ILLINOIS TOOL WORKS	57 550	14
IMI	7 396	0
INGERSOLL-RAND CO A	23 624	3
INVENSYS	57 213	1
IRON MOUNTAIN	8 450	1
ITOCHU CORP	105 800	4

NOK million	Quantity	Market value
ITT CORP	7 610	2
JACOBS ENGINEERING GROUP	4 800	2
JAPAN STEEL WORKS	17 000	2
JGC CORP	13 700	1
JINHUI SHIPPING	111 900	1
JOY GLOBAL	5 100	1
JS GROUP CORP	12 300	1
JTEKT CORP	7 000	0
KAJIMA CORP	98 000	2
KAWASAKI HEAVY IND	176 300	2
KAWASAKI KISEN KAISHA	65 000	2
KBR	3 500	0
KEIO CORP	34 000	1
KEPPEL CORP	43 600	1
KINTETSU CORP	65 900	2
KOMATSU	46 600	4
KONE B	8 018	1
KUBOTA CORP	82 100	4
LEGRAND	2 089	0
LOOMIS AB-B	33 617	1
LUFTHANSA	21 821	2
MACQUARIE INFRASTRUCTURE	224 124	2
MAN STAMM	6 386	2
MANPOWER	4 900	1
MARUBENI CORP	109 000	3
MASCO CORP	35 201	3
MCDERMOTT INTERNATIONAL	9 000	1
METSO CORP	12 540	1
MITSUBISHI CORP	82 400	8
MITSUBISHI ELECTRIC CORP	93 200	4
MITSUBISHI HEAVY IND	169 100	5
MITSUI & CO	119 800	8
MITSUI OSK LINES	69 100	3
MTR CORP	106 102	2
NGK INSULATORS	17 000	1
NIPPON EXPRESS CO	86 000	2
NIPPON SHEET GLASS CO	42 000	1
NIPPON YUSEN K.K	70 000	3
NORFOLK SOUTHERN CORP	22 346	7
NSK	52 000	1
NTN CORP	21 000	0
OBAYASHI CORP	77 000	3
ODAKYU ELECTRIC RAILWAY	28 000	2
OWENS CORNING INC	4 300	1
PACCAR	17 686	4
PALL CORP	7 500	1
PANASONIC ELECTRIC WORKS CO LT	32 800	2
PARKER HANNIFIN CORP	12 089	4
PENTAIR	5 900	1
PHILIPS ELECTRS (KON.)	75 535	10
PITNEY BOWES	62 793	11
PRECISION CASTPARTS CORP	4 800	2
QANTAS AIRWAYS	95 050	1
Q-CELLS SE	427	0
RANDSTAD HOLDING	6 266	1
REPUBLIC SERVICES	21 880	4
ROCKWELL AUTOMATION	11 200	3
ROCKWELL COLLINS	5 585	2
ROLLS-ROYCE GROUP	130 137	4
ROPER INDUSTRIES	3 800	1
SAINT-GOBAIN	24 669	8
SANDVIK	60 925	3
SCANIA B	31 979	2
SCHINDLER PART	3 680	1
SCHNEIDER ELECTRIC	16 069	8
SECOM CO	45 700	16

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
SECURITAS B	168 088	10
SEMBCORP INDUSTRIES	44 000	0
SGS	182	1
SHIMIZU CORP	73 000	3
SIEMENS	39 836	20
SINGAPORE AIRLINES	200 800	11
SKANSKA B	181 731	12
SKF B	165 518	11
SMC CORP	2 000	1
SMITHS GROUP	19 868	2
SNC-LAVALIN GROUP	5 200	1
SOJITZ CORP	199 300	2
SOLARWORLD	4 920	1
SOUTHWEST AIRLINES CO	17 500	1
SPX CORP	3 900	1
STERICYCLE INC	1 900	1
STOLT NIELSEN	287 050	20
SULZER AG-REG	1 860	1
SUMITOMO CORP	82 800	5
SUMITOMO ELECTRIC IND	48 500	3
SUMITOMO HEAVY IND	62 000	2
TAISEI CORP	73 000	1
TEREX CORP	7 100	1
TNT	75 276	10
TOKYU CORP	78 200	3
TOLL HOLDINGS	66 833	2
TOMKINS	67 864	1
TOPPAN PRINTING CO	34 700	2
TOTO	5 000	0
TOYOTA TSUSHO	25 900	2
TRANSURBAN GROUP	70 492	2
TYCO INTERNATIONAL LTD	37 150	6
UAL CORP	6 300	0
UNION PACIFIC CORP	19 172	6
UNITED PARCEL SERVICE B	39 124	15
VALLOUREC	3 729	3
VESTAS WIND SYSTEMS	6 391	3
VINCI	30 463	9
VOLVO A	27 860	1
VOLVO B	87 871	3
WARTSILA B	7 776	2
WASTE MANAGEMENT	28 758	7
WEST JAPAN RAILWAY CO	456	14
WIENERBERGER	1 790	0
WOLSELEY	68 511	3
YAMATO HOLDINGS CO	30 700	3
ZARDOYA OTIS	9 615	1
ZODIAC	1 619	0
TOTAL INDUSTRY		796
ACERINOX	3 480	0
AGNICO-EAGLE MINES	4 800	2
AGRIUM	7 400	2
AIR LIQUIDE	9 674	6
AIR PRODUCTS & CHEMICALS	37 600	13
AKZO NOBEL	15 388	4
ALCOA	54 550	4
ALLEGHENY TECHNOLOGIES	400	0
ALUMINA	109 708	1
AMCOR	82 671	2
ANGLO AMERICAN (GB)	56 482	9
ARCELOR-MITTAL A	51 093	9
ASAHI KASEI CORP	78 200	2
ASHLAND INC	3 400	0
BALL CORP	7 600	2
BARRICK GOLD CORP	30 361	8

NOK million	Quantity	Market value
BASF	62 193	17
BHP BILLITON LTD	116 883	17
BHP BILLITON PLC	76 978	10
BLUESCOPE STEEL	67 806	1
BORAL	74 918	2
CELANESE CORP	11 000	1
CF INDUSTRIES HOLDINGS INC	3 300	1
CLARIANT	11 300	1
CLIFFS NATURAL RESOURCES INC	5 200	1
CREW GOLD	3 598 200	1
CRH	32 876	6
DOW CHEMICAL CO	65 556	7
DU PONT (E.I) DE NEMOURS	98 900	18
EASTMAN CHEMICAL CO	6 000	1
ECOLAB	7 400	2
EURASIAN NATURAL RESOURCES	22 349	1
FIRST QUANTUM MINERALS	6 000	1
FORTESCUE METALS GROUP	11 144	0
GIVAUDAN	219	1
GOLDCORP	25 209	5
HARDIE (JAMES) IND	14 058	0
HEIDELBERGCEMENT	2 538	1
HOLCIM	12 696	5
HOLMEN B	1 600	0
HUNTSMAN CORP	5 400	0
IMERYS	2 106	1
INCITEC PIVOT LTD	51 024	1
INT'L FLAVORS FRAGRANCES	41 600	9
INT'L PAPER CO	32 150	3
JFE HOLDINGS	33 500	6
JOHNSON MATTHEY	85 283	9
K AND S	4 965	2
KANEKA CORP	17 000	1
KAZAKHMYS	4 529	0
KINROSS GOLD CORP	20 600	3
KOBE STEEL	160 000	2
KONINKLIJKE DSM	11 621	2
KURARAY CO	21 600	1
LAFARGE (FRANCE)	8 682	4
LAPPLAND GOLDMINERS AB	134 200	1
LINDE	21 942	13
LONMIN	8 765	1
MARTIN MARIETTA MATRLS	2 000	1
MEADWESTVACO CORP	17 500	1
MITSUBISHI CHEMICAL HLDG	89 250	3
MITSUBISHI GAS CHEMICAL	11 000	0
MITSUBISHI MATERIALS	104 000	2
MITSUBISHI RAYON CO	24 000	0
MITSUI CHEMICALS	71 100	2
MONDI PLC	22 788	0
MOSAIC CO (THE)	7 200	2
NEWCREST MINING	15 156	2
NEWMONT MINING HLDG	16 357	5
NIPPON PAPER GROUP	55	2
NIPPON STEEL CORP	290 700	7
NITTO DENKO CORP	12 300	2
NORTHLAND RES	2 600 300	8
NOVA CHEMICALS CORP	2 200	0
NOVOZYMES B	2 375	1
NUCOR CORP	19 864	6
OJI PAPER CO	65 800	3
ONESTEEL	56 840	1
ORICA	11 850	1
OUTOKUMPU	6 624	1
OWENS-ILLINOIS	10 400	2
OZ MINERALS LTD	163 152	0

NOK million	Quantity	Market value
POTASH CORP SASKATCHEWAN	9 564	5
PPG INDUSTRIES	39 726	12
PRAXAIR	11 582	5
REXAM	55 382	2
ROHM AND HAAS CO	5 660	2
SALZGITTER	1 928	1
SCA SV CELLULOSA B	46 024	3
SHERRITT INT'L CORP RV	10 100	0
SHIN-ETSU CHEMICAL CO	15 400	5
SHOWA DENKO K.K	148 000	1
SIGMA-ALDRICH	4 344	1
SIMS METAL MANAGEMENT LTD	9 005	1
SMURFIT-STONE CONTAINER	8 700	0
SOLVAY	18 121	9
SOUTHERN COPPER CORP.	4 200	0
SSAB SVENSKT STAL A	18 249	1
STORA ENSO R	46 853	3
SUMITOMO CHEMICAL CO	110 100	3
SUMITOMO METAL IND	195 000	3
SUMITOMO METAL MINING CO	34 700	3
SYNGENTA	3 456	5
TAIHEIYO CEMENT CORP	28 000	0
TECK COMINCO B	35 067	1
TEIJIN	83 000	2
THYSSEN KRUPP	27 545	5
TORAY INDUSTRIES	61 100	2
TOYO SEIKAN KAISHA	15 600	2
UBE INDUSTRIES	77 000	1
UMICORE	11 365	2
UPM-KYMMENE	41 956	4
US STEEL CORP	8 500	2
VOESTALPINE	11 442	2
VULCAN MATERIALS CO	5 985	3
VULCAN RESOURCES LTD	12 037 200	4
WEYERHAEUSER CO	16 864	4
XSTRATA	21 245	1
YAMANA GOLD	40 400	2
TOTAL RAW MATERIALS		375
ACERGY	1 540 900	60
ADDAX PETROLEUM	11 600	1
ALPHA NATURAL RESOURCES INC	4 400	0
AMEC	19 017	1
ANADARKO PETROLEUM CORP	44 530	12
APACHE CORP	30 604	16
ARC ENERGY TRUST	81 600	9
ARCH COAL	6 800	1
BAKER HUGHES	15 272	3
BG GROUP	154 599	15
BJ SERVICES CO	24 762	2
BP	1 627 208	86
BW OFFSHORE LIMITED	5 853 200	25
CABOT OIL & GAS CORP	10 400	2
CAIRN ENERGY	5 687	1
CAMECO CORP	13 100	2
CAMERON INTERNATIONAL	8 200	1
CANADIAN NAT RESOURCES	25 920	7
CANADIAN OIL SANDS TRUST	18 500	2
CGG VERITAS	6 966	1
CHESAPEAKE ENERGY CORP	50 400	6
CIMAREX ENERGY CO	7 700	1
CNOOC LTD	106 400	1
CONOCOPHILLIPS	171 900	62
CONSOL ENERGY	6 900	1
COSMO OIL CO	80 000	2
CRESCENT POINT ENERGY TRUST	2 900	0

NOK million	Quantity	Market value
DEVON ENERGY CORP	39 244	18
DIAMOND OFFSHORE DRILL.	2 600	1
EL PASO CORP	66 995	4
ENBRIDGE	17 500	4
ENCANA CORP	37 600	12
ENERPLUS RESOURCES FUND	12 900	2
ENI	339 300	55
ENSCO INTERNATIONAL	7 500	1
EOC LTD	1 032 000	5
EOG RESOURCES	11 400	5
FMC TECHNOLOGIES	4 900	1
FOREST OIL	8 700	1
FRONTLINE	2 160	0
FUGRO CERT	3 731	1
HALLIBURTON CO	56 800	7
HARVEST ENERGY TRUST	6 200	0
HELLENIC PETROLEUM	5 036	0
HELMERICH AND PAYNE	5 000	1
HUSKY ENERGY	20 900	4
IDEMITSU KOSAN CO	2 900	1
IMPERIAL OIL	19 441	5
INDEPENDENT TANKERS CORP LTD	2 186 233	7
INGRAIN INC	500 000	14
INPEX CORPORATION	45	2
KINDER MORGAN MANAGEMENT LLC	7 000	2
MONGOLIA ENERGY CO LTD	397 000	1
MURPHY OIL CORP	38 400	12
NABORS INDUSTRIES	22 184	2
NATIONAL OILWELL VARCO	25 863	4
NESTE OIL	9 317	1
NEWFIELD EXPLORATION CO	12 300	2
NEXEN	43 900	5
NIKO RESOURCES	5 200	1
NIPPON MININGS HLDGS	120 500	4
NIPPON OIL CORP	159 600	6
NOBLE DRILLING CORP	11 106	2
NOBLE ENERGY	14 200	5
NORTHERN OFFSHORE LTD	361 600	1
OCCIDENTAL PETROLEUM	87 200	37
OMV AG	15 550	3
ORIGIN ENERGY	45 549	4
PA RESOURCES	632 900	6
PATTERSON-UTI ENERGY	17 500	1
PEABODY ENERGY CORP	10 300	2
PENN WEST ENERGY TRUST	31 275	2
PETRO-CANADA	46 354	7
PETROHAWK ENERGY CORP	9 400	1
PIONEER NATURAL RES.	10 100	1
PLAINS EXPLORATION AND PROD	10 600	2
PRECISION DRILLING TRUST	2 900	0
PRIDE INTERNATIONAL	14 400	2
PROSAFE	1 281 600	33
PROSAFE PRODUCTION	189 700	2
PROVIDENT ENERGY TRUST	13 200	0
QUESTERRE ENERGY	1 400 300	16
RANGE RESOURCES CORP	5 900	1
REPSOL YPF	87 996	13
ROWAN COS	10 300	1
ROYAL DUTCH SHELL A	294 229	53
ROYAL DUTCH SHELL B	208 659	36
SAIPEM ORD	10 055	1
SANTOS	30 970	2
SARAS SPA	14 964	0
SBM OFFSHORE	16 123	1
SCHLUMBERGER	54 430	16
SEADRILL LTD	96 100	5

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
SHOWA SHELL SEKIYU K.K	7 900	1
SMITH INTERNATIONAL	8 334	1
SOUTHWESTERN ENERGY CO	14 100	3
SPECTRA ENERGY	55 100	6
SUBSEA 7	550 700	22
SUNCOR ENERGY	42 418	6
SUNOCO	11 800	4
TALISMAN ENERGY	96 100	7
TECHNIP	10 283	2
TENARIS SA	19 442	1
TESORO CORP	2 100	0
TONENGENERAL SEKIYU	36 000	2
TOTAL	193 085	73
TRANSCANADA CORP	55 653	10
TRANSOCEAN LTD	14 273	5
TULLOW OIL	27 340	2
ULTRA PETROLEUM CORP	6 300	2
VALERO ENERGY CORP	55 182	8
WEATHERFORD INT'L	33 384	3
WILLIAMS COS	51 943	5
WOODSIDE PETROLEUM	22 825	4
WORLEYPARSONS	2 258	0
XTO ENERGY	33 275	8
TOTAL ENERGY		948
ABERCROMBIE & FITCH CO A	5 400	1
ACCOR	10 796	4
ADIDAS	37 546	10
ADVANCE AUTO PARTS	5 200	1
AISIN SEIKI CO	18 300	2
AMAZON.COM	8 862	3
AMERICAN EAGLE OUTF.	4 400	0
APOLLO GROUP A	3 700	2
AUTONATION	9 600	1
AUTOZONE	1 300	1
BED BATH & BEYOND	10 747	2
BENESSE CORP	42 200	13
BERKELEY GRP HLDGS UNIT	2 606	0
BEST BUY CO	15 784	3
BLACK & DECKER CORP	32 593	10
BLOCK (H&R)	87 094	14
BMW STAMM	32 552	7
BMW VORZUG	1 641	0
BORGWARNER INC	8 100	1
BRITISH SKY BROADCASTING	44 702	2
CABLEVISION SYSTEMS A	13 800	2
CANADIAN TIRE CORP A	38 400	9
CARNIVAL CORP	28 638	5
CARNIVAL PLC(P AND O PRINCES	73 426	11
CASIO COMPUTER CO	23 100	1
CBS CORP B	47 377	3
CENTEX CORP	6 200	0
COMCAST A SPECIAL (NEW)	34 748	4
COMCAST CORP A (NEW)	80 972	10
COMPASS GROUP	115 521	4
CROWN LTD	35 779	1
D.R. HORTON	37 100	2
DAIEI	14 800	1
DAIHATSU MOTOR CO	6 000	0
DAIMLERCHRYSLER	87 704	23
DARDEN RESTAURANTS	56 200	11
DENSO CORP	41 100	5
DENTSU	145	2
DIOR (CHRISTIAN)	5 559	2
DIRECTV GROUP (THE)	22 488	4
DISCOVERY COMMUNICATIONS-C	14 000	1

NOK million	Quantity	Market value
DISH NETWORK CORP	19 400	2
DISNEY (WALT)	159 343	25
DSG INTERNATIONAL	136 200	0
EASTMAN KODAK CO	31 741	1
ELECTROLUX B	20 802	1
ESPRIT HOLDINGS	41 600	2
EUTELSAT COMMUNICATIONS	4 022	1
EXPEDIA	12 600	1
FAIRFAX MEDIA	149 204	1
FAST RETAILING CO	2 100	2
FIAT ORD	68 131	3
FORD MOTOR CO	346 113	5
FORTUNE BRANDS	10 139	3
FUJI HEAVY INDUSTRIES	87 000	2
GAMESTOP CORP A	5 800	1
GANNETT CO	19 789	1
GAP	124 301	12
GARMIN	6 300	1
GENERAL MOTORS CORP	107 000	2
GENUINE PARTS CO	52 175	14
GKN	79 825	1
GOODYEAR TIRE & RUBBER	3 000	0
HAKUHODO DY HOLDINGS	550	0
HARLEY-DAVIDSON	20 344	2
HASBRO	6 100	1
HENNES & MAURITZ B	16 538	4
HERMES INTERNATIONAL	2 102	2
HOME DEPOT	120 107	19
HOME RETAIL GROUP	45 449	1
HONDA MOTOR CO	205 500	30
HUSQVARNA B	28 487	1
INDITEX	8 559	3
INTERCONTINENTAL HOTELS	24 574	1
INTERVAL LEISURE GROUP-W/I	2 000	0
INT'L GAME TECHNOLOGY	15 400	1
ISETAN CO	17 600	1
ISUZU MOTORS	152 000	1
ITV	282 025	1
J FRONT RETAILING CO LTD	37 000	1
JARDINE CYCLE & CARRIAGE	9 000	0
JOHNSON CONTROLS	53 500	7
KB HOME	6 700	1
KINGFISHER	279 209	4
KOHLS CORP	12 494	3
LADBROKES	73 579	1
LAGARDERE	9 580	3
LAS VEGAS SANDS CORP	3 300	0
LEAR CORP	5 700	0
LEGGETT & PLATT	1 900	0
LENNAR CORP A	700	0
LI & FUNG	86 460	1
LIBERTY CAPITAL A	1 400	0
LIBERTY GLOBAL A	9 220	1
LIBERTY GLOBAL C	11 100	1
LIBERTY INTERACTIVE A	32 559	1
LIBERTY MEDIA CORP-ENT SER A	29 024	4
LIMITED BRANDS	26 555	2
LOWE'S COS	60 370	9
LUXOTTICA GROUP	5 525	1
LVMH	9 961	5
MACY'S	33 556	2
MAGNA INTERNATIONAL A	43 485	9
MAKITA CORP	3 800	1
MARKS & SPENCER GROUP	105 826	2
MARRIOTT INT'L A	8 200	1

NOK million	Quantity	Market value
MARUI GROUP CO LTD	9 900	0
MATTEL	113 476	13
MAZDA MOTOR CORP	115 000	1
MCDONALD'S CORP	39 771	17
MCGRAW-HILL COS	64 704	10
MEDIASET	327 487	13
MGM MIRAGE	1 600	0
MICHELIN	12 418	5
MITCHELLS & BUTLERS	28 060	0
MITSUBISHI MOTORS CORP	212 000	2
MOHAWK INDUSTRIES	6 800	2
NEWELL RUBBERMAID	23 518	2
NEWS CORP A	117 880	7
NEWS CORP B	31 992	2
NEXT	16 283	2
NGK SPARK PLUG CO	8 000	0
NIKE B	14 100	5
NISSAN MOTOR CO	486 000	12
NOK CORP	5 200	0
NOKIAN RENKAAT	13 928	1
NORDSTROM	12 100	1
OFFICE DEPOT	7 100	0
OMNICOM GROUP	54 250	10
OPAP	67 083	14
ORIENTAL LAND CO	500	0
PAGESJAUNES	11 846	1
PANASONIC CORP	106 100	9
PEARSON	54 019	3
PENNEY (J.C) CO	15 400	2
PERSIMMON	4 678	0
PEUGEOT SA	64 847	8
POLO RALPH LAUREN CORP A	3 200	1
PORSCHE AUTOMOBIL HOLDING SE	7 845	4
PPR	24 816	11
PUBLICIS GROUPE	7 100	1
PULTE HOMES	11 900	1
RAKUTEN	414	2
REED ELSEVIER (GB)	31 212	2
REED ELSEVIER (NL)	17 753	1
RENAULT	18 350	3
ROSS STORES	5 700	1
ROYAL CARIB CRUS	40 800	4
ROYAL CARIBBEAN CRUISES	1 600	0
SANKYO CO (6417)	5 400	2
SANYO ELECTRIC CO	175 200	2
SEARS HOLDINGS CORP	6 065	2
SEGA SAMMY HOLDINGS	9 900	1
SEKISUI CHEMICAL CO	47 900	2
SEKISUI HOUSE	42 500	3
SES A-FDR	4 023	1
SHARP CORP	218 800	11
SHAW COMMUNICATIONS B	9 862	1
SHERWIN-WILLIAMS CO	4 600	2
SINGAPORE PRESS HLDG	659 550	10
SODEXHO ALLIANCE	2 155	1
SONY CORP	64 900	10
STANLEY ELECTRIC CO	12 400	1
STAPLES	27 135	3
STARBUCKS CORP	29 578	2
STARWOOD HOT.&RES. WORLD	13 099	2
SUMITOMO RUBBER IND	8 700	1
SUZUKI MOTOR CORP	19 800	2
SWATCH GROUP INH	965	1
SWATCH GROUP NAM	3 892	1
TABCORP HOLDINGS	51 685	2

NOK million	Quantity	Market value
TARGET CORP	64 300	16
TATTS GROUP LTD	34 771	0
TAYLOR WIMPEY	21 311	0
TF1 TELEVISION FRANCAISE	14 830	2
THOMSON	4 878	0
THOMSON REUTERS CORP	13 648	3
THOMSON REUTERS PLC	16 352	2
TICKETMASTER	2 000	0
TIFFANY & CO	8 665	1
TIM HORTONS	7 300	1
TIME WARNER	238 663	17
TIME WARNER CABLE-A	15 300	2
TJX COS	69 289	10
TOLL BROTHERS	3 600	1
TOYOTA INDUSTRIES CORP	13 000	2
TRW AUTOMOTIVE HOLDINGS CORP	6 500	0
TUI	26 633	2
TUI TRAVEL	2 413	0
URBAN OUTFITTERS INC	6 600	1
VALEO	6 850	1
VF CORP	27 500	10
VIACOM B (NEW)	19 577	3
VIRGIN MEDIA	6 400	0
VIVENDI	75 290	17
VOLKSWAGEN STAMM	6 903	17
VOLKSWAGEN VORZUG	9 716	4
WASHINGTON POST CO B	300	1
WHIRLPOOL CORP	25 840	7
WHITBREAD	14 763	1
WILLIAM HILL	15 169	0
WOLTERS KLUWER	15 975	2
WPP PLC	81 555	3
WYNDHAM WORLDWIDE	9 500	0
WYNN RESORTS	2 600	1
YAMADA DENKI CO	2 460	1
YAMAHA CORP	18 900	1
YAMAHA MOTOR CO	22 400	2
YELL GROUP	7 563	0
YELLOW PAGES INCOME FUND	14 600	1
YUE YUEN INDUSTRIAL	18 500	0
YUM BRANDS	16 732	4
TOTAL CONSUMER GOODS		761
AEON CO	59 000	4
AHOLD (KON.)	77 402	7
AJINOMOTO CO	215 000	16
ALBERTO-CULVER COMMON	4 500	1
ARCHER-DANIELS-MIDLAND	44 315	9
ASAHI BREWERIES	112 800	13
ASSOCIATED BRITISH FOODS	154 428	11
AVON PRODUCTS	15 690	3
BEIERSDORF	4 003	2
BROWN-FORMAN CORP B	3 625	1
BUNGE	9 400	3
CADBURY PLC	76 554	5
CAMPBELL SOUP CO (US)	13 548	3
CARLSBERG B	4 181	1
CARREFOUR	81 978	22
CASINO ORD	22 024	12
CHINA UNICOM	54 700	0
CLOROX CO	31 505	12
COCA-COLA AMATIL	42 201	2
COCA-COLA CO	149 300	47
COCA-COLA ENTERPRISES	112 500	9
COCA-COLA HBC	9 651	1

Note 15 continues on the next page

Note 15 Shares and equity fund holdings (continued)

NOK million	Quantity	Market value
COLGATE-PALMOLIVE	17 200	8
COLRUYT	668	1
CONAGRA FOODS	120 239	14
CONSTELLATION BRANDS A	14 900	2
COSTCO WHOLESALE CORP	23 869	9
CVS/CAREMARK	65 590	13
DANISCO	1 650	0
DANONE (GROUPE)	19 721	8
DEAN FOODS CORP	12 100	2
DELHAIZE GROUPE	9 262	4
DIAGEO	118 890	11
DR PEPPER SNAPPLE GROUP-W/I	18 158	2
ESTEE LAUDER COS A	4 100	1
FAMILYMART CO	2 600	1
FOSTERS GROUP	144 730	4
GENERAL MILLS	19 880	8
GOODMAN FIELDER	63 870	0
HEINEKEN HOLDING	49 104	10
HEINEKEN NV	50 803	11
HEINZ (H.J) CO	19 830	5
HENKEL AG & CO KGAA	8 782	2
HENKEL AG & CO KGAA	2 275	0
HERSHEY CO (THE)	10 700	3
HORMEL FOODS CORP	43 800	10
INBEV	36 996	6
J.M.SMUCKER	7 400	2
JERONIMO MARTINS SGPS	13 900	1
KAO CORP	79 400	17
KELLOGG CO	12 600	4
KERRY GROUP A	65 362	8
KESKO B	2 311	0
KIMBERLY-CLARK CORP	48 063	18
KIRIN HOLDINGS CO	58 400	5
KRAFT FOODS A	164 589	31
KROGER CO	41 631	8
LAWSON	37 400	15
LION NATHAN	28 088	1
LOBLAW	13 100	3
LOREAL	8 803	5
MCCORMICK & CO NV	7 900	2
METCASH LTD	61 467	1
METRO A	64 100	13
METRO STAMM	7 717	2
MOLSON COORS BREWING B	43 800	15
MORRISON WM SUPERMARKETS	128 780	4
NESTLE	170 714	47
NIPPON MEAT PACKERS	14 200	1
NISSHIN SEIFUN GROUP	23 000	2
NISSIN FOODS HOLDINGS CO LTD	47 900	12
PARMALAT	138 370	2
PEPSI BOTTLING GROUP	61 500	10
PEPSICO	67 631	26
PERNOD RICARD	7 633	4
PROCTER & GAMBLE CO	152 024	66
RECKITT BENCKISER GROUP PLC	53 489	14
SABMILLER	39 043	5
SAFEWAY INC	106 154	18
SAINSBURY (J)	85 347	3
SAPUTO	76 500	10
SARA LEE CORP	64 054	4
SEVEN AND I HOLDINGS CO	45 140	11
SHISEIDO CO	12 800	2
SHOPPERS DRUG MART CORP	8 300	2
SMITHFIELD FOODS	5 400	1
SUPERVALU	22 885	2

NOK million	Quantity	Market value
SYSCO CORP	34 552	6
TATE & LYLE	271 416	11
TESCO	416 142	15
TYSON FOODS A	41 100	3
UNI-CHARM CORP	1 500	1
UNILEVER NV CERT	98 979	17
UNILEVER PLC	74 236	12
UNY CO	5 000	0
WALGREEN CO	105 623	18
WESTON (GEORGE)	36 200	12
WHOLE FOODS MARKET	10 300	1
WOOLWORTHS LTD	58 942	8
YAKULT HONSHA CO	6 600	1
TOTAL CONSUMABLES		817
TOTAL FOREIGN		7 655
TOTAL SHARES		9 388
TOTAL FINANCE		1 695
TOTAL DISTRIBUTION		622
TOTAL IT		674
TOTAL TELECOM		497
TOTAL HEALTH		806
TOTAL INDUSTRY		1 023
TOTAL RAW MATERIALS		555
TOTAL ENERGY		1 534
TOTAL CONSUMER GOODS		779
TOTAL CONSUMABLES		818
TOTAL UNSPECIFIED		384
TOTAL SHARES		9 388
EQUITY FUNDS		
CEVIAN CAPITAL II LP EUR CLASS C	250 000	143
KLP ALTERNATIV INVESTMENTS - RELATIVE VALUE	191 494	19
KLP ALTERNATIVE INVESTMENTS	189 214	20
KLP AKSJEASIA INDEKS I	54 008	40
KLP AKSJEASIA INDEKS II	717 042	406
KLP AKSJEEUROPA INDEKS I	594 866	421
KLP AKSJEEUROPA INDEKS II	811 384	546
KLP AKSJEGLOBAL INDEKS I	813 463	789
KLP AKSJEGLOBAL INDEKS II	662 147	542
KLP AKSJEGLOBAL INDEKS III	166 955	136
KLP AKSJEGLOBAL INDEKS IV	11 039	8
KLP AKSJENORDEN	831 485	1 052
KLP AKSJENORGE	429 002	724
KLP AKSJENORGE INDEKS	1 746	1
KLP AKSJENORGE INDEKS II	10 000	6
KLP AKSJEUSA INDEKS II	901 400	560
KLP AKSJEUSA INDEKS USD	155 009	896
ALLIANCE VENTURE IP COMM.	12 245	1
ALLIANCE VENTURE IP PREF.	137 755	7
CAPMAN BUYOUT VIII FUND A LP	6 817 667	60
CUBERA SECONDARY (GP) KS	5 987 242	6
CUBERA SECONDARY KS	59 872 411	56
ENERGY VENTURES II KS	45 514 225	50
ENERGY VENTURES III KS	15 325 819	13
FSN CAPITAL L.P. II	11 998 491	119
HERKULES PRIVATE EQUITY III (JERSEY-I) L.P.	13 739 165	14
HITEC VISION III AS	191 960	4
HITEC VISION PRIVATE EQUITY IV L.P.	8 751 990	88
HITEC VISION PRIVATE EQUITY V L.P.	3 167 500	17
INCITIA VENTURES II AS	17 992	0

NOK million	Quantity	Market value
INCITIA VENTURES II IS	8 144	7
INNKAP 4 PARTNERS L.P.	1 550 000	10
NEOMED INNOVATION IV LP	2 850 000	24
NMI FRONTIER FUND KS	5 400 000	5
NMI GLOBAL FUND KS	8 100 000	8
NORTHZONE V K/S (DANMARK)	2 607 856	22
NORVESTOR IV L.P.	7 386 700	45
NORVESTOR V L.P.	4 319 633	32
PARTNERS GROUP SECONDARY 2008, L.P.	2 138 860	18
VERDANE CAPITAL VI K/S	25 198 944	12
VERDANE V B K/S	27 697 410	13
ABERDEEN INDIRECT PARTNERS EUROPA	249 922	229
ABERDEEN INDIRECT PROPERTY PARTNERS ASIA	172 758	112
EUROPRISE SUB-FUND A	1 995	171
JPMORGAN EUROPEAN PROPERTY FUND	1 990	161
MORGAN STANLEY EUROZONE OFFICE FUND CLASS C2	1 824 497	187
TOTAL EQUITY FUNDS		7 800

NOK million	Quantity	Market value
ALTERNATIVE INVESTMENTS IN SHARES		
JWM PARTNERS RELATIVE VALUE I	75 000	59
JWM PARTNERS RELATIVE VALUE II (NEW SERIE)	10 000	48
SECTOR MARITIME	146 446	115
KLP ALTERNATIV INVESTMENTS - RELATIVE VALUE	1 500 000	153
KLP ALTERNATIV INVESTMENTS -FIXED INCOME	1 411 791	184
KLP ALTERNATIVE INVESTMENTS	5 026 874	544
TOTAL ALTERNATIVE INVESTMENT		1 104
TOTAL INVESTMENT		18 289

Note 16 Investment property

NOK million	2008	2007
Rental income	1 307	1 105
Operating expenses	-149	-163
Net realised gains/losses	-2	76
Change in fair value	-972	3 242
Total income from investment properties	184	4 261

NOK million	2008	2007
Book value 1 January	17 818	13 430
Additions through purchase	2 685	1 291
Additions through capitalisations	538	375
Disposals through sales	-7	-147
Change installations under construction moved to fixed assets	-21	-314
Net additions/disposals through transfers between investment property and owner-used property	-68	-48
Currency changes	410	-11
Net write-up/down from change in fair value	-972	3 242
Book value 31 December	20 383	17 818

Note 17 Shares in associated companies

NOK million	Office and business address	Holding %	Acquisition cost	Book value 31 Dec 2007	Additions/ disposals	Profit/loss share	Equity transaction	Dividend	Book value 31 Dec 2008
Kommunalbanken AS	Munkedamsveien 45, 0110 OSLO	20	141,00	268,07	0,00	70,00	100,00	-6,88	431,20
Norsk Pensjon AS[1]	Hansteens gate 2 0253 OSLO	25	0,00	1,73	0,00	0,00	0,00	0,00	1,73
Fylkeshuset, Molde AS	Fylkeshuset, Julsundvn. 9, 6400 MOLDE	48	0,05	0,05	0,00	0,00	0,00	0,00	0,05
Karmøy Rådhus AS	Rådhuset, 4250 KOPERVIK	49	0,05	0,05	0,00	0,00	0,00	0,00	0,05
Gjøvik Rådhus AS[2]	Rådhuset, 2800 GJØVIK	49	0,05	0,05	-0,05	0,00	0,00	0,00	0,00
Total shares in associated companies			141,15	269,95	-0,05	70,00	100,00	-6,88	433,02

All shares have equal voting proportions.
[1] Share of profit/loss in Norsk Pensjon AS will be booked in 2009.
[2] The shares in Gjøvik Rådhus AS were sold in 2008.

Financial information on associated companies

NOK million	Assets	Liabilities	Income	Profit/Loss
2008				
Kommunalbanken AS [1]	180 796,1	177 647,3	8 421,6	350,0
Norsk Pensjon AS	20,1	8,8	10,9	2,2
Fylkeshuset, Molde AS	152,0	147,1	1,8	0,5
Karmøy Rådhus AS	30,6	30,6	4,5	0,0
2007				
Kommunalbanken AS	142 422,9	141 114,6	6 652,2	143,5
Norsk Pensjon AS	15,1	8,1	0,4	-5,9
Fylkeshuset, Molde AS	155,2	145,4	19,1	9,7
Karmøy Rådhus AS	31,4	31,3	4,4	0,0
Gjøvik Rådhus AS	61,5	61,4	6,6	0,0

[1] Balance sheet information is based on the third quarter. Income and profit/loss information is estimated.

Note 18 Subordinated loan capital and perpetual hybrid Tier 1 securities

2008

NOK million	Loan amount currency	Loan amount NOK	Unrealised income (+) /cost (-)	Interest provision	Net costs	Book value 31 December 2008	Due date
Borrowings							
Oct 1997	JPY 9 500	554	180	5	25	739	Perpetual
April 2006	EUR 300	2 373	548	111	684	3 033	Perpetual
Total subordinated loan capital		2 927	728	116	709	3 771	
April 2004	JPY 15 000	984	266	1	771	1 250	Perpetual
Total perpetual hybrid Tier 1 securities		984	266	1	771	1 250	
Total subordinated loan capital and perpetual hybrid Tier 1 securities		3 911	994	117	1 480	5 022	

2007

NOK million	Loan amount currency	Loan amount NOK	Unrealised income (+) /cost (-)	Interest provision	Net costs	Book value 31 December 2007	Due date
Borrowings							
Oct 1997	JPY 9 500	554	-92	3	18	465	Perpetual
April 2002	EUR 100				-44		2012[1)]
April 2006	EUR 300	2 372	10	91	44	2 472	Perpetual
Total subordinated loan capital		2 926	-82	94	18	2 937	
April 2004	JPY 15 000	984	-407		-36	577	Perpetual
Total subordinated loan capital		984	-407		-36	577	
Total subordinated loan capital and perpetual hybrid Tier 1 securities		3 909	-489	94	-18	3 514	

[1)] The loan was repaid 11 April 2007

JPY 9 500 : The interest on the loan is fixed at 4.0 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan after 20 years. After 30 October 2017 the interest will be the higher of fixed 4.75 per cent p.a. and 6 mnth JPY-interest plus 2.05 per cent p.a. A balancing transaction has been struck with a loan issued for JPY 9,500 at 6 mnth JPY interest+1.30 per cent p.a. Linked with this an interest rate swap has also been entered into with an underlying value of JPY 9,500 where KLP receives 4.10 per cent p.a. and pays 6 mnth JPY-interest +1.30 per cent p.a. This interest rate swap matures on 30 Oct 2017. The hedging/balancing transactions KLP has in the loan and in the interest rate swap are shown in the table below.

EUR 300 : The interest on the loan is fixed at 5.25 per cent p.a. until 11 April 2016 after which it changes to a variable rate set at 2.27 per cent above three months' EURIBOR. The loan is perpetual but KLP has the right to redeem it at par on 11 April 2016. The loan is currency hedged by a similar investment in EURO-denominated bonds as shown in the table below.

JPY 15 000 : The interest on the loan is fixed USD-interest of 5.07 per cent p.a. The loan is perpetual but KLP has the right to redeem the loan on 28 April 2034. If KLP does not exercise its redemption right in 2034, the loan will switch to variable interest. The credit margin then increases by 1 percentage point to 6-month JPY LIBOR-interest + a margin of 3.30 per cent p.a. To hedge the interest and exchange risk associated with the loan a combined interest rate and currency swap has been agreed in which KLP pays 3-month NIBOR-interest + a margin of 2.65 per cent p.a. and receives USD-interest of 5.07 per cent p.a. This hedging arrangement is shown in the table below.

Subordinated loan capital is incorporated in supplementary capital when calculating the capital adequacy (see Note 22).
According to the capital adequacy rules, the lower of the exchange rate on the date of uptake and that on the calculation date is used for calculating eligible subordinated capital. The total proportion of subordinated loan capital that makes up the supplementary capital in the capital adequacy calculation is NOK 3,079 million as at 31 December 2008. This represents 26.4 per cent of net subordinated capital. The perpetual hybrid Tier 1 securities contribute NOK 983 million as core capital in the capital adequacy. This represents 11.5 per cent of total core capital.

2008

NOK million	Nominal currency	Nominal NOK on contr. date	Acquisition cost NOK	Unrealised income (+) / cost (-)	Book value 31 December 2008	Due date
Hedging transactions						
Lending	JPY 9 500	554[1)]	554	180	734	2017
Interest rate swaps	JPY 9 500			101	101	2017
Bonds	EUR 309	2 363[1)]	2 369	450	2 819	2015/2016
Interest rate and currency swap	JPY 15 000			266	266	2034
Total hedging transactions		2 917[1)]	2 923	997	3 919	

2007

NOK million	Nominal currency	Nominal NOK on contr. date	Acquisition cost NOK	Unrealised income (+) / cost (-)	Book value 31 December 2008	Due date
Hedging transactions						
Lending	JPY 9 500	554[1)]	554	-92	462	2017
Interest rate swaps	JPY 9 500			48	0	2017
Bonds	EUR 309	2 363[1)]	2 369	80	2 449	2015/2016
Interest rate and currency swap	JPY 15 000			-407	-407	2034
Total hedging transactions		4 454[1)]	2 923	-370	2 504	

[1)] Nominal in NOK is calculated on the basis of the exchange rate on contracting date.

Note 19 Hedge accounting

2008

NOK million	Nominal value	Changed value in hedged risk	Book value
Hedged object:			
Perpetual hybrid Tier 1 securities	-984	-266	-1 250
Hedge instrument:			
Combined interest rate and currency swap	984	266	266
Hedging effectiveness as at 31 December 2008		100 %	
Hedging effectiveness through the year		100 %	

2007

NOK million	Nominal value	Changed value in hedged risk	Book value
Hedged object:			
Perpetual hybrid Tier 1 securities	-984	407	-577
Hedge instrument:			
Combined interest rate and currency swap	984	-407	-407
Hedging effectiveness as at 31 December 2007		100 %	
Hedging effectiveness through the year		100 %	

The perpetual hybrid Tier 1 securities loans are hedged against changes in interest rates and exchange rates through purchase of a combined interest rate and currency swap (CIRCUS). The hedging is brought to account in accordance with the rules on fair value hedging. This means that the hedged value development of the hedged object is taken to profit/loss. Correspondingly the value change on the hedged instrument is taken to profit/loss. Since the value change on the hedge object and the hedge instrument are approximately 100 per cent negatively correlated, the profit/loss effect will be approximately nil. See also Note 2 for detailed description of the hedge accounting in the accounts.

Note 20 Technical matters

Changes in life insurance technical liabilities

Contractural liabilities

NOK million	Premium reserve	Supplementary reserves	Securities adjust. fund	Claim provision	Premium fund[1]	Total
Opening balance 2008	163 280	7 784	7 132	92	4 030	182 316
Changes in insurance liabilities taken to profit/loss						
Net provisions taken to profit/loss	14 770	-3 828	-7 215	-8	79	3 799
Risk profit/loss assigned to insurance contracts					368	368
Other assignment of surplus					1 537	1 537
Total changes taken to profit/loss	14 770	-3 828	-7 215	-8	1 984	5 703
Changes in insurance liabilities not taken to profit/loss						
Reclassification 1 January 2008 - New Insurance Activity Act			83	3		86
To/from funds on transfer settlement		2			-62	-60
Transfers and allocations	4	-18			-3 611	-3 625
Total changes not taken to profit/loss	4	-16	83	3	-3 673	-3 598
Closing balance 2008	178 054	3 940	0	87	2 341	184 422

NOK million	Premium reserve	Supplementary reserves	Securities adjust. fund	Claim provision	Premium fund[1]	Total
Opening balance 2007	145 738	6 572	7 934	92	3 930	164 266
Changes in insurance liabilities taken to profit/loss						
Net provisions taken to profit/loss	17 543	-27	-802	-1	80	16 793
Surplus on return profit/loss		1 248			2 740	3 988
Risk profit/loss assigned to insurance contracts					101	101
Other assignment of surplus					766	766
Total changes taken to profit/loss	17 543	1 221	-802	-1	3 687	21 648
Changes in insurance liabilities not taken to profit/loss						
To/from funds on transfer settlement					-21	-21
Transfers and allocations		-9			-3 566	-3 575
Total changes not taken to profit/loss	0	-9	0	0	-3 587	-3 575
Closing balance 2007	163 280	7 784	7 132	92	4 030	182 316

[1] incl Pensioners surplus fund

Note 20 Technical matters (continued)

Insurance liabilities distributed by sector

NOK million	Premium reserve	Supplementary reserves	Securities adjust. fund	Claim provision	Premium fund[1]	Total
Life insurance						
Group pension insurance - Public						
- Defined benefit without investment option						
Opening balance	163 027	7 781	7 121		4 015	181 945
Closing balance	177 744	3 939	0		2 333	184 016
Group pension insurance -Private 1)						
- Defined benefit without investment option						
Opening balance	250	3	11		15	279
Closing balance	304	1	0		8	313
Group pension insurance -Private						
- Defined contribution pension with investment option						
Opening balance	2				0	2
Closing balance	6				0	6
Group life insurance						
Opening balance				91		91
Closing balance				87		87
Total insurance liabilities in life insurance						
Opening balance	163 280	7 784	7 132	91	4 030	182 316
Closing balance	178 054	3 940	0	87	2 341	184 422

NOK million	Premium provision	Claim provision	Contingency reserve	Other provisions	Total
Non-life insurance					
Opening balance	70	1 577	396	7	2 050
FSA of N min requirements	70	1 132	206		1 408
Closing balance	84	1 689	383		2 155
FSA of N min requirements	84	1 172	193		1 409

Total insurance liabilities	
Opening balance	184 366
Closing balance	186 577

[1] Including the pensioners surplus fund and deposit fund

NOK million	Pension insurance	Group life insurance	Non-life insurance	Total 31 Dec 2008	Total 31 Dec 2007
Accounts receivable and liabilities related to direct insurance	-231	10	-7	-228	-338
Accounts receivable and liabilities related to reinsurance			2	2	11
Reinsurers' share of technical provisions			80	80	50

Premiums, claims and profit/loss in non-life insurance

NOK million	B2B insurances	B2C insurances	Natural Perils insurances	Total 2008	Total 2007
Premiums due					
Gross premiums	508	25	40	574	555
Premiums ceded	34	0	0	34	44
Premiums for own account	475	24	40	540	511
Gross business					
Gross premiums earned	505	16	38	560	557
Gross claims incurred	372	11	22	405	416
Gross insurance-related operating expenses	116	18	10	144	118
Gross technical profit/loss	16	-13	7	11	22
Ceded business					
Premiums earned	34			34	35
Reinsurance share of claims incurred	34			34	-12
Technical profit/loss	16	-13	7	10	-25
Financial income	7	0	1	7	88
Profit/Loss	23	-13	8	18	63
Claims incurred gross					
Claims for the year	458	13	22	493	458
Run-off losses for previous years	-86	-2	0	-88	-42
Claims incurred gross	372	11	22	405	416
Claims incurred, for own account					
Claims for the year	429	13	22	463	453
Run-off losses for previous years	-90	-2	0	-92	-25
Claims incurred, for own account	338	11	22	371	428

Note 21 Intangible assets

NOK million	2008	2007
Book value 1 January	208	123
Acquisition cost 1 January	307	198
Total additions	133	112
of which internally developed	16	11
of which bought	117	100
Capitalised assets taken to expenses	-20	0
Acquisition cost 31 December	420	309
Accumulated depreciation previous years	-99	-74
Ordinary depreciation for the year	-39	-27
Accumulated depreciation 31 Dec	-138	-102
Write-down	0	0
Book value 31 December	281	208
Depreciation period	3 to 12 years	3 to 10 years

Note 22 Fixed assets

	NOK million	Property for own use	Installations under construction	Transport assets	Machines/ inventory	Total 2008	Total 2007
	Opening balance (OB)	301	453	3	25	783	328
	Acquisition cost 1 January	309	453	6	117	886	419
	Accumulated depreciation previous years	-8	0	-3	-92	-103	-90
+	additions	83	120	4	11	218	372
-	assets held for sale	0	-99	-1	0	-100	-2
+	purchases re business transfer	0	0	0	3	3	0
+/-	value adjustments	73	0	0	0	73	97
+/-	loss on value reduction	0	0	0	0	0	0
-	depreciation	-7	0	-1	-9	-17	-13
+/-	currency effect	0	0	0	0	0	0
+/-	other changes	0	0	0	0	0	0
	Accumulated depreciation 31 Dec	-14	0	-4	-101	-120	-103
	Closing balance	450	474	6	30	960	783
	Economic life	50 yrs		5 yrs	3 – 5 yrs		
	Depreciation scheme	Straight-line		Balance/ Straight-line	Balance/ Straight-line		

Other information

KLP Eiendom Oslo AS has entered into an agreement on future purchase of the property company, Barcode 103 AS (New head office for KLP).

Completion and takeover of the company, Barcode 103 AS, is on 2 January 2010.

The agreement was concluded between KLP Eiendom AS (gml) (now part of KLP E Oslo) and Oslo S Utvikling AS.

Calculation of the market value of the contract as at 31 December indicates that the contractually agreed amount does not exceed the property's market value on takeover.

Note 23 Capital adequacy consolidated

NOK million	31.12.2008	31.12.2007	31.12.2006	31.12.2005
Core capital	8 800	7 322	6 620	5 956
Deduction from core capital for intangible assets	-281	-208	-126	-99
Deduction tax assets (deferred taxes)	-80			
Deduction subordinated capital in other financial institutions	-3			
Core capital after deduction for intangible assets	8 436	7 114	6 495	5 856
Supplementary capital	3 079	2 833	3 630	1 307
Deduction subordinated capital in other financial institutions	-3			-286
Net subordinated capital	11 511	9 947	10 125	6 877
Assets and off-balance sheet items by risk category				
Risk weighted 0 %	58 923	51 133	54 016	53 593
Risk weighted 10%	998	1 239	1 126	1 472
Risk weighted 20%	97 836	88 351	74 058	66 103
Risk weighted 35%	8 409	7 027		
Risk weighted 50%	12 911	317	6 676	6 993
Risk weighted 100%	53 933	72 130	64 137	48 537
Risk weighted 150%	1 104	413		
Off-balance sheet items	29 816	31 680	95 811	112 899
Assets linked to insurance contracts with investment option		2		
Weighted sum balance sheet assets	84 452	93 014	82 394	65 401
Weighted sum off-balance sheet items	676	347	676	824
Deduction subordinated capital in other financial institutions	-7			-286
Deduction unrealised gains on short-term financial assets		-5 223	-6 813	-5 030
Reduction loss provisions				-2
Risk-weighted calculation basis	85 121	88 138	76 256	60 907
Capital adequacy	13,52 %	11,29 %	13,28 %	11,29 %

Capital adequacy requirement

The authorities' minimum requirement for capital adequacy is set at 8 per cent for insurance companies as for other financial institutions. The capital adequacy requirement also applies on a consolidated basis. The capital adequacy calculation for the Group is calculated on the basis of the Group accounts prepared in accordance with the Annual Accounts Regulations for Insurance Companies.

Core capital

Perpetual hybrid Tier 1 securities are included as core capital to maximum 15 per cent of other core capital (equity contributions and retained earnings). Any surplus counts as supplementary capital. Perpetual hybrid Tier 1 securities are reclassified from supplementary capital to core capital in step with other core capital increasing.

Supplementary capital

Subordinated loans in foreign currency are valued at the lower of the exchange rate on the calculation date and the exchange rate on the contracting date, apart from the subordinated loan in Japanese Yen (JPY). For this, the exchange rate as at 29 October 2001, the date of the application to the FSA of Norway to use a different a different rate of exchange.

Note 24 Solvency margin requirement and solvency margin capital

NOK million	2008	2007	2006
Kommunal Landspensjonskasse			
Solvency margin requirement in accordance with regulations issued by the Norwegian Ministry of Finance	7 030	6 453	5 794
Subordinated capital	11 652	10 008	9 401
Proportion of risk equalisation fund that can be included (Contingency fund until 2007)	117	166	81
50 per cent of supplementary reserves	1 970	3 892	3 286
Solvency margin capital 31 December	13 739	14 066	12 768
Solvency margin adequacy	195 %	218 %	220 %
KLP Bedriftspensjon AS			
Solvency margin requirement in accordance with regulations issued by the Norwegian Ministry of Finance	0	0	0
Amount of minimum requirement (EUR 3 mill)	27	23	26
Subordinated capital	26	44	47
Proportion of risk equalisation fund that can be included (Contingency fund until 2007)	1	0	
50 per cent of supplementary reserves	0,5	0	
Solvency margin capital 31 December	28	44	47
Solvency margin adequacy	103 %	187 %	178 %
KLP Skadeforsikring			
Solvency margin requirement in accordance with regulations issued by the Norwegian Ministry of Finance	128	128	122
Subordinated capital	346	269	306
Proportion of contingency fund that can be included	277	283	256
Proportion of natural perils fund	51	47	88
Solvency margin capital 31 December	674	598	649
Solvency margin adequacy	526 %	467 %	530 %

Note 25 Return on capital for life insurance companies

Calculation of capital return yield for life insurance companies has been governed by the Regulation of 19 February 1993 No. 192 on targets for life insurance companies' capital returns. This regulation has not been adjusted to new legislation. The Financial Supervisory Authority of Norway has put forward a draft new regulation on calculation of the returns yield. The draft has currently not been agreed and has not been implemented for the returns calculations for 2008 which is the first year after the division of management into common and corporate portfolios. The returns calculations presented have been calculated in accordance with the method shown in the Regulation of 1993, however only in regard to the common portfolio's funds and returns for 2008. The returns figures for previous years applied to the combined management.

Kommunal Landspensjonskasse

Per cent	2008	2007	2006	2005	2004
Return on the common portfolio					
Return I	1,0	7,5	6,6	5,7	6,0
Return II	-3,0	6,7	7,6	8,0	6,9
Average yield	- [1]	7,5	6,6	5,7	6,0

KLP Bedriftspensjon AS

Per cent	2008
Return on the common portfolio	
Return I	1,1
Return II	-2,3

Return I = Book return

Return II = Value adjusted return

This is the book return +/-unrealised value changes taking to the securities adjustment fund

Sub-portfolios

In KLP Bedriftspensjon AS all assets in the common portfolio were managed together.

Balanced portfolio 1 covered all customers in the joint pension scheme for county authorities, the joint pension scheme for health, and the pension scheme for elected representatives.

This portfolio also covers customers in the joint pension scheme for municipalities and enterprises with the exception of one municipality which chose the Proactive portfolio.

Balanced portfolio 2 covers all customers in the pension scheme for nurses and the joint pension scheme for hospital doctors.

For 2008 the common portfolio's sub-portfolios have had the following returns:

Per cent	Return I	Return II
Balanced portfolio 1	0,9	-3,1
Balanced portfolio 2	1,1	-2,8
Proactive portfolio	2,7	-2,3

[1] Not applicable

Note 26 Taxes

NOK million	2008	2007
Profit/loss before taxes	348	652
Permanent differences linked to:		
Shares/shares derivatives within the EU/EEA	4 815	-5 107
Securities adjustment fund shares/shares derivatives within the EU/EEA	119	-1 136
Share dividend received from companies within the EU/EEA	-281	-354
Other permanent differences	56	80
Tax base for the year	5 058	-5 865
Change in temporary differences related to:		
Fixed assets	-127	127
Long-term receivables / long-term debt in foreign currency	1 211	-205
Pension obligations	15	321
Pension corridor	0	-271
Securities adjust. fund short-term fin. assets exc. shares/share derivs. in the EU/EEA	-2 056	-1 602
Provisions fund	-19	0
Shares and other securities	206	2 341
Shares in internal partnerships	-1	-1 644
Carry-forward deficit for the year	-4 047	6 379
Correction for temporary differences concerning previous years	-239	419
Base for tax payable	0	0
Allocation of tax expense:		
Tax payable on profit/loss for the year	0	0
Change in deferred tax	0	0
Tax expense on profit/loss for the year	0	0

NOK million	31.12.08	31.12.07
Calculation of deferred tax / deferred tax asset		
Fixed assets	0	127
Profit / loss account	-11	-14
Long-term receivables / long-term debt in foreign currency	814	-397
Pension obligations	349	295
Securities adjustment fund	-2	2 054
Shares and other securities	445	207
Shares in internal partnerships	3	0
Administration reserve in excess of minimum requirement	22	0
Change base deferred tax fund	297	0
Other temporary differences	242	-2
Accumulated deficit / credit to be carried forward	6 541	11 741
Basis for deferred tax / deferred tax assets in the balance sheet	8 701	14 009
Deferred tax (-) / deferred tax asset (+), tax rate 28 %	2 436	3 923
Of which deferred tax asset not recorded on balance sheet	2 436	3 923

	31.12.08	31.12.07
Wealth tax		
Wealth	184 123	180 040
Liabilities	-194 747	-180 222
Net wealth	-10 625	-183
Wealth tax (0.3 %)	0	0

There is great uncertainty about whether taxable income in the near future will reach a level at which all deficit carried forward will be used. Deferred tax assets have therefore not been recorded on the balance sheet. The main reason for this is that the tax reform of 2004 meant that dividend and gains/losses from equity investments within the EEA became exempt from tax. It is expected that in the years ahead the Group will receive income from such investments. Until the end of 2003, share dividend from shares within the EEA gave an entitlement to earnings deductions in tax assessed. Unused earnings deductions can be carried forward for up to 10 years, but then expire. The group has unused earnings deductions for the years 1999 -2003.

Note 27 Pensions obligations, own employees

The majority of the pension obligation is covered through KLP's joint pension scheme for local authorities and enterprises ("Fellesordningen").
The company also offers a pension scheme in addition to Fellesordningen This obligation is covered through operation. Fellesordningen is a benefits-based pension scheme that satisfies the requirements for mandatory occupational pensions ('obligatorisk tjenestepension', or OTP). The company has a contract pension (AFP) scheme

The accounting treatment of pension liabilities is described in more detail in Note 2.

NOK million	2008			2007		
	Joint scheme	Through operation	Total	Joint scheme	Through operation	Total
Accumulation for the year	54	4	58	49	6	55
Interest cost	31	4	34	26	4	30
Gross pension cost	84	8	92	75	10	85
Expected return	-22	0	-22	-17	-1	-18
Administration costs/Interest guarantee	2	0	2	2	0	2
Estimate deviation taken to profit/loss	-1	-1	-2	0	1	1
Net cost of pension including administrative cost	64	6	70	60	10	70
Employer's NIC on net pension cost including administration cost	9	1	10	8	1	10
Extraordinary costs	0	0	0	0	0	0
Net pension cost including employer's NIC & administration cost	73	7	80	68	12	80
Of which employer's NIC on estimate deviation taken to profit/loss	0	0	0	0	0	0
Gross accrued pension liabilities	725	93	818	603	80	683
Pension assets	394	6	400	354	8	362
Net pension liabilities/assets before Employer's National Insurance Contributions	331	87	418	249	72	321
Employer's NI contribution	47	12	59	35	10	45
Net pension obligations before Employer's NIC	378	99	477	284	82	366
Estimate deviations not taken to profit/loss excl Employer's NIC	-3	7	4	66	19	85
Estimate deviations not taken to profit/loss Employer's NIC	0	1	1	9	3	12
Net liabilities/assets incl Employer's NIC taken to profit/loss	374	107	481	360	104	463
Of which capitalised Employer's NIC	46	13	59	44	13	57
Change in pension assets						
Gross pension assets opening balance 1 Jan	354	8	362	306	11	317
Expected return	22	0	22	17	1	18
Actuarial losses/gains	-22	-2	-24	-1	-4	-5
Administration cost	-2	0	-2	-2	0	-2
Takeovers/acquisitions	0	0	0	0	0	0
Premium received/contribution (including administration)	51	3	55	42	3	44
Deduction/settlement	0	0	0	0	0	0
Payments	-9	-3	-12	-8	-3	-11
Gross pension assets closing balance 31 Dec	394	6	400	354	8	362
Change in pension obligations						
Net pension obligations Opening balance 1 Jan	603	78	681	555	85	640
Accumulation for the year	54	4	58	49	6	55
Interest cost	31	4	34	26	4	30
Deduction/settlement	0	0	0	0	0	0
Plan change	0	0	0	0	0	0
Actuarial losses/gains	46	11	57	-19	-12	-31
Takeovers/acquisitions	0	0	0	0	0	0
Payments	-9	-3	-12	-8	-3	-11
Gross pension obligations Closing balance 31 Dec	725	93	818	603	80	683
Pension schemes' surplus/deficit						
Present value of the defined benefits pension liability	725	93	818	603	80	683
Fair value of the pension assets	394	6	400	354	8	362
Deficit / (surplus)	331	87	418	249	72	321

NOK million	2008			2007		
	Joint scheme	Through operation	Total	Joint scheme	Through operation	Total
Financial assumptions (common to all pension schemes)						
Discount rate	3,80 %	3,80 %	3,80 %	4,70 %	4,70 %	4,70 %
Salary growth	4,00 %	4,00 %	4,00 %	4,50 %	4,50 %	4,50 %
G adjustment/P adjustment	3,75 %	3,75 %	3,75 %	4,25 %	4,25 %	4,25 %
Expected return	5,80 %	5,80 %	5,80 %	5,85 %	5,85 %	5,85 %
Rate of Employer's NIC	14,10 %	14,10 %	14,10 %	14,10 %	14,10 %	14,10 %
Amortisation time	15 år	15 år	15 år	15 år	15 år	15 år

Actuarial assumptions:

KLP's joint pension scheme for municipalities and enterprises ("Fellesordningen")
The calculations are based on mortality and disability assumptions for the members of the pension scheme as well as frequencies of take up of the contractual early retirement scheme (AFP).

The following has been assumed:
Take-up of AFP for 2008 and 2009 (per cent in relation to remaining employees):
On reaching 62 years there are 45% who retire with an AFP pension. The remainder retire on reaching pensionable age.

Voluntary termination for Fellesordning during 2008 and 2009 (in %)

Age (in years)	< 20	20-23	24-29	30-39	40-50	51-55	>55
Turnover	20 %	15 %	10 %	7,5 %	5 %	2 %	0 %

Longevity: A variant of K2005 has been used for mortality assumptions.

Pensions through operation:
Take-up of AFP/premature retirement is not relevant to this scheme. In regard to mortality the same variant of K2005 has been used as for Fellesordningen.

Composition of the pension assets:
The pension assets are based on KLP's financial assets in the common portfolio which has the following asset composition as at 31.12.:

Property	11,0 %
Lending	11,4 %
Shares	5,6 %
Long-term/HTM bonds	35,7 %
Short-term bonds	22,3 %
Liquidity/money market	14,0 %
Total	100,0 %

The table shows the percentage of placements of the pension assets at the end of the year that are managed by KLP. Book (realised) return on the assets was 1 per cent in 2008 and 7.53 per cent in 2007.

Best estimate pension premium for 2009:	Joint scheme	Through operation	Total
Accumulation for the year	67	6	74
Interest cost	30	4	34
Gross pension cost	97	10	107
Expected return	-24	0	-25
Administration costs/Interest guarantee	3	0	3
Net cost of pension including administrative cost	76	10	85
Employer's NIC on net pension cost including administration cost	11	1	12
Estimate deviation taken to profit/loss	0	0	0
Employer's NIC on estimate deviation	0	0	0
Extraordinary costs	0	0	0
Net pension cost including Employer's NIC & administration cost	87	11	97
Gross accrued pension liabilities	812	99	912
Pension assets	463	7	469
Net pension liabilities/assets before Employer's National Insurance Contributions	350	93	443
Employer's NIC	49	13	62
Net pension obligations incl Employer's NIC	399	106	505
Estimate deviations not taken to profit/loss excl Employer's NIC	-3	7	4
Estimate deviations not taken to profit/loss Employer's NIC	0	1	0
Capitalised net liabilities/assets incl Employer's NIC	396	113	509
Of which capitalised Employer's NIC	49	14	63

Expected contributions to the joint scheme after employment termination for the period 1 January 2009 to 31 December 2009 NOK 51,340,736.

Note 28 Salary and obligations towards senior management/governing bodies

The Kommunal Landspensjonskasse senior management group is defined as the Group CEO, the KLP divisional directors and the managing directors of the largest subsidiaries.
There are no obligations to provide the Group CEO or the Chairman of the Board special consideration or other benefits on termination or change in employment contract or appointment.
The bonus scheme applies only to certain employees in KLP Kapitalforvaltning and KLP Fondsforvaltning.
All employees in the Group can take up loans from KLP on staff terms and conditions. No senior employee has terms and conditions that deviate from this. Loans to external members of the Board of Directors/Control Committee/Supervisory Board are only granted at ordinary lending terms and conditions.

2008

NOK million	Ordinary salary	Bonus	Other benefits	Annual pension costs	Total remu-neration	Loan from the Group	Interest rate 31 Dec 08	Payments plan [2]
Senior management [1]								
Sverre Thornes, Group CEO	2,46		0,19	0,81	3,45	7,11	4,25-5,70	A2038
Ida Espolin Johnson	1,87		0,17	0,47	2,51	6,38	4,70-6,70	A2039
Ole Jacob Frich	1,17		0,16	0,38	1,71	6,11	4,70-6,70	A2038
Mari Thjømøe (until 30 June 2008)	0,75		0,09	0,28	1,12			
Øyvind Amundsen (until 30 June 2008)	0,61		0,05	0,00	0,67			
Aage E. Schaanning	1,93	2,00	0,15	0,41	4,48	3,42	4,70-4,95	A2033
Rune Mæland (from 1 July 2008)	0,53		0,07	0,15	0,75	1,84	4,95	A2036
Roy Halvorsen (from 1 July 2008)	0,64		0,08	0,24	0,96	4,60	4,70-6,70	A2036
Hans Martin Hovden	1,28		0,12	0,42	1,82	0,49	4,70	A2026
Steinar Manengen	3,27		0,18	1,42	4,87	5,50	4,70	A2038
Morten Hvistendahl (from 1 July 2008)	0,77		0,02	0,17	0,96	2,61	4,95-7,10	A2036
Total	15,29	2,00	1,27	4,75	23,31	38,05		
Board of Directors	Fees							
Siri Austeng, Chair (until 14 May 2008)	0,11				0,11			
Arne Øren, Chair (from 14 May 2008)	0,12				0,12			
Finn Jebsen, Vice Chair	0,17				0,17			
Ann Inger S. Døhl	0,13				0,13			
Herlof Nilssen	0,13				0,13	0,57	7,50	A2026
Anne Grethe Skårdal	0,13				0,13			
Ole K. Hetland (until 14 May 2008)	0,07				0,07			
Gunn Marit Helgesen (from 14 May 2008)	0,03				0,03			
Kari Bakken, staff representative	0,13				0,13	0,16	4,95	A2013
Rune Brakstad, staff representative	0,13				0,13	1,83	4,70-6,70	A2036
Total	1,17				1,17			
Control Committee								
Kjell Pettersen, Chair (until 21 April 2008)	0,03				0,03			
Ole Hetland, Chair (from 21 April 2008)	0,03				0,03			
Anne-Marie Barane, Vice Chair	0,05				0,05			
Aud Mork	0,05				0,05			
Jan Rune Fagermoen	0,05				0,05			
Paul M. Nilsen (until 21 April 2008)	0,02				0,02			
Trond Knudsen (from 21 April 2008)	0,03				0,03			
Tor Berge (from 21 April 2008)	0,02				0,02			
Total	0,28				0,28			
Supervisory Board								
Total Supervisory Board, incl. staff representatives	0,41					25,95		
Loans to Group staff						1 004,13		

2007

NOK million	Ordinary salary	Bonus	Other benefits	Annual pension costs	Total remu-neration	Loan from the Group	Interest rate 31 Dec 07	Payments plan [2]
Senior management [1]								
Bjørn Kristoffersen, Group CEO (until 28 Feb 2007)	0,35		0,03	0,16	0,54	0,00		
Iver Lund, Gp Dir until 28 Feb 2007, Group CEO (from 1 Mar 2007)	2,02		0,12	0,66	2,80	1,21	3,95-5,65	S2021
Mari Thjømøe, Group Director	1,46		0,16	0,51	2,13	4,24	3,95-5,65	S2027
Ida Espolin Johnson, Group Director (from 16 April 2007)	0,89		0,08	0,33	1,30	0,00		
Sverre Thornes, Group Director	1,86		0,15	0,67	2,68	7,16	3,95-5,65	A2038
Ole Jacob Frich, Group Director	1,09		0,13	0,39	1,61	4,50	3,95-5,65	A2038
Aage E. Schaanning, MD KLP Kapitalforvaltning ASA	1,44	1,19	0,08	0,36	3,06	2,54	3,95-4,20	A2023
Hans Martin Hovden, MD KLP Skadeforsikring AS	1,14		0,11	0,39	1,64	0,51	3,95	A2026
Steinar Manengen, MD KLP Eiendom AS	2,02		0,15	0,79	2,96	5,50	3,95	A2037
Total 2007	12,28	1,19	1,00	4,25	18,72	25,66		
Board of Directors	Fees							
Siri Austeng, Chair	0,22				0,22	0,00		
Finn Jebsen, Vice Chair	0,16				0,16	0,00		
Ann Inger S. Døhl	0,13				0,13	0,00		
Ole K. Hetland	0,13				0,13	0,00		
Herlof Nilssen	0,13				0,13	0,59	6,25	A2026
Anne Grethe Skårdal	0,13				0,13	0,00		
Kari Bakken, staff representative	0,13				0,13	0,20	4,20	A2013
Rune Brakstad, staff representative	0,13				0,13	1,87	3,95-5,65	A2036
Total 2007	1,16				1,16	2,66		
Control Committee								
Kjell Pettersen, Chair	0,06				0,06	0,96	6,25	S2023
Anne-Marie Barane, Vice Chair	0,05				0,05	0,00		
Aud Mork	0,05				0,05	0,00		
Jan Rune Fagermoen	0,05				0,05	0,00		
Paul M. Nilsen	0,05				0,05	1,70	4,00-5,90	S2017
Total 2007	0,25				0,25	2,67		
Supervisory Board								
Total Supervisory Board, incl. staff representatives	0,64				0,64	27,72		
Loans to Group staff 2007						666,37		

[1] Declared salary/remuneration applies only for the period the senior staff have held their position.
[2] S= Serial loan, A= Annuity loan, last payment.

Note 29 Number of employees

	2008	2007
Total permanent employees in the Group 31 Dec	685	647
Average number of employees in the Group	666	606

Note 30 Audit fee

NOK million	2008	2007
Auditor's fee	3,5	3,3
Other certification services	0,0	0,1
Tax consultancy	0,7	0,4
Other services excluding audit	3,1	0,9
Total Auditoris fee	7,3	4,7

The sums above include VAT.

Note 31 Operating costs

NOK million	2008	2007
By class:		
Staff costs	545	475
Depreciation	44	40
Other operating costs	246	241
Total operating expenses	835	755

Note 32 Other income and expenses

NOK million	2008	2007
Other income		
Costs cover service pension/contr.early retmnt. sch. (AFP)	606	560
Interest income	49	51
Fee income asset management	103	123
Other income	12	9
Total other income	770	743

NOK million	2008	2007
Other expenses		
Other costs related to financial assets and liabilities	9	9
Payments service pension/AFP	607	563
Other costs	141	38
Total other expenses	757	610

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To the Annual General Meeting of Kommunal Landspensjonskasse

Auditor's report for 2008

We have audited the annual financial statements of Kommunal Landspensjonskasse as of December 31, 2008, showing a profit of kr 397 millions for the parent company and a profit of kr 348 millions for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows and the accompanying notes. The financial statements of the group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. International Financial Reporting Standards as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31,2008 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of December 31, 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, March 20, 2009
PricewaterhouseCoopers AS

Magne Sem
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Alta Arendal Bergen Bodø Drammen Egersund Florø Fredrikstad Førde Gardermoen Gol Hamar Hammerfest Hardanger Harstad Haugesund Kongsberg Kongsvinger Kristiansand Lyngseidet Mandal Mo i Rana Molde Mosjøen Måløy Namsos Oslo Sandefjord Sogndal Stavanger Stryn Tromsø Trondheim Tønsberg Ulsteinvik Ålesund
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ACTUARY'S DECLARATION

With a reference to the accounts presented for 2008 it is confirmed that the insurance provisions have been made in accordance with the applicable calculation assumptions and thus in accordance with the regulatory requirements.

The proposed allocation in regard to supplementary reserves is in accordance with the applicable rules. The allocation of the remaining elements of the result for the year is also in accordance with the Norwegian Insurance Activity Act, including the amendments to the Act that came into effect on 1 January 2008.

Oslo, 20 March 2009

Roar Engen, Chief Actuary

ANNUAL REPORT AND ACCOUNTS FOR 2008 - SUPERVISORY BOARD'S STATEMENT

It is proposed that the Supervisory Board makes the following statement to the General Meeting: The Kommunal Landspensjonskasse Supervisory Board has examined the annual report presented by the Board of Directors comprising the Directors' report, the income statement, the balance sheet, the cash flow analysis, notes and Group accounts, the statement of the actuary, the auditor's report and the Control Committee statement.

The Supervisory Board will recommend to the General Meeting that the Company's and the Group's Annual Accounts and Annual Report for 2008 be approved in accordance with the Board's proposal, in which the book result before allocation of supplementary reserves represented minus NOK 1,405 million. Following transfer of NOK 3,705 to cover negative yield results, NOK 2,300 million remains for allocation between customers and owners. The customers' premium fund is credited with a positive result of NOK 1,903 million.

The profit for the year, amounting to NOK 397 million, is transferred to the Company's owners' equity funds.

The report of the Control Committee is noted.

Oslo, March 27, 2009

Ole Hetland

Anne-Marie Barane

Aud Mork

Trond Knudsen

Jan Rune Fagermoen

Statement by the Supervisory Board of Kommunal Landspensjonskasse

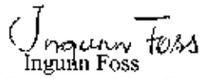
ANNUAL REPORT AND ACCOUNTS FOR 2008 - STATEMENT OF THE SUPERVISORY BOARD

It is proposed that the Supervisory Board make the following statement to the General Meeting:

The Kommunal Landspensjonskasse Supervisory Board has examined the annual report presented by the Board of Directors comprising the Directors' report, the income statement, the balance sheet, the cash flow analysis, notes and Group accounts, the statement of the actuary, the auditor's report and the Control Committee statement.

The Supervisory Board will recommend to the General Meeting that the Company's and the Group's Annual Accounts and Annual Report for 2008 be approved in accordance with the Board's proposal, in which the book result before allocation of supplementary reserves represented minus NOK 1,405 million. Following transfer of NOK 3,705 to cover negative yield results, NOK 2,300 million remains for allocation between customers and owners. The customers' premium fund is credited with a positive result of NOK 1,903 million. The profit for the year, amounting to NOK 397 million, is transferred to the Company's owners' equity fund.

Oslo, April 1, 2009



Inguinn Foss

Chair, The Supervisory Board

Elected representatives and boards

THE SUPERVISORY BOARD ELECTED BY THE GENERAL MEETING

Chair

Ingunn	Foss	Lyngdal Municipality	Mayor
Anita Ihle	Steen	Ringsaker Municipality	Mayor
Atle	Brynestad	SE Nor. Reg. Health Auth.	Dep. MD/ Chief Finance Officer
Bente	Urdal	Iveland Municipality	Chief Executive
Berit	Baklid	Modum Bad	Chief Finance Officer
Elfin	Lea	Klepp Municipality	Mayor
Erik Arne	Hansen	N Nor. Reg. Health Auth.	Accounts Manager
Gerhard	Hansen	Os Church Council	Churchwarden
Hilde	Christiansen	W Nor. Reg. Health Auth.	Dir. HR and OD
Inga	Balstad	Selbu Municipality	Mayor
Inger	Østensjø	Stavanger Municipality	Chief Executive
Jan O.	Engsmyr	Sarpsborg Municipality	Mayor
Jan Roger	Olsen	SE Nor. Reg. Health Auth.	Managing Director
Kjell	Fosse	Stjørdal Municipality	Chief Executive
Marit	Kobro	SE Nor. Reg. Health Auth.	HR Manager
Mette	Qvortrup	Østfold Energi AS	Head of Personnel
Ole John	Østenstad	Førde Municipality	Chief Executive
Paul	Dahlø	Troms County Council	Chair of County Cabinet
Per	Karlsen	W Nor. Reg. Health Auth.	Economy and Finance Director
Solfrid	Borge	Ullensvang Municipality	Mayor
Sveinung	Aune	Mid-Nor. Reg. Health Auth.	Director OD
Torhild	Bransdal	Vennesla Municipality	Mayor
Trine	Christensen	Gjerdrum Municipality	Chief Executive
Trond	Lesjø	Gjøvik Municipality	Chief Executive

Nominated by the employee organisations

NORWEGIAN UNION OF MUNICIPAL AND GENERAL EMPLOYEES (NUMGE)

Kjellfrid	Blakstad
Stein	Guldbrandsen
Gerd	Kristiansen

NORWEGIAN NURSES ORGANISATION

Bente G H	Slaatten

DELTA

Kari Mette	Tenmann

NATURVITERNE - THE NORWEGIAN ASSOCIATION OF NATURAL SCIENTISTS

Ole Jakob	Knudsen

Staff-elected representatives
Steinar Fuglevaag, Terje Granvold, Geir Grønsholt, Torgeir Gustafson, Karina Hellum, Åsta Tuft Isdahl, Jørn Jevne, Pål Jevne, Freddy Larsen, Anne Beate Lien, Lars Mjærfoss, Rune Rosberg, Mette Selvaag, Kjell Rune Watne, Jan Tore Skjærvik

ELECTION COMMITTEE

Paul Dahlø	Chair	Country politician	Troms County Council
Einar Evensen		Chief Executive	Sarpsborg Municipality
Bente Mikkelsen		Managing Director	SE Nor. Reg. Health Auth.
Ingun Foss		Mayor	Lyngdal Municipality

CONTROL COMMITTEE

Ole Hetland	Chair	Director	New concert house in Stavanger IKS
Anne-Marie Barane		Consultant	Mid-Nor. Reg. Health Auth.
Jan Rune Fagermoen		Chief Executive	Sjåk Municipality
Aud Mork		Teacher/ municipal	Aukra Municipality council member
Trond Knudsen		Personnel Director	NTE

AUDITOR

Magne Sem, State Authorised Public Accountant, PricewaterhouseCoopers

GROUP BOARD OF DIRECTORS

Chair Arne Øren, city council member, Fredrikstad Municipality
Finn Jebsen, consultant
Ann Inger S. Døhl, Managing Director Malvik Everk
Gunn Marit Helgesen, Chair of the County Council, Telemark
Anne Grethe Skårdahl, Norwegian Union of Municipal and General Employees (NUMGE)
Herlof Nilssen, Managing Director West Nor. Reg. Health Auth.
Rune Brakstad, staff representative KLP
Kari Bakken, staff representative KLP
Attending deputy: Thorvald Hillestad, Mayor, Re Municipality
Observer: Gunn Olander, Chair of Main Board, DELTA
Observer: Ingjerd Hovdenakk, Head of Secretariat, Confederation of Unions for Professionals, Norway, Unio
Group Chief Executive Officer: Sverre Thornes

BOARDS OF DIRECTORS AND MDS IN SUBSIDIARIES

KLP BEDRIFTSPENSJON AS

Chair Sverre Thornes
Mette Qvortrup, Personnel Director Ostfold Energi
Nina B. Mathisen, Director, Innovation Norway
Ida Espolin Johnson, Group Director, KLP
Kjersti Jorgensen, HR Director, KLP
Harald Ramon Hagen, Corporate Consultant, KLP
Managing Director Tom Eek

KLP EIENDOM AS

Chair Sverre Thornes, Group CEO, KLP
Aage Schaanning, Group Director, KLP
Ida Louise Skaurum Mo, Legal Director, KLP
Svein Sivertsen, civil engineer, Borgersen & Partners
Ingrid Dahl Hovland, Managing Director Spenncon AS
Managing Director Steinar Manengen

KLP KAPITALFORVALTNING ASA

Chair Sverre Thornes, Group CEO, KLP
Kjersti Storm, former Finance Director, KLP
Ida Espolin Johnson, Group Director, KLP
Elisabeth Lee Marinelli, Investment Director, Norfund
Jørn Kleven, Financial Controller, Eidsiva Vannkraft
John Bjørnersen, Consultant, KLP
Ann Eve Fjeldstad, Head of Department, KLP
Acting Managing Director Morten Hvistendahl

KLP FONDSFORVALTNING AS

Chair Aage Schaanning, Group Director, KLP
Per Victor Nordan, Director, KLP
Anne Beate Lien, head of specialisation, KLP
Cathrine Hellandsvik, Chief Economist, KLP
Hans Jørgen Gade, Head of Finance, Østfold Fylkeskommune
Inge Noreide, Managing Director Thomas Angells Stiftelse
Managing Director Ståle Øksnes

KLP FORSIKRINGSSERVICE AS

Chair Ida Espolin Johnson Group Director, KLP
Roar Engen, Chief Actuary, KLP
Anne Käte Grøholt, Director, KLP
John J. Syre, Chief Executive, Haugesund Municipal Pension Fund
Rolf W Karlsen, Managing Director, Bergen Municipal Pension Fund
Managing Director Arild Halvorsen

KLP SKADEFORSIKRING AS

Chair Sverre Thornes, Group CEO, KLP
Reidar Mæland, Chief Executive, Skjærvøy Municipality
Kjell Arvid Svendsen, Mayor, Karmøy Municipality
Ida Espolin Johnson, Group Director, KLP
Reidun W. Ravem, Director, KLP
Linda Brodin, Staff Representative, KLP
Managing Director Hans Martin Hovden

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